

**Articles of Association**  
**of**  
**Lygend Resources & Technology Co., Ltd.**

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## Chapter 1 General Provisions

**Article 1** In order to safeguard the legitimate rights and interests of Lygend Resources & Technology Co., Ltd. (the “**Company**”), its shareholders and creditors and to regulate the organization and activities of the Company, these Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), the Securities Law of the People’s Republic of China (the “**Securities Law**”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (the “**Mandatory Provisions**”), the Letter of Opinions on Supplements and Amendments to the Articles of Association of Companies Listed in Hong Kong (the “**Letter of Opinions on Amendments**”), the Official Reply of the State Council on Adjustment of the Notice Period for the General Meetings and Other Matters Applicable to the Overseas Listed Companies, the Reply of the Overseas Listing Department of the China Securities Regulatory Commission and the Production System Department of the State Commission for Restructuring the Economic Systems on Opinions Concern the Supplement and Amendments to the Articles of Association of Companies to be Listed in Hong Kong, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and other relevant regulations, and based on the actual situation of the Company.

**Article 2** The Company is a joint stock limited company incorporated in accordance with the Company Law, the Special Provisions on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the “**Special Provisions**”) and other relevant laws and administrative regulations of the People’s Republic of China (the “**PRC**”).

The Company is a joint stock limited company established by way of overall conversion on the basis of Lygend Resources & Technology Co., Ltd., and registered with the Market Supervision Administration of Ningbo City, and now holds the Business License with the unified social credit code of 91330201684250085X.

**Article 3** The Company was approved by the China Securities Regulatory Commission (“**CSRC**”) on August 2, 2022 to issue no more than 267,429,600 overseas listed foreign shares in Hong Kong.

The foreign shares of the Company issued and listed on the Stock Exchange of Hong Kong Limited (the “**SEHK**”), as well as the original domestic shares and unlisted foreign shares listed and traded on the SEHK upon approval of the securities regulator of the State Council, collectively referred to as H shares.

**Article 4** Registered name of the Company:

Chinese Name: 宁波力勤资源科技股份有限公司

English Name: Lygend Resources & Technology Co., Ltd.

**Article 5** Address of the Company: 2/F, Mingchuang Building, No. 707 Tiantong South Road, Yinzhou District, Ningbo City, Zhejiang Province, PRC

**Article 6** The registered capital of the Company before the issue is RMB1,317,768,750. If the over-allotment option is not exercised, the registered capital of the Company after the issue will be RMB1,550,316,350, and if the over-allotment option is exercised in full, the registered capital of the Company will be RMB1,585,198,350.

**Article 7** The Company is a joint stock limited company with perpetual existence.

**Article 8** The chairman of the board shall be the legal representative of the Company.

**Article 9** Total assets of the Company are divided into shares of equal par value, shareholders shall assume their liabilities to the extent of their respective subscribed shares in the Company, and the Company shall be liable to the extent of its entire assets for its debts. To the extent permitted by laws and regulations, the Company may invest in other limited liability companies or joint stock limited companies, and is liable for the investee to the extent of such capital contribution.

**Article 10** The Articles of Association of the Company shall take effect from the date of incorporation of the Company.

Upon approval at the general meeting of the Company, these Articles of Association shall take effect from the date of the listing and trading of the Company's H shares on the Hong Kong Stock Exchange. The original Articles of Association of the Company shall automatically cease to have effect from the effective date of these Articles of Association.

These Articles of Association shall become a legally binding document regulating the organisation and activities of the Company, the rights and obligations between the Company and its shareholders, and among the shareholders, and shall be legally binding on the Company, its shareholders, directors, supervisors and senior management, and the aforesaid persons may assert their rights in relation to the Company's matters in accordance with these Articles of Association.

Pursuant to these Articles of Association, shareholders may initiate legal proceedings against other shareholders, shareholders may initiate legal proceedings against directors, supervisors, general manager (chief executive) and other senior management of the Company, and shareholders may initiate legal proceedings against the Company, and the Company may initiate legal proceedings against its shareholders, directors, supervisors, general manager (chief executive) and other senior management.

For the purpose of the preceding paragraph, initiation of legal proceedings includes initiation of proceedings in a court or application for arbitration to an arbitration body.

**Article 11** For the purpose of these Articles of Association, other senior management refers to the vice general manager (vice chief executive), chief financial officer and secretary to the board of directors of the Company, etc.

## **Chapter 2 Business Objective and Scope**

**Article 12** Business objective of the Company: committed to becoming a service provider covering the entire nickel industrial chain.

**Article 13** The business scope of the Company as legally registered: general items: research and development of emerging energy technologies; smelting of commonly used non-ferrous metals; sales of metal ores; sales of metal materials; sales of chemical products (excluding permitted chemical products); sales of construction materials; sales of mechanical equipment; sales of timber; sales of cotton and hemp; sales of knitwear textiles and raw materials; domestic trade agent; import and export of goods; import and export of technology; import and export agent. (Carry out business activities legitimately and independently under the business license, except for items subject to approval in accordance with the law). Permitted items: operations of hazardous chemicals (for items subject to approval by competent authorities, shall only engage in such items after such approval is obtained, and the final business scope is subject to approval).

## **Chapter 3 Shares**

### **Section 1 Issuance of Shares**

**Article 14** The shares of the Company shall take the form of share certificates. The Company shall have ordinary shares at all times, and the ordinary shares issued by the Company shall include domestic and foreign shares; the Company may, according to its needs and upon approval by the company approval department authorized by the State Council, create other classes of shares in accordance with relevant laws and administrative regulations.

**Article 15** Shares of the Company shall be issued under the principles of transparency, fairness and equality, and each share of the same class shall carry the same rights.

For shares of the same class issued at the same time, the issue conditions and price per share shall be the same, and the same price shall be paid for each share subscribed for by any entities or individuals.

**Article 16** All shares issued by the Company shall have a par value, denominated in RMB, which shall be RMB1.00 per share.

**Article 17** The Company may issue shares to domestic investors and overseas investors upon approval by the securities regulatory authority of the State Council.

“Overseas investors” referred to in the preceding paragraph shall refer to investors from foreign countries, and the regions of Hong Kong, Macao and Taiwan who subscribe for shares issued by the Company; “domestic investors” shall refer to investors within the PRC other than the aforesaid regions, who subscribe for shares issued by the Company.

**Article 18** Shares issued by the Company to domestic investors for subscription in RMB shall be referred to as “domestic shares”. Shares issued by the Company to overseas investors for subscription in foreign currency are “foreign shares”. If the foreign shares are listed overseas, they are known as “overseas listed foreign shares”. Shares held by overseas investors that are not listed domestically or overseas are known as “unlisted foreign shares”.

Shares issued with the approval of the securities regulatory authority of the State Council and approved by the overseas securities regulatory authorities for listing and trading on overseas stock exchanges shall be collectively referred to as “overseas listed shares”.

A “foreign currency” referred to in the preceding paragraph shall refer to the statutory currency of a country or region other than RMB that is recognised by the State Administration of Foreign Exchange and can be used to pay to the Company for the shares.

Upon approval of the securities regulator of the State Council, the holders of domestic shares and unlisted foreign shares of the Company may transfer all or part of the shares they hold to overseas investors and get them listed and traded overseas; all or part of the domestic shares and unlisted foreign shares may be converted into overseas listed shares, and the converted overseas listed shares may be listed and traded on an overseas stock exchange. When the transferred or converted shares are listed and traded on an overseas stock exchange, it shall comply with the regulatory procedures, regulations and requirements of overseas securities markets. The domestic shares and unlisted foreign shares shall be regarded as the same class of shares as the original overseas listed foreign shares after converted into overseas listed shares.

**Article 19** H shares issued by the Company shall primarily be placed in the custody of a company authorized by the Hong Kong Securities Clearing Company Limited.

**Article 20** The promoters of the Company are:

Promoter 1: Zhejiang Lygend Investment Co., Ltd.

Promoter 2: Ningbo Lizhan Trade Co., Ltd.

Details of capital contribution from each promoters are set out in the table below:

Name of Promoter	Number of Shares Subscribed for (0,000 shares)	Way of Capital Contribution	Capital Contribution (in RMB'0000)	Time of capital contribution
Zhejiang Lygend Investment Co., Ltd.	50,700	Net assets converted into share capital	50,700	31 Aug 2021
Ningbo Lizhan Trade Co., Ltd.	100	Net assets converted into share capital	100	31 Aug 2021
<b>Total</b>	<b>50,800</b>		<b>50,800</b>	

As approved at the 2021 extraordinary general meeting held on 29 November 2021, the registered capital of the Company was increased by RMB25,915,000 by way of capital contribution in cash, and the registered capital after the capital increase was RMB1,054,215,000. In addition, Cai Jianyong had transferred 30,849,000 shares in the Company to Xie Wen and 10,283,000 shares in the Company to Cai Xiaou, on 28 November 2021.

As approved at the 2021 extraordinary general meeting held on 7 December 2021, the registered capital of the Company was increased by RMB263,553,750 by way of capital contribution in cash, and the registered capital after the capital increase was RMB1,317,768,750. Upon the capital increase, details on capital contribution from each shareholder are as follows:

<b>Name of Shareholder</b>	<b>Number of Shares Subscribed for (0,000 shares)</b>	<b>Way of Capital Contribution</b>	<b>Capital Contribution (in RMB'0000)</b>	<b>Time of capital contribution</b>
Zhejiang Lygend Investment Co., Ltd.	50,700	Net assets translated into share capital	50,700	31 Aug 2021
Cai Jianyong	41,673.20	Cash	41,673.20	30 Nov 2021
FENG YI PTE. LTD.	26,355.375	Cash	26,355.375	31 Dec 2021
Xie Wen	3,084.90	Cash	3,084.90	30 Nov 2021
Song Zhen	1,560.90	Cash	1,560.90	30 Nov 2021
Ningbo Yangcheng Enterprise Management Partnership (Limited Partnership)	1,311	Cash	1,311	30 Dec 2021
Dong Dong	1,040.60	Cash	1,040.60	30 Nov 2021
Cai Jianwei	1,040.60	Cash	1,040.60	30 Nov 2021
Cai Xiaouou	1,028.30	Cash	1,028.30	30 Nov 2021
Cai Jiansong	780.45	Cash	780.45	30 Nov 2021
Fei Feng	780.45	Cash	780.45	30 Nov 2021
Ge Kaicai	780.45	Cash	780.45	30 Nov 2021
Ningbo Yufeng Enterprise Management Partnership (Limited Partnership)	731	Cash	731	30 Dec 2021
Ningbo Litai Enterprise Management Partnership (Limited Partnership)	361	Cash	361	30 Dec 2021
He Xiaodan	260.15	Cash	260.15	30 Dec 2021



Name of Shareholder	Number of Shares Subscribed for (0,000 shares)	Way of Capital Contribution	Capital Contribution (in RMB'0000)	Time of capital contribution
Ningbo Xinpan Enterprise Management Partnership (Limited Partnership)	188.50	Cash	188.50	30 Dec 2021
Ningbo Lizhan Trade Co., Ltd.	100	Net assets converted into share capital	100	31 Aug 2021
<b>Total</b>	<b>131,776.875</b>		<b>131,776.875</b>	

**Article 21** With the approval of the securities regulatory authority of the State Council and the Hong Kong Stock Exchange, the Company may issue a total of 267,429,600 overseas listed foreign shares (including up to 34,882,000 shares under the over-allotment option).

