

# **Beijing Media Corporation Limited**

**(A joint stock company incorporated in the  
People's Republic of China with limited liability)**

## **Articles of Association**

**(Approval by the General Meeting of the Company on 20 May 2014)**

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Note: In these Articles of Association, “MP” refers to *Mandatory Provisions for the Articles of Association of Companies to Be Listed Overseas* jointly issued by the former Securities Committee of the State Council and the former State Commission for Restructuring the Economic System (“SCRES”), *Listing Rules* refers to *Rules Governing the Listing of Securities* issued by the Stock Exchange of Hong Kong Limited (“SEHK”), *Opinion* refers to *Opinion on Further Promoting Regulation of Operation and In-depth Reform of Companies Listed Overseas* jointly issued by National Economic and Trade Committee and China Securities Regulatory Commission.

# Articles of Association of

## Beijing Media Corporation Limited

(Approval by the General Meeting on 20 May 2014)

### CHAPTER 1 GENERAL PROVISIONS

- Article 1      The Company is incorporated as a joint stock company with limited liability pursuant to Company Law of the People's Republic of China ("Company Law"), Special Regulations of the State Council on the Overseas Offerings and Listing of Shares by Joint Stock Limited Companies ("Special Regulations") and other relevant laws and administrative regulations of the State.
- With the approval of Economic System Reform Office of Beijing Municipal People's Government as shown in its document *Notice on Approval of Establishment of Beijing Youth Daily Media Development Co., Ltd.* (Jing Zheng Ti Gai Gu Han [2001] No. 29) dated 25 April 2001, the Company was established by means of promotion, and obtained the business licence of the Company following registration with Beijing Administration for Industry and Commerce on 28 May 2001. The business licence number is 1100001271747.
- The promoters of the Company are: Beijing Youth Daily Agency, Beijing Zhijin Science and Technology Investment Co., Ltd., China Telecommunications Broadcast Satellite Corp., Beijing Development Area Ltd. and Sino Television Co., Ltd.
- Article 2      Registered name of the Company (in Chinese): 北青傳媒股份有限公司
- Name of the Company (in English): **BEIJING MEDIA CORPORATION LIMITED**
- Article 3      Domicile of the Company: No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing  
Postcode: 100026  
Tel.: 010-65902567  
Fax: 010-65902476
- Article 4      The legal representative of the Company is the chairman of the board of directors of the Company.
- Article 5      The Company is a permanently subsisting joint-stock company with limited liability.

- Article 6      These Articles of Association shall take effect upon approval by the State-owned Assets Supervision and Administration Commission of the State Council, and registration of change with the industry and commerce authority shall be processed pursuant to the Company Law.
- Commencing from the date these Articles of Association (including the future amendment to these Articles of Association) take effect, these Articles of Association will become a binding legal document for regulating the organisation and behaviour of the Company, as well as the rights and obligations shared between the Company and its shareholders and between and among the Company's shareholders.
- Article 7      These Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors, the president, executive vice presidents, vice presidents and other senior management of the Company, who shall have the right to make any claims and propositions regarding the Company's affairs in accordance with these Articles of Association.
- The shareholders of the Company may pursue actions against the Company pursuant to these Articles of Association; the Company may pursue actions against its shareholders pursuant to these Articles of Association; the shareholders may pursue actions against other shareholders pursuant to these Articles of Association; the shareholders may pursue actions against the directors, supervisors, the president, executive vice presidents, vice presidents and other senior management of the Company pursuant to these Articles of Association.
- The actions aforementioned include the instituting of legal proceedings with a competent court or filing with an arbitral institution for arbitration.
- Article 8      The Company may invest in other companies with limited liabilities and joint stock companies with limited liabilities, and shall be liable for the invested companies to the extent of its capital contribution. The Company shall not become an unlimited liability shareholder of any other profit-making organisation.
- With the approval of company approval authority authorised by the State Council, the Company may, based on the business needs of the Company, operate as a holding company as referred to in Paragraph 2 of Article 12 of the *Company Law*.
- Article 9      The Company is an independent corporate legal person, and shall conduct all acts in accordance with laws and regulations in China and the place where overseas listed foreign shares are listed, and protect the legitimate rights and obligations of shareholders. The assets of the Company are divided into equal shares. Shareholders shall bear liability for the Company to the extent of the shares they subscribe, and the Company shall bear liability for the debts of the Company with all its assets.

The Company shall have the right to raise capital and seek loans in accordance with PRC laws and administrative regulations. The Company's right to raise capital includes but is not limited to that of issuing corporate bonds, mortgaging or pledging the ownership or use right of part or all of the assets of the Company, and other rights allowed by PRC laws and administrative regulations; however, the Company shall not damage or abrogate the rights of any class shareholder in exercising the aforesaid rights.

## **CHAPTER 2 OBJECTIVE AND SCOPE OF BUSINESS**

Article 10      The business objective of the Company is to seek maximum interests for the shareholders of the Company and support the sustainable and stable economic development in Beijing in accordance with the state laws, regulations and other relevant provisions and the principle of honesty and due diligence.

Article 11      The business scope of the Company shall be approved by the company registration authorities.

The business scope of the Company includes: distribution agency of publications of Beijing Youth Daily Agency; advertising agency for domestic and foreign businessmen in China; developing computer hardware and software and network technology, and technology service, transfer, consultation and training; selling computer hardware and software; selling general merchandise; selling crafts; selling electronic products; selling jewellery; selling furnitures and construction materials; selling pre-packaged food.

Article 12      The Company may establish controlled subsidiaries, associated subsidiaries, branches, representative offices, etc. based on business needs.

The Company may, based on business needs and upon approval by relevant government agency, adjust the business scope and operation method, and establish branches (wholly owned or not) and/or representative offices overseas and in Hong Kong Special Administrative Region ("Hong Kong"), Macao Special Administrative Region ("Macao") and Taiwan.

## **CHAPTER 3 SHARES AND REGISTERED CAPITAL**

Article 13      The Company shall have common shares at any and all times; the common shares issued by the Company include domestic shares and foreign shares. With the approval of the company approval authority authorised by the State Council, the Company may have other forms of shares when needed.

Article 14      All shares issued by the Company shall have nominal values, with each share having a nominal value of RMB1.00.

- Article 15 The Company may issue its shares to both domestic and overseas investors with the approval of the relevant securities regulatory authority under the State Council. Overseas investors aforementioned shall mean investors from a foreign country, Hong Kong Special Administrative Region, Macao Special Administrative Region or Taiwan, who wish to subscribe to the shares issued by the Company, while domestic investors shall mean investors in China other than the aforementioned regions who wish to subscribe to the shares issued by the Company.
- Article 16 Shares issued to domestic investors and subscribed in RMB are called domestic shares. Shares issued to overseas investors and subscribed in a foreign currency are called foreign shares. Foreign shares issued and listed overseas are called overseas listed foreign shares. Holders of both domestic shares and foreign shares are common shareholders and shall have the same rights and obligations.
- Foreign currency aforementioned refers to the statutory currency, other than RMB, of another country or region, which is recognised by the foreign exchange authority of the State and can be used to pay the Company for the shares.
- The overseas listed foreign shares issued by the Company and listed on SEHK are called H Shares for short. H Shares are shares listed on SEHK, with nominal values stated in RMB, and subscribed and traded in HKD.
- Article 17 Upon examination and approval of the company approval authority authorised by the State Council, the total number of common shares issued by the Company at the time of its incorporation was 101,260,000, at RMB1 per share, all subscribed by the following promoters, and accounting for 100% of the common shares issued by the Company:
- |  |                   |       |
|--|-------------------|-------|
| Beijing Youth Daily Agency                                 | 89,000,000 shares | 87.9% |
| Beijing Zhijin Science and Technology Investment Co., Ltd. | 5,060,000 shares  | 5%    |
| China Telecommunications Broadcast Satellite Corp.         | 3,040,000 shares  | 3%    |
| Beijing Development Area Ltd.                              | 2,130,000 shares  | 2.1%  |
| Sino Television Co., Ltd.                                  | 2,030,000 shares  | 2%    |



Article 18 The total number of shares of the Company before offering of overseas listed foreign shares was 147,400,000, at RMB1 per share, all subscribed by the following promoters, and accounting for 900% of the common shares issued by the Company:

Beijing Youth Daily Agency	129,557,060 shares	87.9%
Beijing Zhijin Science and Technology Investment Co., Ltd.	7,367,000 shares	5%
China Telecommunications Broadcast Satellite Corp.	4,424,200 shares	3%
Beijing Development Area Ltd.	3,098,940 shares	2.1%
Sino Television Co., Ltd.	2,952,800 shares	2%

Article 19 After completion of the aforementioned offering, the registered capital of the Company is RMB197,310,000, the total number of shares at present is 197,310,000, at RMB1.00 per share, and the equity structure is:

Beijing Youth Daily Agency	124,839,974 shares	63.27%
Beijing Zhijin Science and Technology Investment Co., Ltd.	7,367,000 shares	3.73%
China Telecommunications Broadcast Satellite Corp.	4,263,117 shares	2.16%
Beijing Development Area Ltd.	2,986,109 shares	1.52%
Sino Television Co., Ltd.	2,952,800 shares	1.50%
Public shares	54,901,000 shares	27.82%

Article 20 The Company may increase capital based on the needs of operation and development and in accordance with these Articles of Association.

The Company may increase capital as follows:

- (I) Offer of new shares to non-given investors;
- (II) Placement of new shares among existing shareholders;
- (III) Issuing bonus new shares to existing shareholders; and

(IV) Other ways stipulated by laws and administrative regulations.

Issuance of new shares by the Company shall be subject to approval as specified in these Articles of Association and follow the procedure specified in the relevant state laws and administrative regulations.

Article 21        Save as otherwise specified in relevant laws and administrative regulations, the Company's shares may be transferred freely and shall not be subject to any lien.

Article 22        Provided that these Articles of Association and other applicable provisions are observed, the names of the transferees shall be recorded in the shareholders' register once the shares of the Company are transferred.

Article 23        Issuance or transfer of all overseas listed foreign shares will be recorded in the register of holders of overseas listed foreign shares kept in the place of listing in accordance with Article 41 of these Articles of Association.

Article 24        Any holder of overseas listed foreign shares may transfer all or part of his shares via any common written transfer document at the place of listing or written transfer document in any other form accepted by the board of directors or the standard transfer form specified by the stock exchange with which the Company is listed. The transfer documents shall be signed by the transferor and transferee either by hand or in printed form. Or, if the transferor or transferee is a recognised clearing house or agent thereof ("recognised clearing house") defined in Hong Kong laws, manual or printed signatures are acceptable.

All transfer documents shall be kept at the legal address of the Company or other places designated by the board of directors from time to time.

Article 25        At any time during the period when the Company's overseas listed foreign shares are listed on the Stock Exchange of Hong Kong Limited ("SEHK"), the Company shall ensure that all the documents (including overseas listed foreign shares) concerning the ownership of all its securities listed on SEHK contain the following statements:

(I)    The share buyer and the Company and every shareholder thereof, and the Company and every shareholder all agree to observe and comply with *Company Law* and other relevant laws, administrative regulations and these Articles of Association.

(II)   The share buyer agrees with the Company's every shareholder, director, supervisor, president, executive vice president, vice president and other senior executive, and the Company, on behalf of itself and its directors, supervisors, the president, executive vice presidents, vice presidents and other senior management, agrees with every shareholder, that all disputes

or claims arising from these Articles of Association, or disputes or claims arising from the rights or obligations specified in the *Company Law* or other relevant PRC laws and administrative regulations and relating to the affairs of the Company shall be settled through arbitration in accordance with these Articles of Association, which arbitration shall be deemed such that the arbitral tribunal is authorised to conduct open hearing and announce the arbitration awards. The said arbitration awards shall be final and conclusive.

(III) The share buyer, the Company and every shareholder thereof agree that the shares of the Company can be transferred freely by the holders.

(IV) The share buyer authorises the Company to conclude contract on his behalf with every director and senior executive, who shall undertake to fulfil duties for shareholders as specified in these Articles of Association.

The Company shall instruct and urge the share transfer registry to reject registration of subscription, purchase or transfer of its shares in the name of any individual holder, unless the said individual holder submits to the said share transfer registry signed forms concerning the said shares, which forms shall include the aforesaid statements.

Article 26      The Company's overseas listed foreign shares may be listed for trading at SEHK.

#### **CHAPTER 4 CAPITAL DECREASE AND SHARE BUYBACK**

Article 27      The Company may decrease its registered capital in accordance with these Articles of Association.

Article 28      Where the Company needs to decrease the registered capital, it shall prepare a balance sheet and a property inventory.

The Company shall notify all creditors within ten (10) days after adoption of the resolution to decrease the registered capital and shall make at least three (3) announcements in newspapers within thirty (30) days. The creditors shall have the right to require the Company to repay debts or provide corresponding guarantees for debt repayment within thirty (30) days after receipt of the notice or within ninety (90) days after the first announcement if the creditors haven't received the notice.