The current share capital structure of the Company is as follows: 1,555,931,350 ordinary shares, of which 507,000,000 shares are held by promoter Zhejiang Lygend Investment Co., Ltd., 1,000,000 shares are held by Ningbo Lizhan Trade Co., Ltd., 546,215,000 shares are held by other shareholders of domestic shares, 263,553,750 shares are held by shareholders of overseas unlisted foreign shares and 238,162,600 shares are held by shareholders of overseas listed foreign shares.

**Article 22** The board of directors of the Company may make arrangements for the implementation of separate issues of H shares and domestic shares in accordance with a plan approved by the securities regulatory authority of the State Council. The Company's plan to issue H shares and domestic shares separately in accordance with the preceding paragraph may be implemented separately within 15 months from the date of approval by the securities regulatory authority of the State Council or the department authorized by the State Council or within the validity period of the approval document.

**Article 23** If the Company issues H shares and domestic shares separately within the total number of shares determined in the issuance plan, all shares shall be fully issued in one tranche; if there are special circumstances that prevent full issue of shares in one tranche, the shares may also be issued in several tranches subject to the approval of the securities regulatory authority of the State Council.

**Article 24** The Company or the subsidiaries of the Company (including affiliated enterprises of the Company) shall not provide any assistance to a person who is acquiring or is proposing to acquire shares of the Company by way of gift, advancement, guarantee, indemnity or loans or any other means.

## **Section 2 Increase, Deduction and Repurchase of Shares**

**Article 25** The Company may, based on its operational and developmental needs and in accordance with the laws and regulations, increase its capital in the following manners upon respective resolutions being adopted by general meetings:

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) placing new shares to its existing shareholders;
- (IV) issuing bonus shares to its existing shareholders;
- (V) transferring reserve funds into share capital; or
- (VI) any other means permitted by laws and administrative regulations or approved by the securities regulatory authority of the State Council and the securities regulatory authority where the shares of the Company are listed and any other relevant regulatory authority.

After the increase of share capital of the Company by means of the issuance of new shares has been approved in accordance with the provisions of these Articles of Association and the listing rules of the place where the shares of the Company are listed, the issuance of such shares should be made in accordance with the procedures prescribed by relevant national laws, administrative regulations, departmental regulations and the listing rules of the place where the shares of the Company are listed.

**Article 26** The Company may reduce its registered capital. Any reduction of the Company's registered capital shall be made in accordance with the procedures prescribed in the Company Law and other relevant regulations, as well as these Articles of Association.

**Article 27** The Company may acquire shares in the Company in accordance with the laws, administrative regulations, departmental rules and these Articles of Association in the following circumstances:

- (I) reducing registered capital of the Company;
- (II) merging with other companies which holds shares of the Company;
- (III) using shares for employee share ownership scheme or for equity incentives;
- (IV) acquiring shares held by shareholders who voted against any resolutions passed at a general meeting on the merger or division of the Company upon their request;
- (V) using shares to satisfy the conversion of convertible corporate bonds issued by the Company into shares;
- (VI) necessary for safeguarding the corporate value and interests of the shareholders of the Company;

(VII) any other circumstances permitted by the laws and administrative regulations.

Except for the above circumstances, the Company shall not acquire shares of the Company.

**Article 28** The Company may, with the approval of competent authorities of the State, repurchase shares in one of the following ways:

- (I) making a repurchase offer to all shareholders in proportion to their shareholdings;
- (II) repurchasing the shares through public trading on a stock exchange;
- (III) repurchasing the shares by off-market agreement outside a stock exchange;
- (IV) by other means permitted by laws, administrative regulations and other competent authorities.

**Article 29** The Company may acquire shares of the Company by means of open centralized trading or other means approved by laws and regulations, the CSRC and the securities regulatory authority at the place where the shares of the Company are listed.

Where the Company acquires its own shares under the circumstances specified in items (III), (V) and (VI) of Article 27 of these Articles of Association, the acquisition shall be made through open centralized trading.

**Article 30** A prior approval shall be obtained from a general meeting in respect of any share repurchase by the Company through an off-market agreement in accordance with the provisions of these Articles of Association. The Company may rescind or revise any contracts entered into in the aforementioned manner or waive any of its rights thereunder with prior approval of the general meeting obtained in the same manner.

The contract for share repurchase referred to in the preceding paragraph includes, but is not limited to, an agreement whereby the repurchase obligation is undertaken and repurchase right is acquired.

The Company shall not assign a contract for share repurchase or any of its rights thereunder.

**Article 31** Where the Company acquires shares of the Company under the circumstances set out in items (I) and (II) of Article 27 of these Articles of Association, a resolution shall be adopted at the general meeting; where the Company acquires shares in the Company under the circumstances set out in items (III), (V) and (VI) of Article 27, a resolution shall be adopted at a meeting of the board of directors at which two-thirds of the directors are present.

After the shares of the Company are acquired pursuant to Article 27, the shares acquired by the Company under the circumstance set out in item (I) shall be cancelled within 10 days from the date of acquisition; the shares acquired under the circumstances set out in items (II) or (IV) shall be transferred or cancelled within six months; and for the shares acquired in circumstances set out in items (III), (V) or (VI), the total number of shares held by the Company shall not exceed 10 % of the total issued shares of the Company, and such shares acquired shall be transferred or cancelled within three years.

After the Company has repurchased its shares in accordance with the law, it shall, within the period prescribed by laws and administrative regulations, cancel such shares and apply to the original company registration authority for registration of the change in registered capital. The registered capital of the Company shall be written down by the total par value of such cancelled shares.

**Article 32** Unless the Company is in the course of liquidation, it shall comply with the following provisions with respect to the repurchase of its outstanding issued shares:

- (I) for repurchases of shares by the Company at par value, payment shall be made from the book balance of its distributable profits or from the proceeds of the issuance of new shares for that purpose;
- (II) where the company repurchases its shares at a price higher than its par value, payment up to the par value shall be made from the book balance of its distributable profits or from the proceeds of the issuance of new shares for that purpose. Payment of the portion which is in excess of the par value shall be made as follows:
  1. if the shares being repurchased are issued at par value, payment shall be made from the book balance of its distributable profit; or
  2. if the shares being repurchased are issued at a premium to its par value, payment shall be made from the book balance of its distributable profit or from the proceeds of issuance of new shares for that purpose. However, the amount paid out of the proceeds of the issuance of new shares shall not exceed the total amount of premiums received by the Company from the issuance of the shares so repurchased, nor shall it exceed the amount in the Company's premiums account (or capital common reserve account) at the time of such repurchase (including the premiums for the issuance of new shares);
- (III) the Company shall make the payments from the Company's distributable profits for the following purposes:
  1. acquisition of the rights to repurchase its own shares;
  2. variation of any contracts for the repurchase of its shares; and
  3. release from its obligations under any repurchase contracts.
- (IV) after the aggregate par value of the canceled shares is deducted from the registered capital of the Company in accordance with the relevant regulations, the amount deducted from the distributable profits used for the repurchase of the shares at par value shall be credited to the premium account (or capital common reserve account) of the Company.

Where laws, rules, regulations, normative documents and relevant regulations of the securities regulatory authorities at the place where the Company's shares are listed provide otherwise for the financial arrangement related to the aforementioned share repurchases, such provisions shall prevail.

### Section 3 Transfer of Shares

**Article 33** Save as otherwise provided by law, regulations or the listing rules of the place where the shares of the Company are listed, the shares of the Company shall be freely transferrable according to the law, and without any lien attached.

**Article 34** All fully paid-up H shares, shall be freely transferable in accordance with these Articles of Association; provided, unless such transfer complies with the following requirements, the board of directors may refuse to acknowledge any instrument of transfer and will not need to provide any reason therefor:

- (I) instrument of transfer and other instruments relating to or affecting the title to any H shares shall be registered, with registration fees paid to the Company according to the standards prescribed by the Hong Kong Listing Rules, and fees shall not exceed the highest standard prescribed by the Hong Kong Listing Rules from time to time;
- (II) the transfer instrument involves only H shares;
- (III) stamp duty payable on the instrument of transfer has been duly paid;
- (IV) relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show the transferor has the right to transfer the shares have been provided;
- (V) where the shares are intended to be transferred to joint holders, the number of such joint shareholders shall not be more than four; and
- (VI) the relevant shares are free of any lien of the Company.

If the board of directors refuses to register the transfer of the shares, the Company shall send the transferor and the transferee a notice of refusal to register the said share transfer within two months from the date of submission of the application for transfer.

**Article 35** All transfers of H shares shall be effected by an instrument of transfer in writing in the usual or common form or in any other form acceptable to the board of directors (including the prescribed form or transfer form required by the Hong Kong Stock Exchange from time to time) and such instrument of transfer may only be executed in writing by hand or affixed with the valid seal of the company if the transferor or transferee is a corporation. If the transferor or transferee is a recognised clearing house within the meaning of the relevant regulations in force from time to time under the laws of Hong Kong (“recognised clearing house”) or its agent, the instrument of transfer may be executed by hand or by machine imprint.

All instruments of transfer shall be kept at the legal address of the Company or at such address specified by the board of directors time to time.

**Article 36** The Company shall not accept its shares to be held as security under a pledge.

**Article 37** The shares held by the promoters in the Company shall not be transferred within one year from the date of incorporation of the Company.

**Article 38** Directors, supervisors and senior management of the Company shall notify the Company of their shareholding in the Company (including preference shares) held by them and the changes therein. The shares transferrable by them during each year of their tenures shall not exceed 25% of their total shareholdings in the Company. The shares they held in the Company shall not be transferred within one year from the date on which the shares of the Company are listed and traded. The shares they held in the Company shall not be transferred within six months of their departure from the Company.

**Article 39** Where any shareholder, director, supervisor and senior management of the Company holding more than 5% of the shares of the Company sells the shares or other securities of an equity nature held by them within six months of their purchase, or repurchase within six months of their sale, the proceeds thereby shall accrue to the Company, and the board of directors shall recover the proceeds. However, a securities company that holds more than 5% of the shares as a result of purchasing the remaining shares upon public offering due to underwriting are excluded.

The shares or other securities of an equity nature held by directors, supervisors, senior management or natural person shareholders referred to in the preceding paragraph shall include shares of the Company or other securities of an equity nature held by their spouses, parents or children and those held in the accounts of others.

Where the board of directors of the Company fails to implement the provisions of paragraph 1 of this Article, the shareholders shall have the right to require the board of directors to do so within thirty days. Where the board of directors fails to do so within the aforesaid period, the shareholders shall have the right to bring a lawsuit directly to the People's Court in their own names for the interests of the Company.

Where the board of directors of the Company fails to implement the provisions of paragraph 1 of this Article, the directors responsible shall be held jointly and severally liable in accordance with the law.

#### **Section 4 Financial Assistance for Acquisition of the Shares of the Company**

**Article 40** The Company and its subsidiaries shall not offer any financial assistance at any time by any means to purchasers or prospective purchasers who will or who intend to purchase the shares of the Company. The aforementioned purchasers include both persons who have directly or indirectly assumed obligations due to purchasing the shares of the Company.

The Company and its subsidiaries shall not offer any financial assistance at any time by any means in order to reduce or relieve the obligations of the aforesaid obligors.

The provisions in this Article shall not apply to the circumstances as stated in Article 42 of these Articles of Association.

**Article 41** "Financial assistance" referred to in these Articles of Association include, without limitation to, the following means:

- (1) gifts;
- (2) guarantee (including the undertaking of liability or the provision of property by the guarantor to secure the performance of obligations by the obligor), or indemnity (other than indemnity arising from the Company's own fault) and the release or waiver of any rights;

- (3) provision of loans or the conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other party to the contract, and a change in the parties to, and the assignment of rights arising under such loan or contract;
- (4) any other form of financial assistance given by the Company when the Company is insolvent, or has no net assets, or such assistance that would lead to significant reduction in the net assets of the Company.

“Assumption of obligations” referred to in these Articles of Association shall include the assumption of obligation by way of contract or the entering into an arrangement (whether enforceable or not, and whether entered into on its own account or with any other persons), or by the changing of the obligor’s financial position by any other means.

**Article 42** The following actions shall not be regarded as actions prohibited under Article 40 of this Section:

- (I) the financial assistance provided by the Company is in good faith in the interests of the Company, and the main purpose of the financial assistance is not to purchase the shares of the Company, or the financial assistance is an incidental part of an overall plan of the Company;
- (II) the lawful distribution of the Company’s assets as dividends;
- (III) the distribution of dividends in the form of shares;
- (IV) the reduction of registered capital, repurchase of shares, or reorganization of shareholding structure of the Company etc. in accordance with these Articles of Association;
- (V) the provision of loans by the Company within its scope of business and in the ordinary course of its business (provided that this does not reduce the net assets of the Company or that if this causes a reduction, the financial assistance is provided out of the distributable profits of the Company); and
- (VI) contributions made by the Company to an employee shareholding scheme (provided that this does not lead to a reduction in the net assets of the Company or that if there causes a reduction, the financial assistance is taken from the distributable profits of the Company).

### **Section 5 Share Certificates and Register of Shareholders**

**Article 43** The share certificates of the Company shall be in registered form. The share certificates of the Company shall include the following particulars:

- (I) name of the Company;
- (II) date of incorporation of the Company;

- (III) class of shares, par value and number of shares represented;
- (IV) serial number of the share certificate; and
- (V) other items as required by the Company Law, the Special Provisions and other laws and regulations, and other items required by the stock exchange(s) on which the shares of the Company are listed.

**Article 44** During the period when H shares are listed on the Hong Kong Stock Exchange, the Company shall ensure that all listing documents for all of its securities listed on the Hong Kong Stock Exchange contain the following declarations, and shall also instruct and procure its share registrar to refuse to register the subscription, purchase or transfer of its shares in the name of any particular holder unless and until such particular holder submits to such share registrar a signed form for such shares containing the declarations below:

- (I) the purchaser of the shares agrees with the Company and each of its shareholders, and the Company agrees with each shareholder, to observe and comply with the requirements of the Company Law, the Special Provisions and other relevant laws and regulations and these Articles of Association.
- (II) the purchaser agrees with the Company and each of its shareholders, directors, supervisors, general manager (chief executive) and other senior management, and the Company, acting on behalf of itself and each of its directors, supervisors, general manager (chief executive) and other senior management, agrees with each shareholder to refer all disputes and claims arising from these Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws or administrative regulations concerning the affairs of the Company to arbitration in accordance with the provisions of these Articles of Association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct a public hearing and to publish its award. Such arbitral award shall be final.
- (III) the purchaser of the shares agrees with the Company and each of its shareholders that the shares of the Company shall be freely transferable by their holders.
- (IV) the purchaser of the shares authorises the Company to enter into contracts on his/her behalf with each director and senior management whereby such director and senior management will undertake to observe and perform their duties to the shareholders as provided in these Articles of Association.

**Article 45** The share certificates shall be signed by the chairman of the board of directors. Where the stock exchange where the shares of the Company are listed requires the share certificates to be signed by other senior management of the Company, the share certificates shall also be signed by such other relevant senior management. The share certificates shall take effect after the Company seal is affixed thereto or printed thereon. The share certificates shall only be affixed with the Company's seal under the authorization of the board of directors. The signatures of the chairman of the board of directors or other relevant senior management of the Company on the share certificates may also be in printed form.



Under the circumstance of paperless issuance of and trading in shares of the Company, the applicable provisions of the securities regulatory authority and the stock exchange at the place where the shares of the Company are listed shall apply separately.

**Article 46** The Company shall maintain a register of shareholders, recording the following particulars:

- (I) the name, address (domicile) and occupation or nature of each shareholder;
- (II) the class and number of shares held by each shareholder;
- (III) the amount paid or payable in respect of the shares held by each shareholder;
- (IV) the serial number(s) of the share certificates(s) held by each shareholder;
- (V) the date on which each shareholder is registered as a shareholder; and
- (VI) the date on which each shareholder ceases to be a shareholder.

Unless there is proof to the contrary, the register of shareholders shall be sufficient evidence to the holding of the shares of the Company by a shareholder.

Subject to these Articles of Association and other applicable provisions, once the shares of the Company are transferred, the name of the transferee shall be listed in the register of shareholders as the holder of the said shares.

The assignment and transfer of shares shall be registered with the domestic or overseas-listed share transfer register agencies assigned by the Company and recorded in the register of shareholders.

When two or more persons are registered as the joint holders of any shares, they shall be deemed to be joint holders of the relevant shares, subject to the following provisions:

- (I) all joint holders in respect of any shares shall be jointly and severally liable to pay all sums due in respect thereof;
- (II) in the event of the death or cancellation of one of the joint holders, only the surviving joint holder(s) shall be deemed as the person who have ownership of the relevant shares by the Company, but the board of directors shall be entitled to require the provision of such evidence of the death or cancellation as it thinks fit in respect of any change in the particulars relating to such joint holder on the register of shareholders;

- (III) in respect of any of the joint holders of any shares, only the joint shareholder whose name stands first in the register of shareholders shall be entitled to receive from the Company a share certificate for the relevant shares and to receive notices or other documents from the Company, and any notice served on the said person shall be deemed to have been served on all the joint holders of the relevant shares. Any one of such joint shareholders may sign a proxy form provided that, if more than one joint shareholders are present in person or by proxy, the vote made by the preferred joint shareholder, whether in person or by proxy, shall be accepted as the sole vote for the remaining joint shareholders. For this purpose, the priority of the shareholders must be determined by the order in which the names of the joint shareholders stand in relation to the relevant shares on the register of shareholders of the Company; and
- (IV) any receipts issued by any joint shareholders in respect of any dividend, bonus or return of capital payable to such joint shareholders shall be deemed to be a valid receipt from such joint shareholders to the Company.

**Article 47** The Company may, in accordance with an understanding and agreement between the securities regulatory authority under the State Council and overseas securities regulatory authority, keep the register of shareholders of overseas-listed foreign shares outside of the PRC and appoint overseas agent(s) for the management thereof. The original register of shareholders of overseas – listed foreign shares listed in Hong Kong shall be maintained in Hong Kong and must be available for inspection by shareholders, provided that the Company may close the register of shareholders under any equivalent provisions of Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The company shall maintain a register of shareholders of overseas-listed foreign shares at the Company's place of domicile; the appointed overseas agent(s) shall ensure the consistency between the original and the copy of the register of shareholders of overseas-listed foreign shares at all times.

If there is any inconsistency between the original and the copy of the register of shareholders of overseas-listed foreign shares, the original version shall prevail.

**Article 48** The Company shall keep a complete register of shareholders. The register of shareholders shall consist of the following:

- (I) the register of shareholders maintained at the Company's domicile other than those specified in items (II) and (III) of this Article;
- (II) the register of shareholders of overseas-listed foreign shares maintained at the place where the stock exchange on which the Company is listed abroad is domiciled (the original register of shareholders of overseas-listed foreign shares listed in Hong Kong shall be maintained in Hong Kong); and
- (III) the register of shareholders maintained at such other place as the board of directors may consider necessary for the purpose of listing the shares of the Company.

**Article 49** Different parts of the register of shareholders shall not overlap one another. No transfer of the shares registered in any part of the register of shareholders shall, during the existence of that registration, be registered in any other part of the register of shareholders. Changes or corrections to each part of the register of shareholders shall be made in accordance with the laws of the places where each part of the register of shareholders is maintained.

**Article 50** No change in the register of shareholders resulting from share transfers may be made within thirty days prior to a general meeting or five days prior to the reference date for dividend distribution determined by the Company.

**Article 51** Any person who disputes the register of shareholders and requests to have his or her name be entered in or removed from the register of shareholders may apply to a competent court to rectify the register of shareholders.

**Article 52** Any shareholder who is registered in, or any person who requests to have his or her name entered in, the register of shareholders may (if his/her share certificate (the “**Original Certificate**”) is lost) apply to the Company for a replacement share certificate in respect of such shares (the “**Relevant shares**”).

If a shareholder of domestic shares loses his/her share certificate and applies for a replacement, it shall be dealt with in accordance with relevant provisions of the Company Law.

If a shareholder of overseas-listed foreign shares loses his/her share certificate and applies for a replacement, it may be dealt with in accordance with the laws, rules of the stock exchange or other relevant regulations of the place where the original register of shareholders of overseas-listed foreign shares is maintained.

Where a shareholder of H shares loses his/her share certificate and applies for its replacement, the replacement of share certificate shall comply with the following requirements:

- (I) the applicant shall submit an application in standard form prescribed by the Company accompanied by a notarial certificate or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as a statement that no other person shall be entitled to request for registration as the shareholder in respect of the Relevant Shares;
- (II) no statement has been received by the Company from a person other than the applicant who requests for having his/her name registered as a holder of the Relevant Shares before the Company came to a decision to issue the replacement share certificate;
- (III) the Company shall, if it decides to issue a replacement share certificate to the applicant, make an announcement of its intention to issue the replacement share certificate in such newspapers designated by the board of directors. The announcement shall be published at least once every thirty days within a period of ninety days.

(IV) the Company shall have, prior to the publication of its announcement of intention to issue a replacement certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety days.

In case an application to issue a replacement certificate has been made without the consent of the registered shareholder of Relevant Shares, the Company shall send by post to such registered shareholder a copy of the announcement to be published;

(V) If, upon expiration of the ninety-day period referred to in items (III) and (IV) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to his application;

(VI) where the Company issues a replacement certificate under this Article, it shall forthwith cancel the Original Certificate and record such cancellation and issue of replacement in the register of shareholders accordingly;

(VII) all expenses relating to the cancellation of an Original Certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 53** Where the Company issues a replacement certificate pursuant to these Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who is subsequently registered as the owner of such shares (in the case that he is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 54** The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the Original Certificate or the issuance of the replacement certificate, unless the claimant proves that the Company had committed a fraudulent act.