The registered capital of the Company after decrease of capital shall not be less than the statutory minimum amount.

- Article 29      The Company may, in the following circumstances, buy back its outstanding shares following the procedure specified in these Articles of Association and with approval from the relevant competent authority under the State Council:
- (I)    Cancellation of shares for decrease of the capital of the Company;
  - (II)   Merger with another company holding shares of the Company; and
  - (III) Other circumstances stipulated by laws and administrative regulations.
- Article 30      The Company may buy back shares in any of the following ways with approval from the relevant competent authority under the State Council:
- (I)    Offering to all the shareholders for buyback in the same proportion;
  - (II)   Buying back through open transaction in the stock exchange; or
  - (III) Buying back through agreement outside the stock exchange;
- Article 31      In buying back shares through agreement outside the stock exchange, the Company shall seek prior approval at a general meeting in accordance with these Articles of Association. With prior approval at the general meeting in the same way, the Company may cancel or change the contract already concluded in the aforesaid manner or waive any right under the contract.
- The share buyback contract mentioned in the preceding paragraph includes (but is not limited to) agreement for undertaking share buyback obligations and obtaining share buyback rights.
- The Company shall not transfer the share buyback contract or any right thereunder.
- If the shares which the Company has the right to buy back or redeem:
- (I)    Are not bought back by public trading or offer, the price thereof shall not exceed a specific price limit;
  - (II)   Are bought back by offer, the Company shall tender offer to all shareholders under the same conditions.
- Article 32      After buying back shares according to law, the Company shall deregister the said shares before the deadline specified by the relevant laws and administrative regulations, have the change of the registered capital registered with the original company registration authority, and make an announcement.
- The total par value of the cancelled shares shall be deducted from the registered capital of the Company.

Article 33

Unless the Company is under liquidation, the Company shall obey the following regulations when buying back its outstanding shares:

- (I) If the Company buys back shares at par value, the payment shall be deducted from the book balance of distributable profit of the Company and the proceeds from issuance of new shares for buying back old shares;
- (II) If the Company buys back shares above par value, the part equivalent to the par value shall be deducted from the book balance of distributable profit of the Company and the proceeds from issuance of new shares for buying back old shares; the part above the par value shall be processed as follows:
  - (1) Deducted from the book balance of distributable profit of the Company if the shares bought back were issued at par value; or
  - (2) Deducted from the book balance of distributable profit of the Company and the proceeds from issuance of new shares for buying back old shares if the shares bought back were issued above par value; but the amount deducted from the proceeds from issuance of new shares shall not exceed the total premium obtained at the time of issuance of the shares bought back and shall not exceed the amount (including premium from issue of new shares) in the capital reserve account of the Company at the time of buyback;
- (III) The monies paid by the Company for the following purposes shall be deducted from the distributable profits of the Company:
  - (1) Acquiring the right to buy back its shares;
  - (2) Changing the share buyback contract;
  - (3) Cancelling its obligations under the share buyback contract; and
- (IV) After the par value of the shares deregistered is deducted from the registered capital of the Company pursuant to relevant regulations, the amount deducted from the distributable profit for paying the par value of the shares bought back shall be stated in the capital reserve account of the Company.

## **CHAPTER 5 FINANCIAL ASSISTANCE FOR BUYING COMPANY'S SHARES**

Article 34        The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to purchasers or potential purchasers of the Company's shares. The aforesaid purchasers include persons directly or indirectly undertaking obligations because of purchase of shares.

The Company or its subsidiaries shall not at any time or in any form provide financial assistance to the aforesaid obligors for reducing or exempting their obligations.

The provisions herein do not apply to the circumstances set out in Article 36.

Article 35        Financial assistance as referred to in this chapter includes (but is not limited to):

- (I)    Gift;
- (II)   Guarantee (including the case where the guarantor undertakes liability or provides property to ensure fulfilment of obligations by the obligor), compensation (excluding compensation for the Company's own error), termination or waiver of rights;
- (III)   Provision of loan or conclusion of contract under which the Company fulfils obligations prior to other parties, change of the said loan and the parties to the contract, and transfer of the said loan and rights under the contract; or
- (IV)   Provision of any other form of financial assistance when the Company is insolvent, has no net assets or its net assets are likely to decrease significantly.

Obligations as referred to herein include the obligations undertaken by the obligor for concluding a contract or making an arrangement (regardless whether the said contract or arrangement is enforceable or whether it is undertaken by the obligor alone or jointly with others) or for changing his financial position in any form.

Article 36        The following acts are not deemed as prohibited under Article 34:

- (I)    The Company provides the relevant financial assistance for the interest of the Company and the said financial assistance is not mainly intended to buy back the Company's shares or the said financial assistance is part of a general plan of the Company;
- (II)   The Company distributes its properties as dividends according to law;

- (III) The Company distributes shares as dividends;
- (IV) The Company decreases the registered capital, buys back shares and adjusts the equity structure in accordance with these Articles of Association;
- (V) The Company, within its business scope, provides loan for its normal business operations (but such financial assistance shall not give rise to a decrease of the net assets of the Company, or despite a decrease, such financial assistance is deducted from the distributable profit of the Company); and
- (VI) The Company provides loan for the employee stock ownership plan (but such financial assistance shall not give rise to a decrease of the net assets of the Company, or despite a decrease, such financial assistance is deducted from the distributable profit of the Company).

## **CHAPTER 6 SHARES AND SHAREHOLDERS' REGISTER**

Article 37        The Company's shares are all registered shares.

The Company's shares shall specify:

- (I)    Name of the Company;
- (II)   Date of incorporation of the Company;
- (III) Type of stock, par value and number of shares represented;
- (IV) Stock No.; and
- (V)   Other matters to be specified pursuant to Company Law, Special Regulations and as required by the stock exchange with which the Company's shares are listed.

Article 38        Shares of the Company may be transferred, presented, inherited and mortgaged pursuant to relevant laws, administrative regulations and these Articles of Association.

Transfer documents and other documents relating to or affecting ownership of any registered share shall be registered with the agency designated by the Company.

Article 39        Shares shall be signed by the chairman of the board of directors. Other senior management of the Company shall also sign the shares if required by the stock exchange on which the Company's shares are listed. The shares shall come into effect after being stamped with the Company seal as authorised by the board of directors or a special securities seal or a seal in printed form. Stamping of the Company seal on the shares shall be authorised by the board of directors. The signature of the chairman or other relevant senior management of the Company may also be printed on the shares.

Article 40        The Company shall keep a shareholders' register recording the following matters:

- (I)    Names, addresses (domiciles), occupations or features of the shareholders;
- (II)   Type and number of shares held by the shareholders;
- (III)   Monies paid or payable for the shares held by the shareholders;
- (IV)   Numbering of the shares held by the shareholders;
- (V)    Date on which the shareholders are registered as shareholders; and
- (VI)   Date on which the shareholders terminate as shareholders.

The shareholders' register bears adequate evidence of shareholders holding shares of the Company unless there is evidence to the contrary.

Article 41        The Company may keep overseas the register of holders of overseas listed foreign shares and entrust it to the care of an overseas agency in accordance with the understanding and agreement reached between the securities regulatory authority under the State Council and the overseas securities competent authority. The original of the register of holders of overseas listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall keep at its domicile a copy of the register of holders of overseas listed foreign shares; the entrusted overseas agency shall always ensure that the original and copies of the register of holders of overseas listed foreign shares are consistent.

Where the original and copies of the register of holders of overseas listed foreign shares are discrepant, the original shall prevail.



Article 42      The Company shall keep a complete shareholders' register.

The shareholders' register includes the following parts:

- (I)    Shareholders' register kept at the domicile of the Company, save as specified in Items (II) and (III) herein;
- (II)   Register of holders of foreign shares kept at the location of the overseas stock exchange with which the Company is listed;
- (III) Shareholders' register that the board of directors decides to keep at other place for the purpose of listing.

Article 43      The respective parts of the shareholders' register shall not overlap each other. In the event of transfer of shares registered in a specific part of the shareholders' register, the said shares shall not be registered in any other part of the shareholders' register in the duration of the registration of the said shares.

Any change or correction of any part of the shareholders' register shall comply with the law of the location where the said part is kept.

Article 44      All overseas listed foreign shares listed in Hong Kong for which full payment has been made may be transferred freely in accordance with these Articles of Association. Save under the following conditions, the board of directors may refuse to recognise any transfer instrument without providing any reason:

- (I)    HK\$2.5 or a higher amount approved by SEHK has been paid to the Company to register the share transfer instrument and any other document relating to or affecting ownership of the shares;
- (II)   The transfer instrument only involves overseas listed foreign shares listed in Hong Kong;
- (III) Stamp tax has been paid for the transfer instrument;
- (IV) It is required to provide relevant shares and evidence reasonably required by the board of directors to prove that the transferor has the right to transfer the said shares;
- (V)   If the shares are transferred to joint holders, the number of joint holders shall not exceed four; and
- (VI) The relevant shares are not subject to lien of any company.

No shares shall be transferred to any minors or mentally defective persons or any other legally incapacitated persons.

- Article 45 Any change or correction of any part of the shareholders' register shall comply with the law of the location where the said part is kept. Change of the shareholders' register arising from share transfer shall not be registered within thirty (30) days before convening of a general meeting or five (5) days before the benchmark date on which the Company decides to distribute dividends.
- Article 46 If the Company convenes a general meeting, distributes dividends, conducts liquidation or executes any other act requiring recognition of equity, the board of directors shall designate a certain date as equity determination date, at the end of which the shareholders in the register shall be shareholders of the Company.
- Article 47 If any person objects to the shareholders' register and asks to have his name recorded in or deleted from the shareholders' register, the said person may apply to the court with jurisdiction to correct the shareholders' register.
- Article 48 If any shareholder in the shareholders' register or any person requesting to have his name recorded in the shareholders' register has lost his/her share certificates (i.e. "the Original Share Certificates"), the said shareholder or person may apply to the Company to reissue new shares for the said shares (i.e. "the Relevant Share Certificates").

Application for reissue of share certificates lost by holders of domestic shares shall be processed pursuant to Article 150 of *Company Law*.

Application for reissue of share certificates lost by holders of overseas listed foreign shares shall be processed pursuant to the law, rules of the stock exchange and other relevant regulations of the place where the original of the register of holders of overseas listed foreign shares is kept.

Application for reissue of share certificates lost by holders of overseas listed foreign shares listed on SEHK shall meet the following requirements:

- (I) The applicant shall submit an application with the standard format designated by the Company and attach a notarial deed or statutory statement. The contents of the notarial deed or statutory statement shall include the reason for application, information about how the share certificates are lost, and a statement that no other person may request to be registered as shareholder for the related shares;
- (II) Before deciding to reissue new share certificates, the Company has not received from anybody other than the applicant any statement requesting registration as shareholder for the said shares;

- (III) After deciding to reissue new share certificates to the applicant, the Company shall publish announcement of reissue of new share certificates on the newspapers designated by the board of directors; the announcement period is ninety (90) days, with at least one announcement in thirty (30) days.
- (IV) Before publishing the announcement of reissue of new share certificates, the Company shall submit a copy of the announcement to the stock exchange with which the Company is listed, and may publish the announcement only after receiving a reply from the said stock exchange confirming that the said announcement has been displayed in the stock exchange. The duration of display of the said announcement in the stock exchange is ninety (90) days.

If the request for reissue of share certificates is not approved by the registered holder of the relevant shares, the Company shall mail a copy of the to-be-published announcement to the said shareholder;

- (V) If, after expiry of the 90-day period of announcement and display specified in Items (III) and (IV) herein, the Company has not received any objection to reissue of share certificates, the Company may reissue share certificates as requested by the applicant;
- (VI) When the Company reissues new shares certificates as per this article, the Company shall immediately deregister the Original Share certificates, and record such deregistration and reissue in the shareholders' register;
- (VII) All the expenses for deregistering the Original Share Certificates and reissuing new share certificates shall be borne by the applicant. The Company may refuse to take any action before the applicant provides any reasonable guarantee; and
- (VIII) The newspapers for announcing reissue of new share certificates as specified in Item (III) herein shall include at least one Chinese-language and one English-language newspaper in Hong Kong.

Article 49      After the Company reissues new share certificates in accordance with these Articles of Association, the name of the goodwill purchaser of the said new share certificates or the shareholder (if it is a goodwill purchaser) later registered as owner of the said shares shall not be deleted from the shareholders' register.

Article 50      The Company has no obligation to compensate any person for any loss arising from deregistration of the Original Share Certificates or reissue of new share certificates, unless the said person can prove that the Company has committed any fraud.

## **CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

Article 51            Shareholders of the Company are persons lawfully holding shares of the Company, with names recorded in shareholders' register.

The shareholders enjoy rights and fulfil obligations as per the shares they hold; the same shares represent the same rights and the same obligations.