## **Chapter 4 Shareholders and General Meetings**

### **Section 1 Shareholders**

**Article 55** A shareholder of the Company is a person who lawfully holds shares in the Company and whose name is entered in the register of shareholders. The Company shall maintain a register of shareholders in accordance with the law and the register of shareholders shall be sufficient evidence that the shareholders hold shares in the Company. The Company maintains a register of shareholders and manages it in accordance with the relevant laws, regulations and rules. A shareholder shall enjoy rights and assume obligations in accordance with the class of shares held. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

**Article 56** When the Company convenes a general meeting, distributes dividends, undergoes liquidation and engages in other activities that requires the confirmation of shareholders' identities, the board of directors or the convener of the general meeting shall decide the equity registration date. Shareholders whose names appears on the register at the close of trading on the equity registration date are considered shareholders enjoying relevant rights and interests.

**Article 57** The shareholders holding ordinary shares shall enjoy the following rights:

- (I) to receive dividends and other kinds of benefit distributions in proportion to the number of shares held;
- (II) to request, convene, host, attend or appoint a proxy to general meetings according to the laws and to exercise voting rights;
- (III) to supervise the operations of the Company, and to make suggestions and enquiries accordingly;
- (IV) to transfer, or gift shares held in accordance with the laws, administrative regulations and these Articles of Association;
- (V) to obtain relevant information in accordance with the provisions of these Articles of Association, including:
  1. to obtain a copy of these Articles of Association after paying the production costs thereof;
  2. the right to inspect and copy after paying a reasonable charge:
    - (1) all parts of the register of shareholders;
    - (2) personal information of the Company's directors, supervisors, general manager (chief executive) and other senior management including: (a) present and former name and alias; (b) principal address (place of domicile); (c) nationality; (d) primary and all other part-time occupations and duties; and (e) identification documents and their numbers;
    - (3) status of the Company's share capital;
    - (4) reports on the aggregate par value, number of shares, highest and lowest price of each class of shares in relation to any repurchase by the Company of its own shares since the last financial year, as well as all the expenses paid by the Company in relation to such repurchases (classified as domestic shares and H shares);
    - (5) counterfoils of the bonds of the Company;
    - (6) minutes of general meetings (for shareholders' inspection only) and special resolutions of the Company, resolutions of the board of directors and resolutions of the supervisory board;

- (7) the latest audited financial statements of the Company, the directors' reports, the auditor's report and the supervisory board's report;
- (8) financial and accounting reports; and
- (9) a copy of the latest annual report submitted to the Administration for Industry and Commerce of the PRC and other competent authorities for filing.

The Company shall keep the documents in items (1), (3), (4), (6), (7), (8) and (9) above and any other applicable documents at the address of the Company in Hong Kong according to the Hong Kong Listing Rules, for the public and shareholders to inspect free of charge;

- (VI) to participate in the distribution of the remaining assets of the Company based on the number of shares held in the event of the Company's termination or liquidation;
- (VII) to demand the Company to acquire the shares of shareholders voting against any resolutions adopted at a general meeting in relation to the merger or division of the Company;
- (VIII) on the basis of one share one vote, shareholders holding more than 3% of the voting rights attached to the share capital of the Company, individually or in aggregate, shall have the right to propose provisional proposals and submit it in writing to the convener 10 business days before the date of the general meeting;
- (IX) other rights conferred by laws, administrative regulations, departmental rules, regulatory documents and the listing rules of the stock exchange of the place where the Company's shares are listed, and these Articles of Association.

**Article 58** Shareholders requesting inspection of relevant information or demanding materials mentioned in the preceding Article, shall provide to the Company written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide such information at the shareholder's request.

**Article 59** If a resolution adopted at the Company's general meeting or board of directors violates the laws or administrative regulations, the shareholders shall have the right to initiate proceedings in a People's Court to render it invalid.

If the procedures for convening, or the method of voting at a shareholders' general meeting or board meeting violates the laws, administrative regulations or these Articles of Association, or the contents of a resolution violates these Articles of Association, shareholders shall be entitled to initiate proceedings in a People's Court to revoke such resolutions within sixty days from the date on which such resolution is adopted.

**Article 60** Where the Company incurs losses as a result of the directors' and senior management's violation of the laws, administrative regulations or these Articles of Association in the course of performing their duties with the Company, shareholders individually or jointly holding 1% or more of the Company's shares for more than 180 consecutive days shall be entitled to request in writing the supervisory board to initiate proceedings in a People's Court. Where the Company incurs losses as a result of the supervisory board's violation of any provision of laws, administrative regulations or these Articles of Association in the course of performing its duties with the Company, the shareholders shall be entitled to make a request in writing to the board of directors to initiate proceedings in a People's Court.

If the supervisory board or the board of directors refuses to initiate proceedings after receiving the written request of shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within thirty days from the date on which such request is received, or in cases of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, shareholders described in the preceding paragraph shall have the right to initiate proceedings in a People's Court directly in their own names for the interest of the Company.

Shareholders described in the first paragraph of this Article may also initiate proceedings in accordance with the preceding two paragraphs in the event that the Company incurs losses as a result of the legitimate rights and interests of the Company being infringed upon by any third parties.

**Article 61** Shareholders may initiate proceedings in a People's Court in the event that a director or senior management has violated the laws, administrative regulations or these Articles of Association, thereby damaging the interests of shareholders.

**Article 62** Ordinary shareholders of the Company shall assume the following obligations:

- (I) to abide by laws, administrative regulations, departmental rules, regulatory documents and the listing rules of the stock exchange where the Company's shares are listed, and these Articles of Association;
- (II) to pay capital contribution according to the shares subscribed for and the method of subscription;
- (III) not to withdraw shares unless in the circumstances stipulated in laws and regulations;
- (IV) not to abuse their shareholders' rights to infringe upon the interests of the Company or other shareholders; and not to abuse the Company's status as an independent legal entity and the limited liability of shareholders to damage the Company's creditors;

Any shareholders of the Company who abuse their shareholders' rights and causes the Company or other shareholders to suffer a loss shall be liable for compensation according to the law.

Any shareholders of the Company who abuse the Company's status as an independent legal entity and the limited liability of shareholders to evade debts and seriously damages the interests of the Company's creditors shall assume liability for the Company's debts.

- (V) to fulfill other duties prescribed in laws, administrative regulations, departmental rules, regulatory documents and the listing rules of the stock exchange where the Company's shares are listed, and these Articles of Association.

Shareholders are not liable for any responsibilities of subsequent contributions to the share capital other than those conditions agreed to by the subscribers of shares at the time of subscription.

**Article 63** Where a shareholder holding 5% or more voting shares of the Company pledges any shares he/she holds, he/she shall report the same to the Company in writing on the day on which he/she pledges his shares.

**Article 64** The controlling shareholder and the de facto controller of the Company shall not use their connected relationship to act in detriment to the interests of the Company. If they have violated the provision and caused damage to the Company, they shall be liable for such damages.

The controlling shareholder and the de facto controller of the Company shall have fiduciary duties towards the Company and other shareholders. The controlling shareholder shall exercise its rights as a contributor in strict compliance with the law. The controlling shareholder shall not impair the lawful interests of the Company and other shareholders through profit distribution, asset restructuring, external investment, appropriation of capital, offering loan guarantees and shall not make use of its controlling status against the interests of the Company and other shareholders.

**Article 65** In addition to obligations as required by laws, administrative regulations or required by the listing rules of the stock exchange on which shares of the Company are listed, a controlling shareholder when exercising his/her shareholder's rights shall not exercise his/her voting rights to make decisions which will harm the interests of all or some of the shareholders of the Company on the following matters:

- (I) to relieve a director or supervisor of his duty to act in good faith in the best interests of the Company;
- (II) to approve the expropriation by a director or supervisor (for his/her own benefit or another's benefit) through any means, of the Company's property, including (but not limited to) opportunities beneficial to the Company;
- (III) to approve the expropriation by a director or supervisor (for his/her own benefit or another's benefit) of the individual rights or interests of other shareholders, including (but not limited to) any distribution rights and voting rights, but not including resolutions regarding reorganization of the Company submitted to shareholders for approval by the general meeting for adoption in accordance with these Articles of Association.



## Section 2 General Provisions for General Meetings

**Article 66** The general meeting shall be the authority power of the Company. It may exercise the following functions and powers in accordance with the law:

- (I) to decide on the business operation guideline and investment plans of the Company;
- (II) to elect and replace directors and supervisors which are not appointed as representatives of the employees and to decide on the remuneration of relevant directors and supervisors;
- (III) to review and approve reports of the board of directors;
- (IV) to review and approve reports of the supervisory board;
- (V) to review and approve the Company's proposed annual financial budgets and final accounting plans;
- (VI) to review and approve the Company's plans for profit distribution and loss recovery;
- (VII) to resolve on the increase or reduction of the Company's registered capital;
- (VIII) to resolve on the issuance of bonds by the Company;
- (IX) to resolve on the merger, division, dissolution, liquidation or change in corporate form of the Company;
- (X) to amend the Articles of Association;
- (XI) to resolve on the appointment or dismissal of the accounting firms by the Company and its remuneration;
- (XII) to review and approve the guarantees under the Article 67 of these Articles of Association;
- (XIII) to review the Company's purchases or disposal of any major assets within one year, of which the amount exceeds 30% of the Company's latest audited total assets;
- (XIV) to review and approve matters relating to the changes in the use of proceeds;
- (XV) to review share incentive schemes and employee share ownership schemes;
- (XVI) to review the proposals raised by the shareholders representing 3% or more of the Company's voting shares severally or jointly; and
- (XVII) to review issues which should be decided by the general meeting as stipulated by laws, administrative regulations, departmental rules, listing rules of the place where the Company's shares are listed or these Articles of Association.

**Article 67** Any of the following external guarantees of the Company shall be subject to approval by the general meeting of shareholders:

- (I) any guarantee provided after the total amount of external guarantee provided by the Company and its controlled subsidiaries has exceeded 50% of the Company's latest audited net assets;
- (II) any guarantee provided by the Company after the total amount of guarantee to third parties has exceeded 30% of the Company's latest audited total assets;
- (III) any guaranteed amount of the Company has exceeded 30% of the latest audited total assets of the Company within one year;
- (IV) a guarantee provided for a party which has an asset liability ratio in excess of 70%;
- (V) any single guarantee in an amount in excess of 10% of the Company's latest audited net assets;
- (VI) a guarantee to be provided in favor of shareholders, de facto controller and their related parties;
- (VII) any other external guarantees requiring the approval of the general meeting pursuant to laws, administrative regulations, departmental rules, regulatory documents and the listing rules of the stock exchange where the Company's shares are listed.

**Article 68** General meetings shall be divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be held once in each financial year, and be held within six months after the end of each financial year.

**Article 69** An extraordinary general meeting shall be convened within two months from the date of occurrence of any of the following events:

- (I) the number of directors is less than the minimum number required by the Company Law or less than two-thirds of the number stipulated in these Articles of Association;
- (II) the unrecovered loss of the Company amounts to one-third of the Company's total paid-up share capital;
- (III) on a one share one vote basis, when shareholder(s) who individually or jointly holds 10% or more voting rights attached to the Company's share capital requests to convene such a meeting;
- (IV) the board of directors considers it necessary;
- (V) the supervisory board proposes to convene such a meeting;
- (VI) any other circumstances as provided for by laws, administrative regulations, departmental rules, listing rules of the place where the Company's shares are listed or these Articles of Association.