Where two or more persons are registered as joint holders of any shares, they shall be deemed as the common owners of the said shares subject to the following restrictions:

- (I)    The Company shall not need to register more than four persons as joint holders of any shares;
- (II)   All the joint holders of any shares shall jointly and severally pay all the payables for the relevant shares;
- (III) If any of the joint shareholders deceases, only the surviving joint shareholders shall be deemed by the Company as owners of the relevant shares, but the board of directors may, for purpose of modifying the shareholders' register, require the surviving joint shareholders to provide a death certificate of the relevant shareholder as it deems appropriate; and
- (IV) Of the joint holders of any shares, only the foremost joint shareholder in the shareholders' register has the right to take the relevant shares, receive notices of the Company, and attend general meetings or exercise the voting right of relevant shares at general meetings, and any notice served to the said person shall be deemed as served to all the joint holders of relevant shares.

Article 52            The common shareholders of the Company shall have the following rights:

- (I)    To receive dividends and other distributions in proportion to the shares they hold;
- (II)   To attend general meetings either in person or by proxy and exercise the voting right;
- (III) To supervise, present suggestions on or make inquiries about the business activities of the Company;
- (IV) To transfer shares in accordance with the laws, administrative regulations and these Articles of Association;

(V) To obtain relevant information in accordance with these Articles of Association, including:

1. Receiving these Articles of Association after payment of production cost;
2. Having the right to consult and copy relevant information after paying reasonable expenses:

- (1) All the parts of shareholders' register;
- (2) Personal data of directors, supervisors, the President, executive vice presidents, vice presidents and other senior management of the Company, including:
  - (a) Present and former names and aliases;
  - (b) Principal addresses (domiciles);
  - (c) Nationalities;
  - (d) Full-time and all part-time occupations and positions;  
and
  - (e) Identity certificates and numbers thereof;
- (3) Equity of the Company;
- (4) Report of the total par value, total quantity, and highest and lowest prices of each class of shares bought back by the Company from the last fiscal year, and the total amount paid by the Company; and
- (5) Minutes of general meetings.

(VI) In the event of the termination or liquidation of the Company, to participate in the distribution of the remaining assets of the Company as per their shares;  
and

(VII) To enjoy other rights stipulated by laws, administrative regulations and these Articles of Association.

The Company shall not exercise any right to freeze or otherwise damage the aforesaid rights of any direct or indirect equity holder on the ground that the said holder has not disclosed his equity to the Company.

Article 53 Common shareholders of the Company shall have the following obligations:

- (I) To abide by these Articles of Association of the Company;
- (II) To pay subscription funds as per the shares subscribed and the method of subscription; and
- (III) To fulfill other obligations stipulated by laws, regulations and these Articles of Association.

Shareholders do not have the obligation to increase any equity capital unless under the conditions accepted by the subscribers at the time of subscription.

Article 54 Save for the obligations under the relevant laws, administrative regulations or the listing rules of the stock exchange with which the Company's shares are listed, the controlling shareholders (based on definition in the following provisions), in exercising their rights as shareholders, shall not make any decision detrimental to all or some shareholders in connection with the following issues:

- (I) To exempt directors and supervisors from the obligation to sincerely act in the best interest of the Company;
- (II) To approve directors and supervisors (for the interests of their own or others) to seize from the Company any asset, including (but not limited to) any opportunity favourable to the Company; or
- (III) To approve directors and supervisors (for the interests of their own or others) to seize from any shareholder any personal interests, including (but not limited to) any right to profit distribution and right to vote, but excluding corporate reorganisation submitted for adoption at the general meeting pursuant to these Articles of Association.

Article 55 A controlling shareholder aforementioned is a person meeting the following conditions:

- (I) When acting alone or jointly with other parties, such a person can select more than half of the Company's directors;
- (II) When acting alone or jointly with other parties, such a person can exercise more than thirty percent (30%) (inclusive) of the voting rights of the Company or control the exercising of more than thirty percent (30%) (inclusive) of the voting rights of the Company;
- (III) When acting alone or jointly with other parties, such a person holds more than thirty percent (30%) (inclusive) of the outstanding shares of the Company; or

- (IV) When acting alone or acting jointly with other parties, such a person has de facto control of the Company in other ways.

## **CHAPTER 8 GENERAL MEETING**

Article 56        The general meeting shall be the authority of power of the Company and shall exercise the following functions and powers according to law.

Article 57        A general meeting shall exercise the following functions and powers:

- (I)    To resolve on the Company's business guidelines and investment plans;
- (II)   To elect and replace directors and to decide on matters relating to the remuneration of directors;
- (III)   To elect and replace supervisors who are representatives of shareholders and to decide on matters relating to the remuneration of supervisors;
- (IV)   To consider and approve reports of the board of directors;
- (V)    To consider and approve reports of the supervisory committee;
- (VI)   To consider and approve the annual financial budgets and final accounting plans of the Company;
- (VII)   To consider and approve the Company's profit distribution plans and loss recovery plans;
- (VIII) To resolve on capital increase or decrease of the Company;
- (IX)   To resolve on matters such as proposals for material acquisition or disposal of the Company, and merger, division, dissolution and liquidation of the Company;
- (X)    To resolve on the issue of bonds of the Company;
- (XI)   To resolve on the appointment, removal or non-reappointment of the Company's accounting firm;
- (XII)   To amend these Articles of Association;
- (XIII) To consider proposals of shareholders representing more than five percent (5%) (inclusive) of the voting shares of the Company;

(XIV) To resolve on other matters which, in accordance with the laws, administrative regulations and these Articles of Association, shall be approved by a general meeting; and

(XV) To resolve on other matters which, in accordance with the listing rules of the stock exchange with which the Company's shares are listed, shall be approved by a general meeting.

The general meeting may authorise or appoint the board of directors to handle matters authorised or assigned by the general meeting.

Article 58      The Company may not enter into any contract with anyone other than a director, supervisor, president, executive vice president, vice president and other senior executive to have all or significant part of the Company's business in the care of the said person, unless approved by the shareholders at a general meeting.

Article 59      General meetings are classified into annual general meetings and extraordinary general meetings. General meetings shall be convened by the board of directors. Annual general meetings shall be convened once a year within six (6) months after the end of the previous financial year.

Under any of the following circumstances, the board of directors shall convene an extraordinary general meeting within two (2) months:

- (I)    The number of directors falls short of the minimum number required by the *Company Law* or is less than two thirds (2/3) of the number required by these Articles of Association;
- (II)   The unrecovered losses of the Company amount to one third of the total share capital;
- (III) Shareholders holding more than ten percent (10%) (inclusive) of the Company's outstanding voting shares request in writing the convening of an extraordinary general meeting; or
- (IV)   The board of directors deems it necessary, or the supervisory committee proposes, to convene an extraordinary general meeting;
- (V)    Jointly proposed by more than two independent directors;

Article 60      Where the Company convenes a general meeting, a written notice shall be given forty five (45) days prior to the date of the meeting to notify all the shareholders in the register of the matters to be considered at the meeting, and the date and venue of the meeting. Any shareholder intending to attend the meeting shall deliver to the Company a written reply showing his intention to attend at least twenty (20) days before the meeting.



- Article 61      When the Company convenes an annual general meeting, shareholders holding more than five percent (5%) (inclusive) of the total voting shares of the Company shall have the right to submit proposals in writing to the Company, and the Company shall place the proposals on the agenda for the said annual general meeting if the said proposals fall within the functions and powers of general meetings.
- Article 62      The Company shall, based on the written replies received from shareholders twenty (20) days prior to the date of the general meeting, calculate the number of voting shares held by shareholders intending to attend the meeting. Where the number of voting shares represented by shareholders intending to attend the meeting amounts to more than one half (1/2) of the Company's voting shares, the Company may convene the general meeting; if not, the Company shall, within five (5) days, notify shareholders again of the matters to be considered, date and venue of the meeting in the form of public announcements. The Company may then convene the general meeting after such announcements.
- An extraordinary general meeting shall not resolve on matters not specified in public announcements.
- Article 63      The notice of a general meeting shall meet the following requirements:
- (I)    Is in writing;
  - (II)   Specifies the venue, date and time of the meeting;
  - (III)   States matters to be discussed at the meeting;
  - (IV)   Provides the shareholders with such information and explanation as necessary for them to make informed decisions in connection with the matters to be discussed; this principle includes (but is not limited to): where a proposal is made to merge the Company, to repurchase shares of the Company, to reorganise its share capital or to make any other reorganisation of the Company, detailed conditions and contracts (if any) of the proposed transaction shall be provided and the cause and effect of any such proposal shall also be properly explained;
  - (V)   If the matters to be discussed involve material interests of any director, supervisor, president, executive vice president, vice president and other senior management, the nature and extent of the said material interests shall be disclosed; if the effect of the matters to be discussed on the said director, supervisor, president, executive vice president, vice president and other senior management in their capacity as shareholders is different from that on shareholders of the same class, such differences shall also be explained;

- (VI) Contains the full text of any special resolution to be proposed at the meeting;
- (VII) Contains a clear statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his behalf and that such proxy need not be a shareholder; and
- (VIII) Specifies the time and venue for serving the power of attorney for the voting proxy for the meeting.

Article 64      The notice of a general meeting shall be sent to shareholders (whether or not they are entitled to vote at the general meeting) by person delivery or by pre-paid mail to their addresses as recorded in the shareholders' register. For holders of domestic shares, the notice of a general meeting may be issued in the form of public announcement.

Public announcements referred to in the preceding paragraph shall be published in one or more national newspaper(s) designated by the securities regulatory authority under the State Council during the period between forty five (45) days to fifty (50) days prior to the date of the meeting. Once the announcement is made, holders of domestic shares shall be deemed to have received the notice of the relevant general meeting. Where practicable, such announcements shall be published in both Chinese and English on the same day respectively on one of the principal Chinese-language and English-language newspapers in Hong Kong.

Article 65      The accidental omission to give notice of meeting to, or the non-receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions adopted at the meeting.

Article 66      Any shareholder entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one or more persons (who need not be a shareholder or shareholders) as his/her proxy/proxies to attend and vote on his/her behalf. The said proxy may exercise the following rights as granted by the said shareholder:

- (I)    Shareholder's right to speak at the general meeting;
- (II)   To severally or jointly request to vote by poll; and
- (III) To exercise the right to vote by show of hands or by poll; where there are more than one proxy, the said proxies shall only vote by poll.

If the shareholder is a recognised clearing house, the said shareholder may authorise one or more persons as he deems appropriate to act on his behalf at any general meeting or class general meeting; however, where several persons are thus authorised, the power of attorney shall specify the numbers and classes of shares involved by each of the said persons. The persons thus authorised may exercise rights entitled to the recognised clearing house (or proxy thereof) on behalf of the recognised clearing house as if the said persons were the individual shareholders of the Company.

Article 67      The power of attorney shall be in writing under the hand of the principal or his proxy duly authorised in writing or, if the principal is a legal person, it shall be under seal or under the hand of the director or authorised person or proxy duly authorised. Such a power of attorney shall specify the amount of shares the proxy holds on behalf of the principal. If several persons are authorised as the shareholder's proxies, the power of attorney shall specify the number of shares represented by each proxy.

Article 68      The power of attorney for voting shall be deposited at the domicile of the Company or such other place as specified in the notice of meeting at least twenty four (24) hours prior to the meeting at which the proxy is authorised to vote or twenty four (24) hours before the scheduled voting time. Where such a power of attorney is signed by a person authorised by the principal, the power of attorney authorising signature or other authorisation documents shall be notarised. The notarised power of attorney or other authorisation documents shall, together with the power of attorney for voting, be deposited at the domicile of the Company or such other place as specified in the notice of meeting. The power of attorney shall specify the date of issue.

Where the principal is a legal person (excluding a recognised clearing house), its legal representative or a person authorised by the board of directors or other decision making body shall attend the general meeting of the Company as a proxy. For the purpose of these Articles of Association, the attendance of or any act at such meetings by the person authorised shall be deemed as the principal's own attendance or (as the case might be) relevant act.

Article 69      Any form issued to a shareholder by the board of directors for appointing a proxy shall provide the shareholder with the flexibility to instruct the proxy to vote for or against at a general meeting, and give directives on each of the resolutions to be decided at the meeting. Such a format shall contain a statement that, in default of directives, the proxy may vote as he thinks fit.

- Article 70 A vote given in accordance with the terms of the power of attorney shall be valid notwithstanding the previous death or loss of capacity of the principal or revocation of the power of attorney or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no written notice of such death, loss of capacity, revocation or transfer has been received by the Company before the commencement of relevant meeting.
- Article 71 Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.
- Ordinary resolutions shall be passed by votes representing more than one half (1/2) of the voting rights held by the attending shareholders (including proxies thereof).
- Special resolutions shall be passed by votes representing more than two thirds (2/3) of voting rights held by shareholders (including proxies thereof) attending the general meeting.
- The attending shareholders (including proxies thereof) shall declare their affirmative or dissenting votes on every issue to be voted on. Abstentions shall not be counted in the votes when the Company calculates the voting results of an issue.
- Article 72 Shareholders (including proxies thereof) who vote at a general meeting shall exercise their voting rights in relation to the number of voting shares they represent. Each share carries the right to one vote. Pursuant to the Listing Rules, any appendix of the Listing Rules and any rule of SEHK (collectively called “Listing Rules of the Stock Exchange”), if any shareholder must abstain from voting on any resolution or is restricted to declaring only affirmative vote or only dissenting vote on any resolution, then any vote declared by the said shareholder or representative thereof against the said provision or restriction shall not be counted.
- Article 73 Voting at general meetings shall be conducted by show of hands unless voting by poll is required in the Listing Rules of the Stock Exchange or by the following persons before or after voting by show of hands:
- (I) Presider of the meeting;
  - (II) At least two shareholders with voting rights or proxies thereof; or
  - (III) Shareholder(s) (including proxies thereof) severally or jointly holding more than ten percent (10%) (inclusive) of voting shares at the meeting.

Unless anybody requires voting by poll, the presider shall announce the result of voting by show of hands on proposals, which result shall be recorded in the meeting minutes as final evidence, without specifying the number or percentage of pros for or cons against the resolutions adopted at the meeting.

The request for voting by ballot may be revoked by the person tendering the request.

Article 74      If the issue required to be voted by ballot relates to election of presider or termination of meeting, voting by ballot shall be conducted immediately; in respect of other issues required to be voted by ballot, the presider may decide to conduct voting by ballot at any time before the end of the meeting, and the meeting may proceed to consider other issues, and the voting results shall still be deemed as resolutions passed at the said meeting.

Article 75      In voting, shareholders (including proxies thereof) entitled to two or more votes need not cast all his votes in the same way of pros or cons.

Article 76      If pros and cons are equal, either by show of hands or by poll, the presider shall be entitled to an additional vote.

Article 77      The following issues shall be approved by ordinary resolutions at a general meeting:

- (I)    Work reports of the board of directors and the supervisory committee;
- (II)   Profit distribution plans and loss recovery plans formulated by the board of directors;
- (III) Annual budgets, final accounts, balance sheets and income statement and other financial statements of the Company; and
- (IV) Other matters save for those that should be passed by special resolutions pursuant to relevant laws, administrative regulations or these Articles of Association.

Article 78      The following issues shall be approved by special resolutions at a general meeting:

- (I)    Increase or reduction in share capital of the Company and the issuance of shares of any class, warrants and other similar securities;
- (II)   Issuance of bonds of the Company;
- (III) Division, merger, dissolution and liquidation of the Company, and material acquisition or disposal;

- (IV) Amendment to these Articles of Association;
- (V) Change or annulment to the rights of class shareholders; and
- (VI) Any other issue confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by special resolutions or required to be approved by special resolutions in accordance with Listing Rules of the Stock Exchange.

Article 79      If shareholders require convening an extraordinary general meeting or class general meeting, the following procedure shall be followed:

- (I) Two or more shareholders jointly holding more than ten percent (10%) (inclusive) of voting shares at the general meeting to be convened may sign one or several written requests with the same format and content to propose to the board of directors to convene an extraordinary general meeting or class general meeting, and specify the topics of the meeting. The board of directors shall convene an extraordinary or class general meeting responsively after receipt of the aforesaid written request. The aforesaid amount of shareholding is calculated as on the day when the shareholders make the written request.
- (II) If the board of directors fails to issue a notice of convening meeting within thirty (30) days after receipt of the aforesaid written request, the shareholders tendering the said request may by themselves convene a meeting within four (4) months after the board of directors receives the said request, and the convening procedure shall to the extent possible be the same as the procedure by which the board of directors convenes general meetings.

Where the shareholders convene a general meeting because the board of directors fails to convene the meeting pursuant to the aforesaid request, the reasonable expenses incurred shall be borne by the Company and shall be deducted from the monies payable by the Company to the defaulting directors.

- Article 80      General meetings shall be convened and presided over by the chairman. If the chairman of the board of directors of the Company cannot attend the meeting for any reason, he may designate the vice chairman of the board of directors of the Company to convene and preside over the meeting. If neither the chairman nor the vice chairman can attend the meeting, the chairman may designate a director of the Company to convene and preside over the meeting in proxy; if no person is designated to preside over the meeting, the attending shareholders may elect a person to preside over the meeting; in case of failure to elect a person to preside over the meeting for any reason, the shareholder (including proxies thereof) attending the meeting and holding the most voting shares shall preside over the meeting.
- Article 81      The presider of a general meeting shall be responsible for determining whether a resolution has been passed. The presider's decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the meeting minutes.
- Article 82      If the presider of a general meeting has any doubt as to the result of a resolution which has been put to vote at the general meeting, he may have the ballots counted. If the presider has not counted the ballots, any shareholder who is present in person or by proxy and who objects to the result announced by the presider may, immediately after the declaration of the voting result, demand that the polls be counted and the presider shall have the polls counted immediately.
- Article 83      If polls are counted at a general meeting, the counting result shall be recorded in the meeting minutes.
- Minutes of general meetings shall be recorded by the secretary and signed by directors attending the meeting.
- Meeting minutes shall be in Chinese, and the minutes, together with the signature register of shareholders attending the meeting and power of attorney of attending proxies, shall be kept at the domicile of the Company.
- Article 84      The shareholders may have free-of-charge access to copies of the meeting minutes during the office hours of the Company. If any shareholder asks for copies of relevant meeting minutes, the Company shall send out the said copies within seven (7) days after receipt of reasonable expenses.

## CHAPTER 9 SPECIAL VOTING PROCEDURES FOR CLASS SHAREHOLDERS

Article 85 Shareholders who hold different classes of shares shall be known as class shareholders.

Class shareholders shall enjoy rights and assume obligations according to the law, administrative regulations and these Articles of Association.

Article 86 Rights of class shareholders may not be varied or abrogated unless approved by a special resolution at a general meeting, and by the class shareholders so affected at a separate general meeting conducted according to Articles 86 to 92.

Article 87 The following circumstances shall be deemed as a variation or abrogation of the rights of a class shareholder:

- (I) An increase or decrease in the number of shares of such class, or an increase or decrease in the number of shares of another class having voting rights, distribution rights or other privileges equal to or superior to those of the shares of such class;
- (II) To change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant relevant conversion rights;
- (III) To cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of the said class;
- (IV) To reduce or cancel rights attached to the shares of the said class to preferentially receive dividends or to preferentially receive distributions of assets in a liquidation of the Company;
- (V) To increase, cancel or reduce the share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Company attached to the shares of such class;
- (VI) To cancel or reduce rights to receive payments made by the Company in a particular currency attached to the shares of the said class;
- (VII) To create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of the said class;
- (VIII) To restrict the transfer or ownership of the shares of the said class or to impose additional restrictions;
- (IX) To issue rights to subscribe for, or to convert into, shares of the said class or another class;



- (X) To increase the rights and privileges of the shares of another class;
- (XI) To restructure the Company in such a way as to cause shareholders of different classes to bear liabilities disproportionately during the restructuring; and
- (XII) To amend or rescind any clause of these Articles of Association.

Article 88      The class shareholders so affected, whether or not otherwise entitled to vote at a general meeting, shall nevertheless be entitled to vote at any class general meetings with respect to matters set forth in Items (II) to (VIII), (XI) to (XII) of Article 87, but interested shareholder(s) shall not be entitled to vote in class general meetings.

Interested shareholders as mentioned herein refer to:

- (I) In the event of a repurchase of shares by the Company by way of a general offer to all shareholders of the Company in the same proportion or by way of public transactions on a stock exchange pursuant to Article 30 of these Articles of Association, an “interested shareholder” is a controlling shareholder as defined in Article 55 of these Articles of Association;
- (II) In the event of a repurchase of shares by the Company by an off-exchange agreement pursuant to Article 30 of these Articles of Association, an “interested shareholder” is a shareholder related to the agreement; and
- (III) In the event of a reorganization of the Company, an “interested shareholder” is a shareholder who assumes a relatively less proportion of obligation than that of any other shareholder of that class or who has an interest different from that of any other shareholder of that class.

Article 89      Resolutions of a class general meeting shall be approved by votes representing more than two thirds of the voting rights of class shareholders present at the meeting who, in accordance with Article 88, are entitled to vote at the meeting.

Article 90      A written notice of a class general meeting shall be given forty five (45) days prior to the date of the class general meeting to notify all of the registered shareholders of such class of the matters to be considered, the date and venue of the class general meeting. A shareholder who intends to attend the class general meeting shall deliver his written reply for the attendance at the meeting twenty (20) days prior to the date of the meeting.

The Company may convene a class general meeting if the voting shares at the meeting represented by the shareholders intending to attend the meeting are more than one half of the total voting shares of the said class at the meeting. Otherwise, the Company shall, within five (5) days and in the form of public announcement, notify the shareholders again of the issues to be considered, date and venue of the meeting. The Company may convene a class general meeting after public announcement.

Article 91 Notice of class general meetings need only be served on those shareholders entitled to vote at class general meetings. Class general meetings shall be conducted in as similar a manner as possible to that of general meetings. The provisions of these Articles of Association relating to the procedure of conducting general meetings shall apply to class general meetings.

Article 92 Apart from holders of other classes of shares, holders of domestic shares and overseas listed foreign shares are deemed as shareholders of different classes.

The special voting procedures for class shareholders shall not apply in the following circumstances:

- (I) With the approval by special resolutions at a general meeting, the Company issues and plans to issue, on one or more occasions, a total number of shares not exceeding twenty percent (20%) of each of its existing issued and outstanding domestic shares and overseas listed foreign shares in every twelve (12) months; and
- (II) The Company's plan to issue domestic shares and overseas listed foreign shares at the time of its establishment is completed within fifteen (15) months from the date of approval by China Securities Regulatory Committee.

## **CHAPTER 10 BOARD OF DIRECTORS**

Article 93 The Company shall establish a board of directors. The board of directors shall comprise fifteen (15) directors, including one (1) Chairman, two (2) vice Chairman and five (5) independent non-executive directors. The external directors (namely directors who do not hold any position in the Company) shall account for one half or more of the board of directors and independent non-executive directors (namely directors who are independent of the Shareholders and do not hold any position in the Company) shall account for at least one third of the board of directors.

The board of directors shall appoint one Chairman and the Company may appoint two vice Chairmen in accordance with its specific situation.

The board of directors shall establish several special committees as required, including strategy committee, audit committee, remuneration committee and nomination committee.

Article 94

Directors shall be elected at general meetings. A director shall serve a term of three years, and may seek reelection upon expiry of the said term.

A written notice of the intention of the candidate for director and by that candidate indicating his acceptance of such nomination shall be given to the Company no earlier than the date of the notice of the general meeting but no later than seven (7) days before the holding of the said general meeting. The term of such nomination and acceptance shall not be less than seven (7) days.

The chairman of the board of directors and vice chairman of the board of directors shall be elected and removed by more than half of all the directors, shall serve a term of three years, and is eligible for reelection.

A general meeting may dismiss a director within his term of office by an ordinary resolution provided that relevant laws and administrative regulations are observed (however, the claim for compensation under any contract shall not be affected).

The directors shall not be required to hold any shares of the Company.

The chairman of the board of directors and directors may serve concurrently as president, executive vice president, vice president or other senior executive (except supervisor) of the Company.

Outside directors shall have sufficient time and required knowledge and ability to perform their duties. The Company shall provide information that is necessary for outside directors to perform their duties. Specifically, independent non-executive directors may directly report to the general meeting, the securities regulatory authority under the State Council and other relevant authorities.

Executive directors shall deal with issues authorised by the board of directors.

Article 95

The board of directors shall be accountable to the general meeting and exercise the following functions and powers:

- (I) To be responsible for convening general meetings and reporting its work to the general meetings;
- (II) To execute resolutions of general meetings;
- (III) To resolve on the Company's business plans and investment plans;
- (IV) To prepare the Company's annual financial budgets and final accounting plans;

- (V) To prepare the Company's profit distribution plans and loss recovery plans;
- (VI) To formulate the plan for increase or reduction of the Company's registered capital, and the plan for issue of the Company's bonds;
- (VII) To formulate proposals for merger, division or dissolution of the Company;
- (VIII) To resolve on the Company's internal management setup;
- (IX) To appoint or remove the Company's president and executive vice president; to appoint or remove the Company's vice president and other senior management (including chief financial officer) according to the proposals of the president and determine their remunerations;
- (X) To set up the basic management system of the Company;
- (XI) To formulate the plan for any amendment to these Articles of Association;
- (XII) To formulate the plan for material acquisition or disposal of the Company;
- (XIII) To exercise other duties as specified in these Articles of Association or conferred by general meetings.

The board of directors may resolve on the issues specified in the preceding paragraph by approval of more than half of the directors save for the issues specified in Items (VI), (VII) and (XI), in which approval of two thirds of the directors is required.

A resolution on the Company's connected transactions shall not be valid unless it is signed by the independent non-executive directors.