In item (III) above, the number of shares held by the shareholder(s) shall be calculated as at the date of the written request made by him/her.

**Article 70** The Company shall hold the general meeting at the Company's place of domicile or such venue as specified in the notice of the general meeting.

The general meeting shall set up a venue and be held in the form of an on-site meeting. The Company may provide communications or other means, for the purpose of providing convenience to shareholders attending the general meeting. A shareholder who participates in a general meeting in the aforesaid manner shall be deemed to have been present at the meeting.

### **Section 3 Convening of General Meetings**

**Article 71** Independent directors have the right to propose the board of directors to convene extraordinary general meetings. The board of directors shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within 10 days upon receiving the request in accordance with the requirements of laws, administrative regulations, listing rules of the stock exchange where the Company's shares are listed and these Articles of Association.

If the board of directors agrees to convene extraordinary general meeting, notice convening the meeting shall be issued within 5 days after the board of directors resolved to do so. If the board of directors does not agree to convene the extraordinary general meeting, reasons shall be provided.

This is subject to any other provisions of the securities regulatory authority at the place where the Company's shares are listed.

**Article 72** The supervisory board has the right to propose the board of directors to convene an extraordinary general meeting and such proposal shall be made by way of written request(s). The board of directors shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within 10 days upon receiving the request in accordance with the requirements of the laws, administrative regulations, listing rules of the stock exchange where the Company's shares are listed and these Articles of Association.

If the board of directors agrees to convene an extraordinary general meeting, notice convening the extraordinary general meeting shall be issued within 5 days upon receiving the request. Should there be alterations to the original proposal in the notice, consent has to be obtained from the supervisory board.

If the board of directors does not agree to convene the extraordinary general meeting requested by the supervisory board or does not reply within 10 days upon receiving the request, the board of directors will be considered as unable or failed to perform the duty to convene general meetings and the supervisory board may convene and preside over the meeting by itself.

**Article 73** A shareholder requesting to convene an extraordinary general meeting or a class meeting of shareholders shall follow the following procedures:

- (I) on the basis of one share one vote, shareholders individually or collectively holding 10% or more of the voting rights attached to the Company's share capital have the right to request the board of directors to convene an extraordinary general meeting or a class meeting of shareholders by way of written request(s), setting out the subject matters of the meeting. The aforementioned number of shareholdings shall be calculated as at the date of the shareholders' written request. The board of directors shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within 10 days upon receiving the request in accordance with the requirements of the laws, administrative regulations, the listing rules of the securities regulatory authority at the place where the Company's shares are listed and these Articles of Association;
- (II) if the board of directors agrees to convene an extraordinary general meeting or class meeting of shareholders, notice convening the meeting shall be issued within 5 days after the board of directors resolved to do so. If the board of directors makes alterations to the original proposal in the notice, consent has to be obtained from the related shareholders;
- (III) if the board of directors does not agree to convene the extraordinary general meeting or class meeting of shareholders, or does not reply within 10 days upon receiving the request, on the basis of one share one vote, shareholders individually or collectively holding 10% or more of voting rights attached to the Company's share capital have the right to request the supervisory board to convene an extraordinary general meeting or class meeting of shareholders by way of written request(s);
- (IV) if the supervisory board agrees to convene the extraordinary general meeting or class meeting of shareholders, notice convening the meeting shall be issued within 5 days upon receiving the request. Should there be alterations to the original proposal in the notice, consent has to be obtained from the related shareholders.

If the supervisory board does not issue notice of the general meeting or class meeting within the required period, it will be regarded as that the supervisory board will not convene and preside over the general meeting or class meeting, and on the basis of one share one vote, shareholders individually or collectively holding 10% or more of voting rights attached to the Company's share capital for 90 consecutive days have the right to convene and preside over the meeting by themselves.

**Article 74** If the supervisory board or shareholders decides to convene a general meeting on their own initiative, they shall notify the board of directors in writing.

If the shareholders convenes a general meeting on their own initiative, the convening shareholders shall hold 10% or more of the total share capital of the Company prior to resolution is made at the general meeting.

**Article 75** With regard to general meetings convened by the supervisory board or shareholders on their own initiative, the board of directors shall provide assistance. The board of directors shall provide the register of shareholders as at the record date for the general meeting.

**Article 76** For general meetings convened by the supervisory board or by the shareholders on their own initiative, expenses necessary for the meeting shall be borne by the Company and shall be set off against any sums owed by the Company to the director in default.

#### **Section 4 Proposals and Notices of General Meetings**

**Article 77** The contents of the proposal shall fall within the functions and powers of the general meeting and have specified subjects and specific matters to be resolved, and shall comply with the laws, administrative regulations and provisions of these Articles of Association.

**Article 78** When the Company convenes a general meeting, the board of directors, the supervisory board or shareholders, individually or in aggregate, holding 3% or more of shares of the Company shall have the right to propose motions.

On the basis of one share one vote, shareholders individually or collectively holding 3% or more of voting rights attached to the Company's share capital shall be entitled to propose provisional proposals and submit the same to the convener in writing 10 days prior to date of the meeting. The convener shall dispatch a supplementary notice of the general meeting and announce the contents of such provisional proposal within 2 days upon receipt of the proposal.

Unless otherwise required by the preceding paragraph, the convener shall not amend the proposals listed in the aforesaid notice or add any new proposals subsequent to the dispatch of a notice of the general meeting.

The general meeting shall not vote and adopt a resolution on any proposal that is not listed in the notice of meeting or that is inconsistent with Article 77 hereof.

**Article 79** The Company shall give reasonable notice in writing to the shareholders of a general meeting. The convener shall give 21 days' prior notice of an annual general meeting, and 15 days' prior notice of an extraordinary meeting by way of written announcement. In determining the commencement date and the period, the date on which the meeting is held and the date on which the notice is given shall not be included. A business day as aforesaid means a day on which the Hong Kong Stock Exchange is open for business for dealing in securities.

**Article 80** No shareholders' general meeting shall decide on matters not stated in the notice of the meeting.

**Article 81** The notice of a general meeting shall include the following:

- (I) be issued in writing;
- (II) the time, venue and time of the meeting;
- (III) describe the matters and proposals submitted to the meeting;

- (IV) provide to shareholders with all necessary information and explanation to enable shareholders to make an informed decision on the matters to be discussed. This means that when (including but not limited to) any merger, share repurchase, share capital reorganization or any proposals relating to change in the structure of the Company are involved, the detailed terms of the proposed transaction, copies of the proposed agreement (if any) and detailed explanation as to the cause and effect of such a proposal transaction shall be provided;
- (V) if any director, supervisor, general manager (chief executive) and other senior management have material interest in the matters to be discussed, they shall disclose the nature and extent of such interest; and if the effects of the matters to be discussed have a different effect on a director, supervisor, general manager (chief executive) and other senior management as shareholders compared to other shareholders of that same class, they shall explain this difference;
- (VI) the full text of any proposed special resolution to be voted on at the meeting;
- (VII) a prominent statement stating that shareholders entitled to attend the meeting and vote can appoint one or more proxy to attend and vote on his/her behalf, and such proxy need not be a shareholder of the Company;
- (VIII) the time and venue for delivering the proxy form authorizing the proxy to vote in the relevant meeting;
- (IX) the shareholding record date of shareholders who are entitled to attend the general meeting;

The interval between the shareholding record date and the date of meeting shall not be more than 7 business days. Once the shareholding record date is being confirmed, the record date of the meeting could not be changed.

- (X) the name and phone number of the contact person of the general meeting.

All details of all proposals shall be fully and completely disclosed in the notice of general meeting and the supplementary notice. If independent directors are required to express opinions on the matters to be discussed, their opinions and reasons shall be disclosed while the notice of general meeting and the supplementary notice are issued.

If a general meeting adopts other means, the time and procedures for meetings in such other means shall be specified in the notice of the general meeting.

**Article 82** Where the elections of directors and supervisors are to be discussed, a notice of the general meeting shall fully disclose the particulars of the candidates for directors and supervisors, and shall at least include the following contents:

- (I) personal particulars such as educational background, work experience and part-time job;
- (II) whether the candidate has any connected relationship with the Company or its controlling shareholder and de facto controller;
- (III) disclose the number of shares of the Company held by the candidate;
- (IV) whether or not the candidate has been subject to penalties by the China Securities Regulatory Commission and other relevant authorities as well as sanctions by any stock exchange;
- (V) information required to be disclosed under the Hong Kong Listing Rules in relation to newly appointed, re-elected or re-designated directors or supervisors.

Save for the elections of directors and supervisors by adopting cumulative voting system, each candidate for a director or supervisor shall be recommended in a separate proposal.

**Article 83** Unless otherwise provided by laws, administrative regulations, listing rules of the stock exchange where the Company's shares are listed or these Articles of Association, the notice of a general meeting shall be served by hand or prepaid mail to shareholders (regardless of whether they have voting rights at the general meeting). The address of the recipients shall be the address registered in the register of shareholders. For the holders of domestic shares, notice of a general meeting may be in the form of an announcement.

The aforesaid announcement shall be published in one or more newspapers specified by the competent securities regulatory department of the State Council, and all holders of domestic shares shall be deemed as having been notified of the forthcoming general meeting once the announcement is published.

Provided that such action is complied with relevant laws, administrative regulations and listing rules of the stock exchange where the Company's shares are listed and fulfills the relevant procedures, the Company may also issue the notice for the general meeting to the holders of H shares through the website of the Company, the website specified by the Hong Kong Stock Exchange, or by other methods as approved by the Hong Kong Listing Rules and these Articles of Association to replace the method of delivery by hand or prepaid post.

**Article 84** Subsequent to the dispatch of a notice of the general meeting, the general meeting shall not be postponed or cancelled without proper reasons, and the proposals set out in the notice of the general meeting shall not be withdrawn. Once the meeting is postponed or cancelled, the convener shall make an announcement and give reasons thereof at least 2 business days prior to the original date of the meeting.

## Section 5 Convening of General Meetings

**Article 85** The board of directors and other conveners shall take all necessary measures to ensure that the general meeting is conducted in an orderly manner, and shall take steps to prevent any activities interfering with the general meeting or infringing upon the legal interests of shareholders and report such activities to competent authority in a timely manner.

**Article 86** All the shareholders or their proxies on the date of the general meeting shall have the right to attend the general meeting and to vote in accordance with the relevant laws, regulations, listing rules of the place where the Company's shares are listed and these Articles of Association.

Shareholders are entitled to speak and vote at general meetings unless specific shareholders are required by the Hong Kong Listing Rules to abstain from voting on specific matters.

Any shareholder entitled to attend and vote at a general meeting may attend the meeting in person or appoint a person or persons (who does not need to be a shareholder) as his/her proxy to attend and vote on his/her behalf. Where a shareholder is a corporation, it may appoint a representative to attend and vote at any general meeting of the Company, and where such legal person has appointed a representative to attend any meeting, the shareholder shall be deemed to be present in person.

The proxy(ies) so appointed by the shareholder(s) may, pursuant to the instructions of the shareholder(s), exercise the following rights:

- (I) the shareholders' right to speak at the general meetings;
- (II) the right to demand a poll by himself/herself or jointly with others;
- (III) the right to exercise voting rights by a show of hands or by a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights by a poll.