#### Article 96

The board of directors shall not dispose of or agree to dispose of any fixed assets without approval by the general meeting if the sum of the expected value of the fixed assets to be disposed of and the value derived from the disposal of fixed assets within four (4) months before such proposal to dispose of the fixed assets exceeds thirty three percent (33%) of the value of the fixed assets as shown on the latest audited balance sheet considered and approved at the general meeting.

Disposals of the fixed assets mentioned herein include transfer of some asset interests, but do not include guarantee provided by pledge of fixed assets.

The effectiveness of the Company's disposal of the fixed assets shall not be affected by any breach of the foregoing provisions in Paragraph 1 of this Article.

- Article 97      The chairman of the board of directors shall exercise the following functions and powers:
- (I)    To preside over general meetings and to convene and preside over meetings of the board of directors;
  - (II)   To examine the implementation of the resolutions of the board of directors;
  - (III)   To sign the securities certificates issued by the Company;
  - (IV)   To exercise other functions and powers conferred by the board of directors.

If the chairman of the board of directors is unable to perform his duties, such duties shall be performed in proxy by the vice chairman of the board of directors designated by the chairman of the board of directors.

- Article 98      The board of directors convenes at least four meetings regularly every year. Meetings of the board of directors shall be convened by the chairman of the board of directors, notice shall be served with the notice of such regular meetings sent to all the directors at least fifteen days in advance. As for convening all other meetings of the board of directors, notices shall be served to all directors within a reasonable period. In emergency, extraordinary meetings of the board of directors may be convened upon proposal by more than two directors or by one third (1/3) of the directors or by the president of the Company.

- Article 99      The notice of meetings or extraordinary meetings of the board of directors shall be served as follows:
- (I)    No notice shall be served if the time and venue of a regular meeting of the board of directors have been specified by the board of directors in advance;
  - (II)   If the board of directors does not decide the time or venue of the meeting of the board of directors beforehand, the chairman of the board of directors shall urge the secretary of the board of directors to inform all directors and supervisors of the time and venue of the said meeting by telex, telegram, fax, express mail, registered mail or personal delivery at least 10 (but at most 14) days beforehand;
  - (III)   Where an extraordinary meeting of the board of directors needs to be convened in emergency, the chairman of the board of directors shall urge the secretary of the board of directors to inform all directors and supervisors

of the time, venue and form of the said meeting by telegram, telex, fax, express mail, registered mail or personal delivery at least 2 (but at most 10) days beforehand;

- (IV) The notice shall be served in Chinese, or in English if necessary, and shall include the agenda. Any director may waive the right to obtain the notice of meetings of the board of directors;
- (V) Notice of meeting shall be deemed to have been served to any director who attends the meeting without raising any objection before or during the meeting that he has not received the notice of meeting;
- (VI) Regular or extraordinary meetings of the board of directors convened in the form of teleconference or with the help of communications equipment shall ensure that the attending directors are able to hear clearly the directors who speak at the meetings and communicate amongst themselves. All the participating directors shall be deemed as having attended the meeting in person;
- (VII) Save as otherwise specified in the listing rules of the stock exchange with which the Company is listed, the board of directors may adopt motion in lieu of meeting of the board of directors, but the draft of the said motion must be sent to every director by personal delivery, post, telegram or fax. If the number of the directors signing on the draft satisfies the quorum, and the motion has been sent to the secretary of the board of directors by the aforesaid means, the said motion shall be deemed as the resolution of board of directors, then no further meeting of the board of directors will be necessary.
- (VIII) The written resolution signed by all the directors shall be deemed as having the same validity as the resolution approved at a legally convened meeting of the board of directors. Such written resolution may be executed in several counterparts, each of which shall be signed by one or more directors. Any resolution of the Company signed by directors or bearing the names of directors and sent by telegram, telex, post, fax or personal delivery shall be deemed as having been signed by the directors according to this paragraph.

Article 100 Meetings of the board of directors shall be held only if half or more of the directors (including their proxies) are present.

Every director shall have the right to one vote. Save as otherwise specified in these Articles of Association, resolutions made by the board of directors shall be approved by more than half of all the directors; in the event of an equality of votes, the chairman shall be entitled to an additional vote.

In respect of any issue to be decided by more than two thirds directors of the board of directors, a notice and adequate information shall be sent to all the directors before the deadline specified in Item (II) of Article 99, in strict accordance with the specified procedure. Where more than one fourth (1/4) of directors or more than two non-executive directors deem the resolution related documents as inadequate or the certification as unclear, they may jointly propose to adjourn the meeting of the board of directors or suspend discussing some topics, and the board of directors shall adopt such a proposal.

Where a director has any interest in a resolution of the meeting of the board of directors, the said director shall abstain from discussing and voting, and shall not be included into the quorum of the meeting.

Article 101      Directors shall attend meetings of the board of directors in person. Where any director cannot attend the meeting for any reason, he/she may authorise in writing another director to attend the meeting on his/her behalf, with the power of attorney specifying the scope of authorisation.

The director attending the meeting as proxy shall exercise rights within the scope of authorisation specified in the power of attorney. Where a director is not present at a meeting of the board of directors and fails to appoint a proxy to act on his/her behalf, the said director shall be deemed to have waived his rights to vote at the meeting.

Article 102      The decision on the issues considered on meetings of the board of directors convened or by means of written resolutions shall be recorded as meeting minutes in Chinese. The minutes of each meeting of the board of directors shall be provided to the directors as soon as possible. Directors who wish to make supplementary amendment to the minutes shall report their opinions on the proposed amendment to the chairman within a week after the receipt of the minutes. After the meeting minutes are finalised, the attending directors, the secretary of the board of directors and the person recording the minutes shall sign the minutes. The independent non-executive directors' opinions shall be set out in the resolutions of the meetings of the board of directors. Minutes of meetings of the board of directors shall be kept at the domicile of the Company in China, and a complete copy shall be sent to every director as soon as possible.

The directors shall be responsible for the resolutions passed at meetings of the board of directors. Any director who votes for a resolution which runs counter to the relevant laws, administrative regulations or these Articles of Association,

thereby causing serious losses to the Company, shall be liable for compensation. A director who has been proved as having expressed dissenting opinions on the resolution and such opinions are recorded in the meeting minutes can be exempt from liability.

Article 103      The board of directors may from time to time set up a committee or taskforce comprising two or more directors and authorise the committee or taskforce to exercise some powers and authority thereof as well as the discretion; relevant committees and taskforces shall act within the authorisation of the board of directors and observe the rules formulated by the board of directors from time to time. The board of directors may also dismiss relevant committees or taskforces, or change its authorisation through a resolution at any time.

The quorum of the meeting of a committee or taskforce of the board of directors shall be two members or more than half of the members of the said committee or taskforce, whichever is the higher. Provisions in Articles 99 to 102 of these Articles of Association applicable to the agenda and minutes of meetings of the board of directors shall also apply to relevant committees or taskforces, unless relevant provisions are substituted by the rules formulated by the board of directors as set out in the preceding paragraph.

Save as otherwise specified by the board of directors, the president who does not serve concurrently as director may attend meetings of the board of directors, and is entitled to receive notices and documents relating to the said meetings. However, the said president shall not have any voting right at the meetings of the board of directors unless he serves concurrently as director.

## **CHAPTER 11 SECRETARY OF THE BOARD OF DIRECTORS**

Article 104      The Company shall have one secretary of the board of directors, who is a senior management of the Company.

Managers of holding institutions, the president and the chief financial officer of the Company shall not serve concurrently as secretary of the board of directors.

Article 105      The secretary of the board of directors shall be a natural person with necessary professional knowledge and experience, shall be appointed by the board of directors, and is mainly responsible to:

- (I)    Ensure that the Company has complete organisation documents and records;
- (II)   Ensure that the Company legally prepares and submits reports and documents as required by the regulatory authorities;



- (III) Ensure that the shareholders' register of the Company is established appropriately and that the persons who have the right of access to the relevant documents and records of the Company obtain the same in due time; and
- (IV) Exercise other duties specified in laws, administrative rules and these Articles of Association;
- (V) Help the Company observe relevant PRC laws and the listing rules of the stock exchange with which the Company's shares are listed.

Article 106      A director or other senior management of the Company may serve concurrently as secretary of the board of directors. Any accountant of the accounting firm engaged by the Company shall not serve concurrently as secretary of the board of directors.

In the event a director also acts in the capacity of the secretary of the board of directors, where any act requires to be made by the director and the secretary of the board of directors separately, such director who also acts in the capacity of the secretary of the board of directors shall not make such actions in both capacities.

## **CHAPTER 12 BUSINESS MANAGEMENT ORGANISATION**

Article 107      The Company shall have one (1) president, three (3) executive vice presidents, several vice presidents, and one (1) chief financial officer appointed or dismissed by the board of directors. They shall serve a term of three years, and may be reelected for successive terms.

Article 108      The president shall be accountable to the board of directors, in overall charge of the work of the Company, and may request the board of directors to appoint or dismiss executive vice presidents and vice presidents.

Article 109      The president shall exercise the following functions and powers:

- (I) To manage the business operations of the Company and organise to execute the resolutions of the board of directors;
- (II) To organise to execute the Company's annual business plans and investment plans;
- (III) To prepare the plan for the internal management setup of the Company;
- (IV) To prepare the basic management system of the Company;
- (V) To formulate the Company's basic rules;

- (VI) To propose the appointment or dismissal of other senior management (including chief financial officer) of the Company;
- (VII) To appoint or dismiss executives other than those appointed or dismissed by the board of directors;
- (VIII) To prepare the plan for and decide on the Company's branch setup;
- (IX) To appoint, replace or refer shareholders' representatives, directors and supervisors of the holdings subsidiaries and joint-stock subsidiaries; and
- (X) To exercise other functions and powers conferred in these Articles of Association and by the board of directors.

Article 110 The president and executive vice president of the Company shall be present at meetings of the board of directors, and if they are not directors, shall not have any voting right at the meetings.

Article 111 In exercising their functions and powers, the president, executive vice president, vice president and chief financial officer of the Company shall fulfil the obligation of integrity and diligence in accordance with laws, administrative regulations and these Articles of Association, and shall not modify the resolutions of general meetings and meetings of the board of directors or go beyond their terms of reference.

### **CHAPTER 13 SUPERVISORY COMMITTEE**

Article 112 The Company shall have a supervisory committee, which is responsible for supervising the board of directors and its members, the president, executive vice presidents, vice presidents and other senior management, and preventing the same from abusing their powers to infringe upon the rights and interests of the shareholders, the Company and employees thereof.

Article 113 The supervisory committee shall comprise five members, including one chairman. External supervisors (without holding any position in the Company) shall account for more than 1/2 of all the supervisors, and there shall be two or more independent supervisors (i.e. supervisors independent of the shareholders of the Company and do not hold any position in the Company). The term of office of a supervisor shall be three years, upon expiration thereof the said supervisor may be reelected for successive terms.

- (I) The chairman of the supervisory committee shall be appointed or removed by the votes of two thirds or more of the members of the supervisory committee.

- (II) Resolutions of the meeting of the supervisory committee shall be approved by two thirds or more of the members of the supervisory committee.

The chairman of the supervisory committee shall organise to perform the duties of the supervisory committee.

Article 114      The supervisory committee shall comprise at least one shareholder representative and employee representatives representing no less than one third of the supervisory committee. The shareholder representative shall be elected and dismissed at general meetings, and employee representative shall be elected and dismissed democratically by the employees of the Company.

If necessary, the supervisory committee shall set an office for handling the daily affairs of the supervisory committee.

Article 115      The directors, president, executive vice president, vice president, chief financial officer and other senior management of the Company shall not serve concurrently as supervisors.

Article 116      Meetings of supervisory committee shall be held at least once (1) a year and shall be convened by the chairman of the supervisory committee.

Article 117      The supervisory committee shall be responsible to the general meeting and exercise the following functions and powers:

- (I) To review the financial operations of the Company;
- (II) To supervise the Company's directors, the president, executive vice presidents, vice presidents and other senior management for any violation of laws, administrative regulations or these Articles of Association while they perform their duties for the Company;
- (III) If any act of the Company's directors, president, executive vice presidents, vice presidents and other senior management damages the interest of the Company, to require them to rectify such act accordingly;
- (IV) To examine financial information such as financial reports, business reports and profit distribution plans to be proposed by the board of directors to the general meeting, and if there are any queries, to engage any certified public accountants or practicing auditors in the name of the Company to assist in the examination;
- (V) To propose the convening of extraordinary general meetings;
- (VI) To negotiate with directors or pursue legal actions against the same on behalf of the Company; and

(VII) To exercise other functions and powers conferred in these Articles of Association and by the general meeting.

The supervisory committee may express opinion on the appointment of an accounting firm for the Company, may if necessary appoint another accounting firm in the name of the Company to independently examine the financial operations of the Company, and may directly report to the securities regulatory authority under the State Council and other relevant authorities.

The outside supervisors shall independently report to the general meeting on the honesty and due diligence of the senior management of the Company.

Supervisors may attend meetings of the board of directors without voting rights.