Where such shareholder is a recognized clearing house within the meaning of relevant laws and regulations of the place where the shares of the Company are listed, or its agent(s), such shareholder may authorize such proxy or proxies or corporate representatives as it thinks fit to act as its representative(s) at any general meeting, meeting of any class of shareholders and meeting of creditors; provided that, if more than one proxies or corporate representatives are so authorized, the authorization shall specify for each such proxy or corporate representative the number and class of shares in respect of which such authority is given, and the authorization shall be signed by the person authorized by the recognized clearing house. The representative or corporate representative so authorized may attend the meeting on behalf of the recognized clearing house (or its agent) (without production of a share certificate, notarized authorization and/or further evidence that he/she is duly authorized) and exercise the same statutory rights as other shareholders, including the right to speak and to vote.

**Article 87** If an individual shareholder attends the meeting in person, he/she shall present his/her identity card or other valid document or proof of his/her identity; if he/she attends the meeting by proxy, the proxy shall present his/her valid identity card and the shareholder's power of attorney.



Shareholders who are legal person shall be represented at the meeting by a legal representative or a proxy appointed by the legal representative. If the legal representative attends the meeting, he/she shall present his/her ID card and a valid certificate proving his/her qualification as a legal representative (a proxy form may be signed by a person duly authorized by the shareholder if it is a corporation); if a proxy attends the meeting, the proxy shall present his/her ID card and a written power of attorney issued by the legal representative of the corporate shareholder in accordance with the law.

**Article 88** The appointment of a proxy shall be in writing and signed by the appointing shareholder or his/her attorney duly authorized in writing; where the appointing shareholder is a legal person, such appointment shall be affixed with its seal or signed by its director or attorney duly authorized.

The proxy form issued by a shareholder to authorize other persons to attend the general meeting shall clearly state the followings:

- (1) the name of the proxy;
- (2) the number of shares of the appointing shareholder represented by the proxy;
- (3) whether the proxy has the right to vote;
- (4) instructions to vote for, against or abstain from voting on each of the items in the agenda of the meeting;
- (5) the date of issuance and expiry date of the proxy form;
- (6) signature (or seal) of the appointor.

**Article 89** Any proxy form issued to a shareholder by the board of directors for the shareholder to appoint a proxy shall allow the shareholder to freely instruct the proxy to cast vote for, against or abstain from voting and enable the shareholder to give separate instructions on each matter to be voted at the meeting. Such proxy form shall contain a statement that in absence of instructions by the shareholders, whether his/her proxy may vote at his discretion.

**Article 90** Forms of proxy shall be lodged at the domicile place of the Company or other places specified in the notice of meeting 24 hours prior to the relevant meeting at which the proxy is authorized to vote for, or 24 hours prior to the specified time of voting. Where the proxy form is signed by a person authorized by the appointing shareholder, the power of attorney or other documents authorizing such person to sign the proxy form shall be notarized. A notarized power of attorney or other authorization documents, together with the proxy form, shall be lodged at the domicile place of the Company or at other places specified in the notice of meeting.

Where the appointing shareholder is a legal person, its legal representative or the person authorized by the resolution of its board of directors or other governing body may attend the general meetings of the Company as a representative of such appointing shareholder.

**Article 91** Where the appointing shareholder is deceased, or lost the capacity to revoke the appointment or the signed instrument of authorization prior to the voting, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of instrument of proxy shall remain valid as long as the Company did not receive a written notice of such event prior to the commencement of the relevant meeting.

**Article 92** The Company shall be responsible for compiling the attendee register which shall include, among others, the name of attendees (or name of relevant entity), the number of shares with voting rights that he/she holds or represents, and name of the person (or name of relevant entity) who attends the meeting by proxy.

**Article 93** The convener shall verify the legitimate qualification of shareholders against the valid register of shareholders, and shall register the names of shareholders and the number of voting shares each of them holds. The registration shall end before the chairperson of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares they hold.

**Article 94** All directors and supervisors shall be present at the general meeting, and the general manager (chief executive) and other senior management shall be in attendance at the meeting.

**Article 95** The general meeting shall be convened by the board of directors, and the chairman of the board of directors shall act as the chairperson to preside over the meeting; if the chairman is unable to perform his duties or does not perform his duties, a director jointly elected by more than half of the directors shall preside over the meeting.

In case of a general meeting convened by the supervisory board on its own initiative, the chairman of the supervisory board shall preside over the meeting as the chairperson of the meeting. If the chairman of the supervisory board is unable to perform his duties or does not perform his duties, a supervisor jointly elected by more than half of the supervisors shall preside over the meeting.

In the case of a general meeting convened by the shareholders themselves, the convener shall elect a representative to preside over the meeting. If, for any reason, the shareholders are unable to elect a representative to preside over the meeting, the shareholders present who holds the largest number shares with voting rights (including the shareholder' proxies) shall preside over the meeting (except for HKSCC Nominees).

In the event that a general meeting is unable to continue due to the chairperson's violation of these Articles of Association or the rules of procedure, the general meeting may, with the consent of a majority of the shareholders with voting rights present at the general meeting, elect a person to act as the chairperson of the meeting and continue the meeting.

**Article 96** The Company shall formulate the rules of procedure of the general meeting which shall set out in detail the procedures of convention and voting in respect of the general meeting (including notices, registration, consideration and approval of proposals, voting, vote counting, announcement on poll results, the resolution making process, meeting minutes and signing) and the principles of authorization granted to the board of directors at the general meeting. The scope of authorization shall be specified in details. The rules of procedure of the general meeting shall be prepared by the board of directors, approved at the general meeting and may be included as an appendix to these Articles of Association.

**Article 97** During the annual general meeting, the board of directors and the supervisory board shall give a report on their work in the previous year respectively, and each independent director shall also make his duty report correspondingly.

**Article 98** The directors, supervisors and senior management shall make response to and give explanations to the inquiries and suggestions made by shareholders at a general meeting.

**Article 99** Prior to voting, the chairman of the general meeting shall announce the number of shareholders and proxies present and the total number of voting shares held by them. The number of shareholders and proxies present and the total number of voting shares held by them shall be that as stated in the registration of the meeting.

**Article 100** Minutes of general meetings shall be recorded by the relevant personnel. The minutes shall contain the following items:

- (I) the date, venue and agenda of the meeting, and the name of the convener;
- (II) the name of the chairman of the meeting, and the names of directors, supervisors, general manager (chief executive) and other senior management of the Company present or in attendance at the meeting;
- (III) the number of shareholders and their proxies attending the meeting, the total number of voting shares they represent and the percentage of the total number of shares of the Company they represent;
- (IV) the discussions in respect of each proposal, highlights of the speeches made at the meeting and the voting result;
- (V) details of the queries or recommendations made by the shareholders, and the corresponding answers or explanations;
- (VI) the name of vote counters and scrutinizers;
- (VII) such other matters which shall be recorded in the minutes of the meeting in accordance with relevant provisions.

**Article 101** The convener shall ensure the truthfulness, accuracy and completeness of the minutes of meeting. Directors, supervisors, the convener or his representative and the chairman of the meeting who attended the meeting shall sign on the minutes of meeting. The minutes shall be kept together with the signature book of shareholders attending the meeting, the proxy forms of proxies as well as all valid materials of voting in other means for no less than 10 years.

**Article 102** Copies of meeting minutes may be inspected by shareholders free of charge during the Company's office hours. Any shareholder who requests a copy of the minutes of a meeting from the Company shall be sent a copy within 7 days of receipt of a reasonable fee.

**Article 103** The convener shall ensure that the general meeting is held continuously until final resolutions are reached. In the event that the general meeting is adjourned or resolutions failed to be reached due to force majeure or other special reasons, measures shall be adopted to resume the meeting as soon as possible or the meeting shall be concluded immediately, and a notice shall be promptly given to the shareholders accordingly.

## **Section 6 Voting and Resolutions at General Meetings**

**Article 104** Resolutions at the general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions of the general meeting shall be passed by more than half of the voting rights represented by the shareholders (including proxies) present at the meeting.

Special resolutions of the general meeting shall be passed by more than two thirds of the total voting rights of shareholders present and voting in person or by proxy at the general meeting (including shareholders' proxies) present at the meeting.

**Article 105** The following matters shall be approved by an ordinary resolution in a general meeting:

- (I) work reports of the board of directors and the supervisory board;
- (II) profit distribution plans and loss recovery plans formulated by the board of directors;
- (III) appointment and removal of members of the board of directors and members of the supervisory board, their remuneration and method of payment thereof;
- (IV) proposed annual budgets and final accounts, balance sheet, income statement, and other financial statements of the Company;
- (V) annual report of the Company; and
- (VI) other matters other than those provided by law, administrative regulation, listing rules of the place where the Company's shares are listed or special resolutions which shall be approved by the provisions of these Articles of Association.

**Article 106** The following matters shall be approved by a special resolution in a general meeting:

- (I) increasing or reducing the registered capital of the Company, and the issuance of shares of any class, equity warrants and other similar securities;
- (II) the issuance of corporate bonds;

- (III) division, merger, dissolution and liquidation (including voluntary winding-up) of the Company;
- (IV) amendment to these Articles of Association;
- (V) any purchase or disposal of substantial assets, or guarantee provided by the Company within one year, with an amount exceeding 30% of the latest audited total assets of the Company;
- (VI) share incentive schemes;
- (VII) to repurchase the Company's shares under the circumstances stated in these Articles of Association;
- (VIII) other matters considered as required by laws, administrative regulations, listing rules of the stock exchanges where shares of the Company are listed or provisions of these Articles of Association and matters which are determined by an ordinary resolution of general meeting to be of material significance to the Company and are required to be approved by way of special resolution.

**Article 107** A shareholder (including proxy) may exercise voting rights based on the number of shares carrying valid voting rights held by them, each share shall have one vote.

The shares held by the Company have no voting rights, and is not counted into the total number of voting shares held by shareholders attending the meeting.

The board of directors, independent directors and shareholders who meet relevant requirements may make a public call for shareholders' voting rights. The solicitation of shareholders' voting rights shall include full disclosure of specific voting intentions and other information to the solicited person. Any solicitation of shareholders' voting rights by way of remuneration or disguised remuneration is prohibited. The Company shall not impose a minimum percentage of shareholding on the solicitation of voting rights.

**Article 108** When matters relating to connected transactions are considered at general meetings, connected shareholders shall abstain from voting and the number of voting shares represented by them shall not be counted into the total number of valid votes casted, and resolutions at general meetings shall fully disclose the votes of non-connected shareholders.

**Article 109** The Company shall facilitate the participation of shareholders in general meetings through various ways and means on the premise to ensure that the general meetings are legal and effective.

**Article 110** Except where the Company is in a crisis or any extraordinary circumstance, the Company may not enter into any contract with anyone other than a director, a general manager (chief executive) or any other senior management that assigns the person responsible for the management of all or significant part of the Company's business, unless otherwise approved by the shareholders in a general meeting by way of special resolution.

**Article 111** The list of candidates for directors, independent directors and shareholder representative supervisors shall be submitted to the general meeting for voting by way of proposals. A cumulative voting system shall be adopted for the election of directors, independent directors and shareholder representative supervisors at general meetings.