Article 118      The notice of extraordinary meetings of the supervisory committee shall be served to all the supervisors in written form at least ten (10) (but not more than fifteen (15)) days in advance. A meeting of the supervisory committee shall be attended by more than two thirds (2/3) (inclusive) of the members of the supervisory committee.

Article 119      To exercise its powers, the supervisory committee may engage lawyers, certified public accountants, and practicing auditors to provide professional assistance at reasonable expenses which shall be borne by the Company.

Article 120      Supervisors shall honestly perform the supervisory duty in accordance with relevant laws, administrative regulations and these Articles of Association.

#### **CHAPTER 14 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, THE PRESIDENT, EXECUTIVE VICE PRESIDENTS, VICE PRESIDENTS AND OTHER SENIOR MANAGEMENT**

Article 121      In any of the following circumstances, a person shall not serve as director, supervisor, the president, executive vice presidents, vice presidents or other senior executive of the Company:

- (I) Without capacity or with limited capacity for civil conduct;
- (II) Is sentenced due to taking graft or committing bribery, offences against property, disrupting social economic order and has completed a term of imprisonment for less than five (5) years, or is deprived of political rights due to offence and has completed a term of imprisonment for less than five (5) years;

- (III) Ever was the director or manager of any enterprise which was bankrupted due to bad operation and was responsible for the bankruptcy of such enterprise, and it is less than three (3) years since the completion of liquidation for the bankruptcy of the enterprise;
- (IV) Ever was the legal representative of any enterprise which was revoked business licence due to illegal activities and was responsible for such illegal activities, and it is less than three (3) years since the revocation of business licence;
- (V) Has large outstanding debts;
- (VI) Is under investigation by the judiciary institution for violation of the criminal law;
- (VII) Is disqualified as corporate leader in laws and administrative regulations;
- (VIII) Is not a natural person; or
- (IX) Was ruled by the relevant competent authority that he has violated the relevant securities regulations and committed any fraudulent or dishonest act, and such ruling was made less than five (5) years ago;

Article 122      The validity of an act of a director, president, executive vice president, vice president or other senior executive on behalf of the Company for a goodwill third person is not affected by any incompliance in the appointment, election or qualification thereof.

Article 123      In exercising the functions and powers conferred by the Company, directors, supervisors, the President, executive vice presidents, vice presidents and other senior management shall fulfil the following obligations to the shareholders in addition to the obligations under the relevant laws, administrative regulations or the listing rules of the stock exchange with which the Company is listed:

- (I) Not to let the Company operate beyond the business scope specified in its business licence;
- (II) To sincerely act in the best interest of the Company;
- (III) Not to seize from the Company any asset, including (but not limited to) opportunity favourable to the Company; and
- (IV) Not to seize from any shareholder any personal interests, including (but not limited to) right to profit distribution and right to vote, but excluding corporate reorganisation submitted for adoption at the general meeting pursuant to these Articles of Association.

- Article 124 In exercising rights or fulfilling obligations, the directors, supervisors, the president, executive vice presidents, vice presidents and other senior management have the duty to act with due discretion, diligence and skill as a reasonable discreet person should do in similar circumstances.
- Article 125 In fulfilling duties, the directors, supervisors, the president, executive vice presidents, vice presidents and other senior management shall observe the principle of honesty and shall not set themselves in a position where their own interests conflict with their obligations. The said principle includes (but is not limited to) the following obligations:
- (I) To sincerely act in the best interest of the Company;
  - (II) To exercise their rights within their terms of reference;
  - (III) To exercise personally the discretion vested in them and not to allow themselves to be controlled by others and, save as permitted by laws or administrative regulations or with the informed consent of shareholders given at a general meeting, not to transfer the exercise of their discretion to others;
  - (IV) To be equitable towards shareholders of the same class and fair towards shareholders of different classes;
  - (V) Not to conclude any contract, conduct any transaction or make any arrangement with the Company saved as specified in these Articles of Association or with the informed consent of shareholders given at a general meeting;
  - (VI) Not to seek personal gains by using the property of the Company in any form without the informed consent of shareholders given at a general meeting;
  - (VII) Not to abuse official powers to accept bribes or other unlawful income, and not to expropriate the Company's property in any form, including (but not limited to) opportunity favourable to the Company;
  - (VIII) Not to accept commissions in connection with the Company's transactions without the informed consent of shareholders given at a general meeting;
  - (IX) To observe these Articles of Association, fulfil duties honestly, protect the interests of the Company, and not to seek personal gains by using their positions and powers in the Company;
  - (X) Not to compete with the Company in any form without the informed consent of shareholders given at a general meeting;

- (XI) Not to appropriate the monies of the Company or lend the same to others, not to deposit the Company's assets in the accounts of their own or others, and not to use the Company's assets as security for the personal debts of the shareholders of the Company or others; and
- (XII) Without the informed consent of the shareholders at a general meeting, not to disclose any confidential information related to the Company acquired by them during the term of their office; not to use the said information save for the interest of the Company; however, they may disclose such information to a court or other governmental competent authorities in the following circumstances:
  - 1. Required by law;
  - 2. Required in the interests of the public; or
  - 3. Required for the interests of the said directors, supervisors, the President, executive vice presidents, vice presidents and other senior management.

Article 126      Directors, supervisors, the president, executive vice presidents, vice presidents and other senior management of the Company shall not tell the following persons or institutions ("Connected Person" in these Articles of Association) to do anything that the directors, supervisors, the president, executive vice presidents, vice presidents and other senior management cannot do:

- (I) Spouses or minor offspring of directors, supervisors, the president, executive vice presidents, vice presidents and other senior management;
- (II) Trustees of directors, supervisors, the president, executive vice presidents, vice presidents and other senior management of the Company or persons set out in Item (I) herein;
- (III) Partners of directors, supervisors, the president, executive vice presidents, vice presidents and other senior management of the Company or persons set out in Items (I) and (II) herein;
- (IV) Companies effectively independently controlled by directors, supervisors, the president, executive vice presidents, vice presidents and other senior management of the Company or companies effectively jointly controlled with the persons set out in Items (I), (II) and (III) herein or other directors, supervisors, the president, executive vice presidents, vice presidents and other senior management of the Company;

- (V) Directors, supervisors, the president, executive vice presidents, vice presidents and other senior management of the controlled companies as set out in Item (IV) herein;

Article 127      The honesty obligation of directors, supervisors, the president, executive vice presidents, vice presidents and other senior management shall not necessarily end with the expiry of their terms of office, and their confidentiality obligation for the Company shall continue after expiry of their terms of office. Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination and the act concerned and the specific circumstances under which the relationship between the director and the Company was terminated.

Article 128      The liability of directors, supervisors, the president, executive vice presidents, vice presidents and other senior management of the Company for breaching a given obligation may be exempted through an informed resolution given by shareholders at a general meeting, save for the circumstances specified in Article 54 of these Articles of Association.

Article 129      (I) If directors, supervisors, the president, executive vice presidents, vice presidents and other senior management of the Company have any direct or indirect material interests in any contract, transaction or arrangement already concluded or under planning with the Company (exclusive of engagement contract with the Company), they shall responsively disclose the nature and extent of the said interests to the board of directors regardless whether the relevant matters are subject to approval by the board of directors in normal circumstances.

(II) A director shall not vote on any resolution of the board of directors with contracts, transactions, arrangements or any suggestion where he or any of his associates owns a material interest, and shall not be counted in the quorum of relevant meetings. However, if relevant resolutions involve any one or more of the following issues, the aforesaid provision shall not apply and the said director may vote (and be counted in the quorum):

(a) Regarding the loans borrowed from or liabilities undertaken by a director or any of his associates as required by the Company or any of its subsidiaries or for the interests of the Company or any of its subsidiaries, any guarantee, compensation assurance or mortgage is provided for the director or any of his associates;

(b) If any guarantee, compensation assurance or mortgage is provided for a third party due to the debts or liabilities of the Company or any of its subsidiaries, the director or any of his associates shall severally or jointly with others bear all or part of the liability for providing such guarantee, compensation assurance or mortgage;



- (c) The Company or any of its subsidiaries offers securities and relevant director or any of his associates shall have or may have the right to participate in the said offer as the security holder, or participate in the underwriting or sub-underwriting of relevant securities;
  - (d) Any contract of any other company (a company in which the director or any of his associates shall not necessarily hold 5% or more of its equity) in which the director or any of his associates directly or indirectly has interests as a senior executive or shareholder;
  - (e) Any suggestion or arrangement relating to interests of the employees of the Company or the subsidiaries thereof, including (i) adopting, amending or implementing any employees' share scheme, or share award scheme or share subscription scheme from which any director can benefit; or (ii) adopting, amending or implementing the provident fund, pension, or death or disability allowance schemes relating to the directors, their associates and employees of the Company or the subsidiaries thereof, in which the directors or their associates are not given the privileges or benefits that the persons related to the said schemes do not generally have;
  - (f) Any contract in which a director or any of his associates also has interests like other persons who hold the Company's shares, bonds or other rights and interests in securities just because of their holding the same;
- (III) As for Item (II) herein, if and only if (only in the case of [if and only if]) a director and any of his associates (directly or indirectly) holds or beneficially owns five percent (5%) or more shares of any class of a company (or any third party company through which the said director or his associate acquires relevant equity), or five percent (5%) or more of the voting rights as shareholders of the said company, the said company shall be deemed as one in which the said director and any of his associates jointly hold five percent (5%) or more equity. In the context of this paragraph, any share which a director or any of his associates holds as a passive trustee or custodian trustee but in which the said director or associate has no beneficial interest, any constitutional share in which the interest of a director and his associates is trust (if and only if some other persons have the right to collect the income of the said trust) of reversion or residue, and any constitutional share of the authorised unit trust scheme in which the director or his associate has interests as a unit holder, shall not be counted.
- (IV) If a company in which a director or any of his associates owns 5% or more of its equity has material interests in a contract, the said director shall also be deemed as having material interests in the said contract.

- (V) If such problems as whether a director (excluding the presider of the meeting) or any of his associates has material interests or a director (excluding the presider of the meeting) has the voting right at any meeting cannot be solved with the voluntary waiver of the voting right of the said director, the said problem shall be submitted to the presider of the meeting, whose ruling on the related director shall be final. If the nature or extent of the interests of the related director or any of his associates is not fairly disclosed, the aforesaid provisions shall not apply. If any problem relating to the presider of the meeting or any of his associates arises and the said problem cannot be solved with the voluntary waiver of the voting right of the presider of the meeting, the said problem shall be subject to the resolution of the board of directors (in this respect, the presider shall be counted in the quorum but shall not vote on this), which the resolution shall be final. Where the nature or extent of the interests of the presider or any of his associates is not fairly disclosed, the aforesaid provisions shall not apply.
- (VI) Unless the directors, supervisors, the president, executive vice presidents, vice presidents and other senior management of the Company having material interests have disclosed the said interests to the board of directors as per the preceding paragraph herein, and the board of directors has not counted them in the quorum or approved the said matter at a meeting at which they do not vote, the Company shall have the right to cancel the said contracts, transactions or arrangements, save for the circumstance in which the other parties are goodwill parties uninformed of the default of the said directors, supervisors, the president, executive vice presidents, vice presidents and other senior management.
- (VII) If the connected persons of the directors, supervisors, the president, executive vice presidents, vice presidents and other senior management of the Company have any interests in a given contract, transaction or arrangement, the said directors, supervisors, the president, executive vice presidents, vice presidents and other senior management shall be deemed as having interests.
- (VIII) Directors shall not vote on contracts, transactions or arrangements in which they have material interests, and shall not be counted in the quorum of the meeting.

(IX) The “associate” mentioned in this Article is as defined in Listing Rules.

Article 130 If, before concluding relevant contracts, transactions or arrangements with the Company for the first time, the directors, supervisors, the president, executive vice presidents, vice presidents and other senior management of the Company have notified the board of directors in writing that they will have interests in the contracts, transactions or arrangements concluded in the future because of the reasons set out in the notice, they will be deemed as having executed disclosure as specified in the preceding article.

Article 131 The Company shall not pay taxes in any form for the directors, supervisors, the president, executive vice presidents, vice presidents and other senior management thereof.

Article 132 The Company shall not directly or indirectly provide loan or loan guarantee to the directors, supervisors, the president, executive vice presidents, vice presidents and other senior management of the Company or its parent company, or to the connected persons of the aforesaid persons.

The preceding paragraph does not apply to the following circumstances:

- (I) The Company provides loan or loan guarantee for its subsidiaries;
- (II) The Company, in accordance with the engagement contracts approved at the general meeting, provides loan, loan guarantee or other monies to the directors, supervisors, the president, executive vice presidents, vice presidents and other senior management of the Company so that they may pay the expenses incurred for the Company or for fulfilling duties of the Company; and
- (III) If the normal business scope of the Company includes provision of loan and loan guarantee, the Company may provide loan and loan guarantee to the relevant directors, supervisors, the president, executive vice presidents, vice presidents and other senior management and the connected persons thereof, but the conditions for providing loan or loan guarantee shall be normal business conditions.