The cumulative voting system referred to in the preceding paragraph means that when a directors, independent directors or shareholder representative supervisors are elected in a general meeting, each share shall have the same number of votes as the number of directors, independent directors or shareholder representative supervisors to be elected, and shareholders may consolidate their votes. The board of directors shall announce to the shareholders the curriculum vitae and basic information of each candidate for a director, independent director or shareholder representative supervisor.

- (I) Nomination of candidates for directors, independent directors and shareholder representative supervisors
  - 1. Candidates for directors (excluding the candidates for independent directors), shall be nominated by the board of directors or by shareholders individually or jointly holding more than three percent of the Company's the total number of shares with voting rights and the number of candidates nominated by them shall not exceed the number of directors to be elected or replaced.
  - 2. Candidates for independent directors shall be nominated by the board of directors, the supervisory board or shareholders who individually or collectively holding more than one percent of the Company's issued shares, and the number of candidates nominated by them shall not exceed the number of independent directors to be elected or replaced.
  - 3. Candidates for shareholder representative supervisors shall be nominated by the supervisory board or shareholders individually or collectively holding more than three percent of the total number of shares of the Company with voting rights, and the number of candidates nominated by them shall not exceed the number of supervisors to be elected or replaced.

A shareholder who nominates a candidate for director, independent director or shareholder representative supervisor shall submit in writing to the convener of the general meeting 10 days prior to the general meeting the resume of the nominated candidate for director, independent director or shareholder representative supervisor, and the proposal shall include the list of candidates for directors, independent directors or shareholder representative supervisors, and the resume and basic information of each candidate.

- (II) The operating rules of the cumulative voting system are as follows:
  - 1. The cumulative voting system shall be used when two or more directors, independent directors or shareholder representative supervisors are elected at a general meeting;
  - 2. Independent directors shall be elected separately from other members of the board.

3. The total number of valid votes cast by shareholders at the time of election shall be equal to the number of shares held by them multiplied by the number of candidates;
4. At the election at the general meeting, the candidates are being voted individually. Shareholders may cast the votes they have either collectively for one person or dispersed for several persons;
5. The number of votes cast by shareholders for an individual candidate for director, independent director or shareholder representative supervisor may be higher or lower than the number of voting shares held by them and need not be an integral multiple of such number of shares, but shall not exceed the total number of valid votes held by them in aggregate;
6. The candidates are elected in the order of the number of votes received by them, provided that the number of votes received by each person elected must exceed one half of the number of shares with valid voting rights held by the shareholders present at the general meeting;
7. In the event that two or more elected directors, independent directors or shareholder representative supervisors who have obtained the same number of votes and, as a result, the number of elected directors, independent directors or shareholder representative supervisors exceeds the number of directors or supervisors to be elected, the other candidates for directors, independent directors or shareholder representative supervisors who rank before them are elected, and the last two or more candidates for directors, independent directors or shareholder representative supervisors who have obtained the same number of votes are subject to re-election;
8. Directors or shareholder representative supervisors are elected in descending order of the number of votes received, and if the number of directors or shareholder representative supervisors to be elected cannot be reached after three rounds of election at the general meeting, they shall be dealt with as follows, respectively:
  - (1) If the number of directors or supervisors elected is less than the number of directors or supervisors to be elected, the candidates for directors or supervisors already elected shall be automatically elected. The remaining candidates will then be eligible for re-election and voted on by the general meeting of shareholders, subject to the above-mentioned operating rules for determining elected directors or supervisors.
  - (2) If the minimum number of directors or supervisors prescribed by law or the Articles of Association cannot be reached after three rounds of election at the general meeting, the original directors or supervisors shall not leave office and the board of directors shall meet within fifteen days to convene another general meeting and re-elect the candidates for vacant directors or supervisors positions, and the newly elected directors or supervisors elected at the previous general meeting shall remain valid, but they shall not take office until the number of newly elected directors or supervisors reaches the number prescribed by law or these Articles of Association.

**Article 112** Except for the cumulative voting system, all resolutions proposed at the general meeting shall be voted on one by one, and for different motions on the same matter, voting will be conducted according to the time sequence these motions are put forward. Other than special reasons such as force majeure which results in the interruption of the meeting or makes it impossible to come to a resolution, the general meeting shall not postpone the motions and shall vote on them.

**Article 113** When considering a motion at the general meeting, no changes shall be made thereto. Otherwise, such changes shall be treated as a new motion which shall not be processed for voting at that general meeting.

**Article 114** If the same voting right is exercised more than once, the result of the first vote cast shall prevail.

**Article 115** The general meeting shall vote on a show of hands unless a poll is demanded by the following persons before or after the show of hands:

- (I) the chairman of the meeting;
- (II) at least 2 voting shareholders or proxies of the voting shareholders; or
- (III) 1 or more shareholders (including shareholder's proxies) holding more than 10% (including 10%) of the voting shares at the meeting separately or jointly.

Unless a poll is demanded, the chairman of the meeting shall, on the basis of the result of the show of hands, announce the passing of resolutions and record it in the minutes of the meeting as the final basis, without having to prove the number or proportion of votes for or against the resolution passed at the meeting.

The demand for a poll may be withdrawn by the person who demanded it.

**Article 116** If the matter required to be voted by way of a poll relates to the election of chairman or adjournment of the meeting, a poll shall be conducted immediately; in respect of other matters required to be voted by way of a poll, the chairman may decide the time of the poll, and the meeting may proceed to consider other matters. The voting results shall still be deemed as resolutions passed at the said meeting.

**Article 117** When voting by a poll, shareholders (including their proxies) entitled to two or more votes need not cast all their votes for or against in the same way.

**Article 118** When the number of votes for and against a resolution are equal, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to cast one additional vote.

**Article 119** The general meeting adopts open ballot for voting.

**Article 120** Before the general meeting votes on resolutions, it shall nominate two shareholder representatives to count the votes and scrutinize the voting. If a shareholder has conflict of interests in the matter to be discussed, the relevant shareholder and his proxy cannot participate in vote counting or scrutinize the voting.



When a general meeting votes on resolutions, the counting of votes and scrutinizing of voting shall be conducted together by two shareholder representatives and one supervisor representative. The voting results shall be announced forthwith. The voting results shall be contained in the minutes of the meeting.

**Article 121** The chairperson of the meeting shall announce the vote and the result of each proposal and, on the basis of the result of the vote, shall declare the proposal adopted or rejected, and his or her decision shall be final and announced at the meeting and entered in the minutes of the meeting.

Before the voting results are officially announced, the Company, counting officers, scrutinizers, shareholders and all relevant parties have the duty to keep confidential of the voting results.

**Article 122** Shareholders attending the general meeting shall express one of the following views in the voting on a resolution: consent, objection or abstention.

A voting ticket that is incomplete, wrongly completed, illegible, or not yet casted, shall be treated as a waiver of the voter voting rights. The votes represented by his shares shall be treated as “abstention”.

If any shareholders shall waive his/her voting right for certain proposals or are restricted to be only able to vote for or against certain proposals according to the provisions of the Hong Kong Listing Rules, the votes by those shareholders or their representatives shall not be counted in case of any violation of the relevant provisions or restriction.

**Article 123** If the chairman of the meeting has any doubt as to the result of a resolution submitted for voting, he/she may have the votes counted. If the chairman of the meeting does not have the votes counted, any shareholder who is present in person or by proxy and who challenges the results announced by the chairman of the meeting may, immediately after the declaration of the results, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

If votes are counted at a general meeting, the results thereof shall be recorded in the minutes of the meeting. The minutes of the meeting, together with the signature book of the shareholders present and the proxy forms, shall be kept at the Company’s place of domicile.

**Article 124** Resolutions of general meetings shall be announced in a timely manner.

**Article 125** If any proposal is not adopted, or the current general meeting amends the resolutions of the last general meeting, special indication thereof shall be given in the announcement of the resolutions of the general meeting.

**Article 126** If a proposal for the election of directors or supervisors is adopted at a general meeting, the new directors or supervisors shall take office at the time specified in the resolution of the general meeting; if the resolution of the general meeting does not specify the time, the new directors or supervisors shall take office at the conclusion of the general meeting.

**Article 127** If any proposal on cash dividends, bonus shares, or conversion from capital reserves to share capital is adopted at the general meeting, the Company shall effect detailed plans within 2 months after the end of the general meeting.

## **Section 7 Special Procedures for Voting by Classes of Shareholders**

**Article 128** Shareholders who hold different classes of shares are class shareholders. Class shareholders shall enjoy rights and assume obligations in accordance with law, administrative regulation and these Articles of Association.

Apart from shareholders of other classes of shares, shareholders of domestic shares and shareholders of unlisted foreign shares are regarded as the shareholders of the same class, shareholders of domestic shares and shareholders of overseas-listed foreign shares are regarded as shareholders of different classes, and shareholders of unlisted foreign shares and shareholders of overseas listed foreign shares are regarded as shareholders of different classes.

**Article 129** If the Company proposes to vary or abrogate certain rights of a certain class of shareholders, this proposal should be passed by a special resolution at the general meeting and passed at the meeting convened according to Articles 131 to 135 by the related class of shareholders. The approval of a general meeting or a class meeting of shareholders is not required if the rights conferred on a class of shareholders are varied or abrogated as a result of changes in domestic or foreign laws and regulations and the listing rules of the place where the Company's shares are listed, as well as decisions made by domestic or foreign regulatory authorities in accordance with the law.

The behaviors that upon approval of the State Council or the securities regulators authorized by the State Council, the shareholders of domestic shares and unlisted foreign shares of the Company transfer all or part of their holdings of shares to overseas investors, or convert all or part of their holdings of domestic shares or unlisted foreign shares into overseas listed shares and get them listed and traded on an overseas stock exchange shall not be regarded as the Company's intention to change or abolish the rights of class shareholders, and are not subject to the approval of the general meeting of shareholders or class meeting of shareholders.

**Article 130** The rights of a certain class of shareholders shall be regarded to be varied or abrogated in the following circumstances:

- (I) increase or reduce in the number of shares of such class, or to increase or reduce the number of shares of other class which enjoys the same or more voting rights, distribution rights or other privileges;
- (II) to convert part or whole of the shares of such class into other class(es), convert part or whole of the shares of other class(es) into such class, or grant such conversion rights;
- (III) cancel or reduce the rights of such class of shares to entitle, receive payable dividends or cumulative dividends;
- (IV) reduce or cancel the privileged rights of such class of shares to acquire dividends or obtain distribution of assets during liquidation of the Company;

- (V) increase, cancel or reduce the conversion, option, voting, transfer or privileged allotment rights of such class of shares or the rights of such class of shares to obtain securities issued by the Company;
- (VI) cancel or reduce the rights of such class of shares to receive amounts payable by the Company in a particular currency;
- (VII) create new class(es) of shares with the same or more voting rights, distribution rights or other privileges as compared with those enjoyed by such class of Shares;
- (VIII) impose restrictions or additional restrictions on the transfer of ownership of such class of shares;
- (IX) grant share subscription options or share conversion options of such class or another class of shares;
- (X) increase the rights or privileges of other class(es) of Shares;
- (XI) any restructuring scheme of the Company that may result in the assumption of disproportionate responsibilities by different classes of shareholders during the restructuring; and
- (XII) revise or abolish the provisions under this Section.