Article 133 If the Company provides loan in violation of the preceding article, the recipient of the loan shall return the same immediately regardless of the loan conditions.

Article 134 The Company shall not be forced to execute loan guarantee provided in violation of Paragraph I of Article 132 except in the following circumstances:

- (I) The loan provider does not know that it has provided loan to the connected persons of the directors, supervisors, the president, executive vice presidents, vice presidents and other senior management of the Company or its parent company;

- (II) The guarantee provided by the Company has been sold by the loan provider lawfully to a goodwill buyer.

Article 135      The guarantee as referred to in the preceding articles includes the act of the guarantor to undertake the responsibility or provide property to ensure that the obligor fulfils the obligations.

Article 136      If the directors, supervisors, the president, executive vice presidents, vice presidents and other senior management fail to fulfil the obligations to the Company, the Company shall have the right to take the following actions in addition to the rights and remedial measures under the relevant laws and administrative regulations:

- (I) Require the directors, supervisors, the president, executive vice presidents, vice presidents and other senior management to compensate the Company for the losses arising from their neglect of duty;
- (II) Cancel the contracts or transactions concluded between the Company and the directors, supervisors, the president, executive vice presidents, vice presidents and other senior management of the Company, or between the Company and a third person (if the third person knows or is supposed to know that the directors, supervisors, the President, executive vice presidents, vice presidents and other senior management representing the Company have breached their obligations to the Company);
- (III) Require the relevant directors, supervisors, the president, executive vice presidents, vice presidents and other senior management to surrender gains arising from breach of obligations;
- (IV) Recover the amounts, including (but not limited to) commissions, received by the relevant directors, supervisors, the president, executive vice presidents, vice presidents and other senior management but receivable by the Company; and
- (V) Require the relevant directors, supervisors, the president, executive vice presidents, vice presidents and other senior management to surrender interests earned or likely to be earned from monies payable to the Company;

Article 137      The Company shall conclude written contracts with directors and supervisors in relation to their remunerations, subject to prior approval at a general meeting. The aforesaid remunerations include:

- (I) Remunerations for directors, supervisors or senior management of the Company;
- (II) Remunerations for directors, supervisors or senior management of subsidiaries of the Company;

- (III) Remunerations for providing other services for the management of the Company and subsidiaries thereof; and
- (IV) Compensations for the said directors or supervisors for losing their positions or for retirement.

Save as specified in the aforesaid contracts, the directors and supervisors shall not pursue legal action against the Company for the aforesaid interests.

Article 138      The Company shall specify in the contracts concluded with the directors or supervisors in relation to remunerations that if the Company is acquired, the directors or supervisors shall have the right to seek compensations or other monies for losing their positions or for retirement under the conditions approved at the general meeting. The acquisition herein refers to any of the following circumstances:

- (I)    Tender offer of any person to all the shareholders; or
- (II)   Tender offer of any person to become a controlling shareholder of the Company. The definition of a controlling shareholder is the same as that in Article 55 of these Articles of Association.

Any amounts received by the relevant directors or supervisors in violation of the provisions herein shall belong to those who sell their shares in response to the aforesaid tender offer, and the said directors or supervisors shall bear the expenses for distributing the said amounts in proportion, which expenses shall not be deducted from the said amounts.

## **CHAPTER 15 FINANCIAL ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION**

Article 139      The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations and PRC accounting standards of the financial authority under the State Council.

Article 140      A financial report shall be prepared at the end of each fiscal year and shall be examined and verified according to law.

The Company's financial reports shall include the following financial statements and accessory documents:

- (I)    Balance sheet;
- (II)   Income statement;
- (III) Statement of changes in financial position;

(IV) Financial situation statement;

(V) Profit distribution statement.

The fiscal year of the Company shall be the Gregorian calendar year, i.e. from 1 January to 31 December every year.

Article 141      The board of directors of the Company shall, at each annual general meeting, submit to the shareholders the financial reports prepared by the Company in accordance with the relevant laws, administrative regulations, and regulatory documents of local governments and competent authorities.

Article 142      The financial reports of the Company and the directors' reports shall be kept in the Company and accessible to the shareholders at least twenty (20) days before convening of the annual general meeting. Every shareholder of the Company shall have the right of access to the aforesaid financial reports.

The Company shall, at least twenty one (21) days before annual general meeting, send by prepaid mail to every holder of overseas listed foreign shares the directors' reports, balance sheet (including all the documents required to be attached by law) and profit and loss statements or account of receipts and payments, or financial highlights (if permitted by relevant PRC China laws and regulations), at the address as shown in the shareholders' register. If necessary, any holder of overseas listed foreign shares may require in writing the Company to send them the complete copies of the annual report of the Company and directors' reports.

Article 143      The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the overseas listing place. If the financial statements prepared under the two accounting standards are discrepant significantly, such discrepancy shall be explained in the notes to the financial statements. The financial statements of the Company shall be prepared in accordance with (I) PRC accounting standards and regulations, or (II) the international accounting standards or the accounting standards of the overseas listing place. The Company shall distribute the after-tax profit of the relevant fiscal year as per the less of the after-tax profits in the aforesaid two financial statements.

Article 144      The interim results or financial information announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the overseas listing place.

- Article 145      The Company shall announce two financial reports each fiscal year, i.e. interim financial report announced within sixty (60) days after the end of the first six months of the fiscal year and the annual financial report announced within one hundred and twenty (120) days after the end of the fiscal year.
- Article 146      The Company shall not establish account books other than the statutory account books.
- Article 147      The Company's after-tax profits for the current year shall be used in the following order:
- (I)    To recover losses;
  - (II)   To withdraw statutory common reserve fund;
  - (III) To withdraw statutory public welfare fund;
  - (IV) To withdraw discretionary common reserve fund as resolved on the general meeting; and
  - (V)   To pay dividend from ordinary shares.
- The board of directors shall decide the proportion of items as mentioned in this Article according to relevant regulations (if any), or otherwise upon approval of board of shareholders. The Company shall not distribute dividend or bonus before recovering losses and withdrawing statutory common reserve fund and statutory public welfare fund.
- Monies paid for any shares before dunning shall have dividends, but the shareholders are not entitled to dividends announced later for the said monies.
- Article 148      The capital reserve fund shall include the followings:
- (I)    Premium arising from issue above the par value of the stock; and
  - (II)   Other revenues required by the financial authority under the State Council to be stated as capital reserve.
- Article 149      The common reserve funds of the Company shall only serve the following purposes:
- (I)    To recover losses;

- (II) To increase capital. The Company may, upon a resolution of the general meeting, convert the common reserve funds into the capital, and distribute new shares to the shareholders in proportion to their original shareholdings, or increase the par value of each share. However, when statutory common reserve fund is converted into capital, the amount of the said fund left after conversion shall not be less than twenty five percent (25%) of the registered capital of the Company; and
- (III) To enlarge production capacity.

Article 150      Save as otherwise provided by special resolutions passed at the general meeting, the Company shall distribute dividends once a year. The shareholders shall not authorise by ordinary resolution the board of directors to distribute and pay the interim dividends before the board of directors reviews the financial position of the Company in accordance with relevant laws and regulations.

Article 151      The Company may distribute dividends in either or both of the following forms:

- (I)    Cash; and
- (II)   Shares.

Article 152      Dividends and other monies paid by the Company to holders of domestic shares shall be stated and announced in RMB and paid in RMB within three months after announcement of dividends; dividends and other monies paid by the Company to holders of foreign shares shall be stated and announced in RMB and paid in foreign currency within three months after announcement of dividends. The exchange rate shall be the average closing rate of exchange for HKD against RMB as published by the People's Bank of China during the five working days prior to the announcement of dividends or distribution of other monies.

Foreign currency needed by the Company to pay holders of overseas listed foreign shares shall be obtained pursuant to relevant state regulations on foreign exchange.

The board of directors may, as authorized by the general meeting, decide on distributing interim or special dividends of the Company.

Article 153      The Company shall deduct and pay taxes payable by the shareholders pursuant to PRC tax laws.



Article 154      The Company shall appoint collection agents for holders of overseas listed foreign shares. The collection agents shall, on behalf of the related shareholders, collect dividends and other payables distributed by the Company for overseas listed foreign shares.

The collection agents appointed by the Company shall meet the requirements of the laws of the listing place or the stock exchange.

The collection agents appointed by the Company for holders of foreign shares listed on SEHK shall be trust companies registered pursuant to Trustee Ordinance of Hong Kong.

Article 155      Provided that the relevant PRC laws and administrative regulations are observed, the Company may exercise the right to seize dividends not collected, but the said right shall not be exercised within 6 years after the announcement of relevant dividends.

The Company shall have the right to cease the sending of the coupon for the dividends by mail to the holders of overseas listed foreign shares upon the failure to claim for such dividends on two consecutive occasions after the posting of such coupons. Notwithstanding that the first coupon has failed to reach the shareholders and has been returned, the Company shall still have the right to exercise such right.

The Company shall have the right to sell the overseas listed foreign shares of any shareholder who cannot be contacted in the manner deemed to be appropriate by the board of directors, subject to the following conditions:

- (I)    Dividends have been distributed for the said shares for at least three times in 12 years, but are not claimed in the said period; and
- (II)   The Company, after a lapse of 12 years, shall publish an announcement in one or more newspapers in the jurisdiction in which the Company's shares are listed, stating its intention to sell such shares, and shall inform the stock exchange of the jurisdiction in which such shares are listed.

## CHAPTER 16 APPOINTMENT OF CERTIFIED PUBLIC ACCOUNTANTS

- Article 156      The Company shall retain an independent certified public accountant that fulfills the requirements provided by the relevant regulations of the PRC to audit the Company's annual financial report and review the Company's other financial reports.
- The retaining of the first certified public accountant of the Company may occur at the inauguration meeting prior to the first annual general meeting. The term of such accountant shall terminate upon the conclusion of the first annual general meeting.
- Should the inauguration meeting not exercise the powers under the preceding paragraph, the board of directors shall exercise those powers.
- Article 157      The term of a certified public accountant shall commence upon the conclusion of one annual general meeting of shareholders and shall sustain until the conclusion of the next annual general meeting.
- Article 158      The certified public accountant engaged by the Company shall have the following rights:
- (I)    To access the account books, records and vouchers of the Company, and to ask directors, the president, executive vice president, vice president or other senior management of the Company to provide relevant documents and explanations;
  - (II)   To require the Company to take all reasonable steps to obtain from its subsidiaries any information and explanations necessary for the discharge of its duties; and
  - (III) To attend general meetings, get notice of general meeting or other information relating to general meetings, and deliver speeches at any general meeting in relation to the matters concerning its capacity as the Company's certified public accountant.
- Article 159      In the event of vacancy of certified public accountants, the board of directors may appoint certified public accountants to fill the said vacancy before convening of a general meeting. The said certified public accountant may continue to act during the vacancy period if the Company has another incumbent certified public accountant.

- Article 160      Regardless of the terms in the contract concluded between the certified public accountants and the Company, the general meeting may, through an ordinary resolution, dismiss the said certified public accountants before expiry of the term thereof. In the event of any rights claimed by the certified public accountants against the Company, the said rights shall not be affected.
- Article 161      The remuneration of the certified public accountant or the manner in which such accountant is to be compensated shall be determined by the shareholders at a general meeting. The remuneration of the certified public accountant appointed by the board of directors shall be determined by the board of directors.
- Article 162      Appointment, dismissal or non-appointment of certified public accountants shall be subject to decision at the general meeting and shall be filed with the securities regulatory authority under the State Council.
- Article 163      The general meeting shall comply with the following provisions in passing a resolution to appoint non-incumbent certified public accountants to fill any vacancy of certified public accountants or continue appointing certified public accountants appointed by the board of directors to fill the vacancy or dismiss incumbent certified public accountants:
- (I)    The proposal for appointment or dismissal shall, before the notice of general meeting is sent, be served to certified public accountants to be appointed or to terminate service or having terminated service in the relevant fiscal year.  
  
Termination of service includes dismissal, removal or resignation;
  - (II)   If the certified public accountants about to terminate service make a written statement and request the Company to notify the shareholders of the said statement, the Company shall take the following actions unless the statement is received too late:
    - (1)   Describe in the notice issued for the resolution that the certified public accountants about to terminate service have made a statement; and
    - (2)   Send to the shareholders a copy of the statement as an attachment to the notice in the form specified in these Articles of Association.
  - (III) If the Company fails to send out the statement of the certified public accountants as specified in Item (II) herein, the relevant certified public accountants may require that the said statement be read at the general meeting and may lodge a complaint;

(IV) Certified public accountants about to terminate service have the right to attend the following meetings:

- (1) The general meeting at which their term of appointment expires;
- (2) The general meeting for filling vacancy because of their termination of service; and
- (3) The general meeting held because of their resignation.

The certified public accountants about to terminate service shall have the right to receive all the notices of the aforesaid meetings or other information relating to the meetings, and deliver speeches at the meetings in relation to the matters concerning the certified public accountant.

Article 164      Where the Company dismisses or does not continue appointing the certified public accountants, prior notice shall be given to the certified public accountants, and the certified public accountants shall have the right to state their opinions to the general meeting. Where the certified public accountants tender their resignation, they shall state to the general meeting whether the Company has anything inappropriate.

Article 165      The certified public accountants may resign by placing a written notice of resignation at the registered address of the Company. The said notice shall include the following statements:

- (I) A statement that their resignation does not involve any information to be disclosed to the shareholders or creditors of the Company;
- (II) A statement with respect to any matters which should be brought to the attention of the shareholders;

The said notice shall take effect on the date of delivery to the address of the Company or on a later date specified in the notice.

The Company shall, within fourteen (14) days after receiving the aforesaid written notice, send a copy of the notice to the relevant competent authorities. If the notice contains the statement mentioned in Item (II) herein, the Company shall keep a copy of the said statement in the Company for reference by the shareholders. The Company shall also send the aforesaid copy by prepaid mail to every holder of overseas listed foreign shares at the address as shown in the shareholders' register;

If the notice of resignation of the certified public accountants contains the statement with respect to any matters which should be brought to the attention of the shareholders, the certified public accountants may require the board of directors to convene an extraordinary general meeting to listen to their explanation about the resignation.

## **CHAPTER 17 TRADE UNION**

Article 166 The employees of the Company shall have the right to organize and conduct relevant activities pursuant to the Trade Union Law of the People's Republic of China.

Article 167 The Company shall allocate trade union fund as per 2% of the total amount of actual salaries of the employees every month and the trade union of the Company shall use the said fund in accordance with Measures on Use of Trade Union Funds formulated by All-China Federation of Trade Unions.

The Company shall, according to relevant PRC laws and administrative regulations, formulate labour management, personnel management, salaries, welfare and social insurance systems.

## **CHAPTER 18 MERGER AND DIVISION OF THE COMPANY**

Article 168 In respect of the merger or division of the Company, the board of directors shall propose a plan and have it adopted following the procedure specified in these Articles of Association, and go through relevant examination and approval formalities pursuant to law. Any shareholder objecting to merger or division of the Company shall have the right to require the Company or the shareholders approving merger or division of the Company to buy his shares at a fair price. Resolution on merger or division of the Company shall be archived as document for reference by the shareholders.

The aforesaid document shall also be served by mail to holders of foreign shares.

Article 169 The merger of the Company may take the form of either merger by absorption or merger by establishment of a new company.

In the event of merger of the Company, the parties concerned shall conclude a merger agreement and prepare balance sheets and property inventories. The Company shall notify all creditors within ten (10) days after adoption of the merger resolution and shall make at least three (3) announcements in newspapers within thirty (30) days.

The credits and debts of the Company after merger shall be inherited by the company subsisting after merger or by the newly established company.

Article 170 If the Company is divided, its properties shall be divided accordingly.

In the event of division of the Company, the parties concerned shall conclude a division agreement and prepare balance sheets and property inventories. The Company shall notify all creditors within ten (10) days after adoption of the division resolution and shall make at least three (3) announcements in newspapers within thirty (30) days.

The debts of the Company before division shall be undertaken by the companies after division as per the agreements concluded.

Article 171 Change in registered particulars arising from a merger or division of the Company shall be registered with the company registration authority according to law. If the Company is dissolved, it shall be deregistered according to law. If a new company is established, such establishment shall be registered according to law.

## **CHAPTER 19 DISSOLUTION AND LIQUIDATION OF THE COMPANY**

Article 172 The Company shall be dissolved and liquidated according to law in any of the following circumstances:

- (I) The general meeting have resolved to dissolve the Company;
- (II) Merger or division of the Company entails dissolution;
- (III) The Company is declared insolvent according to law because it is unable to pay its debts as they fall due; and
- (IV) The Company has been ordered to close down according to law for violation of laws or administrative regulations.

Article 173 In the event of dissolution pursuant to Item (I) of the preceding article, the Company shall set up a liquidation committee within fifteen (15) days, and the members of the committee shall be decided by an ordinary resolution on a general meeting.

If the Company is dissolved pursuant to Item (III) of the preceding article, a liquidation committee comprising shareholders, the relevant departments and relevant professionals shall be established by the People's Court in accordance with relevant laws to carry out the liquidation.

If the Company is dissolved in the circumstance set out in Item (IV) of the preceding article, a liquidation committee comprising shareholders, the relevant departments and relevant professionals shall be established by the relevant supervisory authority to carry out the liquidation.

Article 174 If the board of directors decides to liquidate the Company (save for liquidation when the Company is declared bankrupt), the notice of general meeting to be held therefor shall contain a statement that the board of directors has made thorough investigation on the conditions of the Company and that the Company may repay all the debts of the Company within twelve (12) months after commencement of liquidation.

After the resolution on liquidation is adopted at the general meeting, the functions and powers of the board of directors shall terminate immediately.

The liquidation committee shall, as per the instructions of the general meeting, report to the general meeting at least once a year about the revenues and expenses of the liquidation committee, the businesses of the Company and the progress of liquidation, and deliver a final report to the general meeting at the end of liquidation.

Article 175 The liquidation committee shall notify all creditors within ten (10) days after its establishment and shall make three (3) announcements in newspapers within sixty (60) days. The liquidation committee shall register creditor's rights.

The creditors shall declare their rights to the liquidation committee within thirty (30) days after receipt of the notice or within ninety (90) days after announcement if the creditors haven't received the notice. The creditors shall explain matters relating to their rights and provide relevant evidential documents. The liquidation committee shall register creditor's rights.

Article 176 During liquidation, the liquidation committee shall exercise the following functions and powers:

- (I) To examine and take possession of the Company's assets and prepare the balance sheet and a property inventory;
- (II) To inform creditors by notice or announcement;
- (III) To deal with the outstanding businesses of the Company relating to liquidation;
- (IV) To settle outstanding tax payment;
- (V) To settle claims and debts;
- (VI) To dispose of the remaining assets of the Company after repayment of debts; and
- (VII) To represent the Company in civil proceedings.

Article 177

After the liquidation committee has examined and taken possession of the Company's assets and prepared a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit it to the general meeting or the relevant supervisory authority for confirmation.

Liquidation expenses shall be allocated in priority from the Company's assets before settlement of other creditors' debts.

After the general meeting resolves to dissolve the Company or the Company is declared insolvent or is ordered to close down according to law, no one shall dispose of the Company's assets without permission of the liquidation committee.

If the Company's assets are enough to settle its debts, the said assets shall be used to pay liquidation expenses, employees' salaries and labour insurance, outstanding taxes, and debts of the Company.

The assets of the Company remaining after repayment as specified in the preceding paragraph shall be distributed the shareholders as per the types of their shares and their shareholding percentages:

- (I) To distribute to holders of preferred shares as per the par value of the preferred shares; to distribute to holders of preferred shares as per the percentages of preferred shares held by the said holders if the remaining assets are insufficient to repay the preferred shares;
- (II) To distribute to shareholders as per their common shares.

During liquidation, the Company shall not commence any new business activities.

Article 178

In case of dissolution of the Company, after the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the People's Court to declare the Company bankrupt.

Following a ruling by the People's Court that the Company is bankrupt, the liquidation committee shall transfer to the People's Court all matters relating to the liquidation.



Article 179 After completion of liquidation of the Company, the liquidation committee shall prepare liquidation report, income and expenditure statement and account books in respect of the liquidation period and, after verification of the Chinese certified public accountants, shall submit the same to the general meeting or the relevant supervisory authority for confirmation.

The liquidation committee shall, within thirty (30) days after obtaining confirmation from the general meeting or the relevant supervisory authority, submit the aforesaid documentation to the company registration authority, and apply to cancel registration of the Company and announce termination of the Company.

## **CHAPTER 20 PROCEDURES FOR AMENDING ARTICLES OF ASSOCIATION**

Article 180 The Company may amend these Articles of Association pursuant to the laws, administrative regulations and these Articles of Association.

These Articles of Association of the Company shall be amended as per the following procedures:

- (I) 1. The shareholders individually or jointly holding five percent (5%) (inclusive) or more voting rights of the Company shall submit to the board of directors the written proposal for any amendment to these Articles of Association, and ask the board of directors to convene the general meeting to audit the proposal.
2. The board of directors shall notify the shareholders of the proposal for amendment, and convene a general meeting for voting on it.
3. The amendments submitted to the general meeting shall be passed by special resolutions;

Or

- (II) 1. The board of directors shall formulate the proposal for amendment to these Articles of Association by passing a resolution pursuant to these Articles of Association;
2. The board of directors shall notify the shareholders of the proposal for amendment, and convene a general meeting for voting on it.
3. The amendments submitted to the general meeting shall be passed by special resolutions;

Article 181 The amendment to these Articles of Association of the Company involving the contents of Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas shall take effect upon approval of company approval authority authorised by the State Council; the amendment involving the Company's registration matters shall be registered according to law.

## **CHAPTER 21 SETTLEMENT OF DISPUTES**

Article 182 The Company shall settle disputes following the rules below:

- (I) In the event of any dispute or claim between a holder of overseas listed foreign shares and the Company, between a holder of overseas listed foreign shares and directors, supervisors, the President, executive vice presidents, vice presidents and other senior management, and between a holder of overseas listed foreign shares and a holder of domestic shares arising from rights and obligations specified in these Articles of Association, *Company Law*, *Special Regulations* and other relevant laws and administrative regulations and relating to the affairs of the Company, the parties concerned shall submit the said dispute or claim for arbitration.

The aforesaid dispute or claim submitted for arbitration shall be the entire dispute or claim; all the persons who complain for the same reason or who are required to participate in the settlement of the dispute or claim shall accept the arbitration award if they are the Company or its shareholders, directors, supervisors, the President, executive vice presidents, vice presidents and other senior management.

Disputes relating to definition of shareholders and shareholders' register may be settled other than through arbitration.

- (II) The applicant for arbitration may select China International Economic and Trade Arbitration Commission for arbitration following the arbitration rules thereof or select Hong Kong International Arbitration Centre for arbitration following the securities arbitration rules thereof. After the applicant for arbitration submits the dispute or claim for arbitration, the other party must accept arbitration at the arbitral institution selected by the applicant.

If the applicant for arbitration selects Hong Kong International Arbitration Centre for arbitration, either party may request that the arbitration be conducted in Shenzhen following the securities arbitration rules of Hong Kong International Arbitration Centre.

- (III) Settlement of disputes or claims set out in Item (I) by way of arbitration shall be governed by PRC laws save as otherwise specified by laws and administrative regulations.

(IV) The arbitration award made by the arbitral body shall be final and binding on both parties.

## **CHAPTER 22 INSURANCE**

Article 183      The Company may insure with the People's Insurance Company of China or other insurance companies registered in China and permitted to provide insurance for Chinese companies under PRC laws.

Types, the value and duration of insurance and other insurance clauses shall be discussed and determined by the board of directors in line with the practices of overseas counterparts, and Chinese practices and laws.

## **CHAPTER 23 LABOUR MANAGEMENT**

Article 184      The Company shall, according to relevant PRC laws and administrative regulations, formulate labour management, personnel management, salaries, welfare and social insurance systems.

The Company shall engage executives and sign contracts with ordinary employees. The Company may determine its own human resources structure, and recruit and dismiss executives and employees pursuant to administrative regulations and the contracts.

The Company shall have the right to determine the salaries, welfares and fringe benefits of its executives and employees in the light of its own profit position and in accordance with relevant administrative regulations.

The Company shall buy medical insurance, pension insurance and unemployment insurance for its executives and employees pursuant to the relevant administrative regulations of the central government and local governments of China, and the laws, administrative regulations and other relevant regulations on the labour insurance and labour protection of retired and unemployed employees of the Company.

## **CHAPTER 24 NOTICE**

Article 185      Save as otherwise specified in these Articles of Association, notices, documents or written statements sent by the Company to holders of overseas listed foreign shares shall be served by personal delivery or prepaid mail to the registered addresses of all holders of overseas listed foreign shares.

If the notice of the Company is sent by post, it is required to specify the address, prepaid postage and put the notice in the envelope, and putting the envelope enclosing the said notice into the mailbox shall be deemed as sending out the notice, and the notice shall be deemed as served 48 hours after being sent out.

## **CHAPTER 25 SUPPLEMENTARY PROVISIONS**

- Article 186      Save as otherwise specified, any notice or report issued or delivered by the Company according to regulations or through announcement as permitted shall be published on at least one national newspapers approved by securities regulatory authority under the State Council. Where practicable, such notice or report shall be published in both English and Chinese on the same day respectively on one of the principal English-language and Chinese-language newspapers in Hong Kong.
- Article 187      These Articles of Association shall be executed in Chinese. Where these Articles of Association in any other language disagree with these Articles of Association, the Chinese version of these Articles of Association shall prevail.
- Article 188      The “certified public accountants” under these Articles of Association are the same as “auditors”.