**Article 131** Where issues specified in items (II) to (VIII), (XI) and (XII) of Article 130 are involved, the affected class shareholders, whether or not they are entitled to vote at general meetings originally, shall have the right to vote at class general meetings. However, the interested shareholder(s) shall have no voting rights at the meeting for such class of shareholders. The definition of “interested shareholder” referred in the preceding paragraph are as follows:

- (I) in the case where the Company sends a repurchase offer to all shareholders pursuant to Article 27 of these Articles of Association according to the same proportion or the Company repurchases its shares with open transaction in the stock exchange, it refers to a controlling shareholder within the meaning of these Articles of Association;
- (II) in the case where the Company repurchase shares by an off-market agreement pursuant to Article 27 of these Articles of Association, it is a holder of the shares to which the proposed agreement relates;
- (III) in the case of a restructuring of the Company, it is a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on shareholders of that class under the proposed restructuring or who has an interest in the proposed restructuring different from the general interests of the shareholders of that class.

**Article 132** Resolutions of a meeting of class shareholders shall be passed by affirmative votes representing more than two-thirds of the voting rights of shareholders of that class presented at the relevant meeting who, according to Article 131, are entitled to vote thereat.

**Article 133** Notice of a meeting of class shareholders shall be given to all shareholders who are registered as holders of that class in the register of shareholders as provided for in Article 79 hereof. Such notice shall give such shareholders notice of the matters to be considered at such meeting and the date and venue of the meeting of class shareholders.

If there are special provisions in the listing rules of the stock exchange where the shares of the Company are listed, the provisions shall apply.

**Article 134** Notice of a meeting of class shareholders shall be given only to those shareholders entitled to vote at that meeting.

Meetings of class shareholders shall be conducted in a manner which is as similar as possible to that of a general meeting. The provisions of these Articles of Association relating to procedures of general meetings are also applicable to meetings of class shareholders.

**Article 135** Apart from the holders of other classes of shares, the holders of domestic shares and holders of unlisted foreign shares are deemed to be the same type of shareholders, the holders of the domestic shares, the holders of unlisted foreign shares and holders of overseas listed foreign shares shall be regarded as shareholders of different classes. The special voting procedures at a general meeting for class shareholders shall not apply for the following circumstances:

- (I) upon the approval by way of a special resolution passed by a general meeting, the Company issues overseas listed foreign shares every twelve months, provided that the amount of shares intended to be issued is not more than twenty percent of the issued and outstanding shares of the class;
- (II) the Company's plan on issuing overseas listed foreign shares at the time of establishment which is completed within fifteen months from the date of approval from competent securities department under the State Council; or
- (III) where with the approval by the security's regulatory authorities of the State Council the shareholders who hold the domestic shares and the unlisted foreign shares of the Company transfer the shares held by them to foreign investors or the conversion of domestic shares and unlisted foreign shares into overseas listed shares and causes these shares to be listed and traded on an overseas stock exchange.

## **Chapter 5 Board of Directors**

### **Section 1 Directors**

**Article 136** Directors shall be elected or removed by shareholders at a general meeting and can be removed from their office prior to the expiry of their term by the general meeting. Each term of office of directors shall be three years, and a director may be re-elected and re-appointed upon the expiry of his/her term of office.

Written notice of the intention to nominate a candidate for directorship and of the candidate's willingness to accept the nomination shall be sent to the Company at least seven days prior to the general meeting.

Subject to compliance with relevant laws, administrative regulations and relevant regulations of the securities regulatory authorities at the place where the Company's shares are listed, any director can be removed before the expiration of his/her term of office by an ordinary resolution at a general meeting (but without prejudice to any claim for damages under any contracts).

A director's term of office shall commence from the date when he takes office and end upon the expiry of the term of current session of the board of directors. After the expiry of a director's term of office but before a new director is elected and takes office, the retiring director shall continue to perform his duty as a director pursuant to laws, administrative regulations, department rules and these Articles of Association.

The general manager (chief executive) or other senior management may concurrently serve as directors, provided that the total number of directors who concurrently serve as the general manager (chief executive) or other senior management shall not exceed half of the total number of directors of the Company.

It is unnecessary for directors to hold shares of the Company.

**Article 137** Directors shall observe the laws, administrative regulations and these Articles of Association and shall assume the following fiduciary duties to the Company and are prohibited from:

- (I) abusing their authority in accepting bribes or other unlawful income, and misappropriating the Company's property;
- (II) misappropriating the funds of the Company;
- (III) depositing the Company's funds into accounts under their own names or the names of other individuals;
- (IV) loaning the Company's funds to others or providing guarantees in favor of others supported by the Company's property in violation of these Articles of Association or without approval of the general meeting or the board of directors;
- (V) entering into contracts or transactions with the Company in violation of these Articles of Association or without approval of the general meeting;
- (VI) using their position to procure business opportunities for themselves or others that should have otherwise been available to the Company or operating businesses similar to that of the Company for their own benefits or on behalf of others without approval of the general meeting;
- (VII) accepting commissions paid by a third party for transactions conducted with the Company;
- (VIII) unauthorized divulgence of confidential information of the Company;
- (IX) prejudicing the interests of the Company by leveraging his connection with the Company; and

- (X) other acts in violation of their fiduciary duties as prescribed by laws, administrative regulations, department rules and these Articles.

The proceeds obtained by a director in violation of this Article shall belong to the Company. Where the Company suffers any losses thereby, the said director shall be obliged to make compensation therefor.

**Article 138** Directors shall observe laws, administrative regulations and these Articles of Association and shall assume the following duties of due diligence to the Company:

- (I) to prudently, carefully and diligently exercise the rights conferred by the Company to ensure that the business activities of the Company is in conformity with laws, administrative regulations and all economic policies of the State, and its business activities shall not go beyond the business scope as specified in its business license;
- (II) to treat all shareholders fairly;
- (III) to get a timely grasp of the status of the business and management of the Company;
- (IV) to sign written confirmation comments with respect to regular reports of the Company to ensure that the Company discloses information in a timely and fair manner and that the information disclosed is true, accurate and complete. If it is not possible to guarantee the truthfulness, accuracy or completeness of the contents of the securities offering documents and regular reports or if there is disagreement thereof, the director shall express his or her opinion and state reasons in the written confirmation, which shall be disclosed by the issuer. Where the issuer does not disclose, the director may apply directly for disclosure;
- (V) to faithfully furnish related information and materials to the supervisory board, and not to interfere with the supervisory board or the supervisors in exercising its/their powers; and
- (VI) other duties of due diligence as prescribed by laws, administrative regulations, department rules, listing rules of the stock exchange where the Company's shares are listed and these Articles of Association.

**Article 139** In case a director has failed to attend at any 2 consecutive board meetings in person, nor authorized another director to be present at the board meeting on his behalf, he shall be considered unable to fulfill his duties as a director, and the board of directors shall recommend to the general meeting for removal and replacement of such director accordingly.

A director may resign before expiry of his term of office, subject to submission of a written resignation report to the board of directors.

If the number of the Company's directors is less than the statutory minimum requirement due to a director's resignation, such resigning director shall continue to perform his duty as a director pursuant to laws, administrative regulations, department rules and these Articles of Association until a new director is elected and takes office.

Except for the case mentioned in the preceding paragraph, resignation of directors shall take effect immediately upon the board of directors' receipt of the written resignation report.

Subject to relevant laws, regulations and regulatory rules of the place where the shares of the Company are listed, if the board of directors appoints a new director to fill a casual vacancy on the board of directors or to increase the number of directors, such appointed director shall hold office only until the first annual general meeting of the Company after the commencement of his or her term of office and shall then be eligible for re-election. All directors appointed to fill a casual vacancy shall be subject to election by the shareholders at the first general meeting after their appointment.

**Article 140** A director shall complete all handover procedures to the board of director on resignation or expiry of term, but his fiduciary duties to the Company and shareholders may not be automatically discharged upon the expiry of his term. A director's confidentiality obligation to the Company's trade secrets shall survive the end of his or her term of office until the secrets become public information. The duration of a director's other obligations shall be determined on an equitable basis, depending on the length of time between the event and the time of leaving office, and the circumstances and conditions under which the relationship with the Company ends.

**Article 141** No director shall act on behalf of the Company or the board of directors without legal authorization provided hereunder or by the board of directors. When a director acts in his own name, state his/her standings and identities in advance if a third party reasonably considers such director acts on behalf of the Company or the board of directors.

**Article 142** If a director violates laws, administrative regulations, department rules or listing rules of the stock exchange on which the Company's shares are listed or these Articles of Association when performing his duties in the Company, such director shall compensate the Company against losses incurred due to such violation.

**Article 143** Independent directors shall perform duties in accordance with pertinent provisions set forth in laws, administrative regulations, department rules and listing rules of the stock exchange on which the Company's shares are listed.

An independent director may resign before the expiry of his or her term of office. If at any time the Company's independent directors do not meet the number, qualification or independence requirements under the Hong Kong Listing Rules, the Company shall immediately notify the Hong Kong Stock Exchange and make an announcement stating relevant details and reasons of such failure and appoint a sufficient number of independent directors to meet the requirements of the Hong Kong Listing Rules within 3 months of such failure.

## **Section 2 Board of Directors**

**Article 144** The Company shall have a board of directors reporting to the general meeting.

**Article 145** The board of directors consists of 9 directors, including 3 independent directors and 1 chairman.

**Article 146** The board of directors exercises the following functions and powers:

- (I) convene general meetings and reporting its performance at the general meetings;
- (II) implement resolutions of the general meetings;
- (III) determine the Company's business plans and investment proposals;
- (IV) formulate the Company's annual budgets and final accounts;
- (V) formulate the Company's profit distribution plans and loss offset plan;
- (VI) formulate the Company's plans for the increase or reduction of registered capital, issuance of bonds or other securities and listing plan;
- (VII) to formulate plans for significant acquisition, acquisition of the shares of the Company, or merger division, dissolution or change in corporate form of the Company;
- (VIII) determine the external investments, acquisition and disposal of assets, pledge of assets, external guarantee, entrusted management, connected transactions, external donations and other matters of the Company within the authorization scope of general meeting;
- (IX) decide on the Company's internal management structure;
- (X) appoint or dismiss the Company's general manager (chief executive), and, based on the nominations of the general manager (chief executive), appoint or dismiss the vice general manager (vice chief executive), financial controller and other senior management and determine on their remuneration, rewards and penalties;
- (XI) establish the Company's basic management system;
- (XII) draft proposals for any amendment of these Articles of Association;
- (XIII) manage the information disclosure of the Company;
- (XIV) propose the engagement or change of the appointment of accounting firms that provide audit service for the Company to the general meeting;
- (XV) review work reports of the Company's general manager (chief executive) and examine his or her work; and
- (XVI) other duties and powers conferred by the laws, administrative regulations, department rules, listing rules of the stock exchange at the place where the Company's shares are listed or these Articles of Association.

Other than the board of directors' resolutions in respect of the matters specified in items (VI), (VII) and (XII) of this Article and other matters which shall be passed by the affirmative vote of more than two-thirds of all directors as provided by laws, administrative regulations, departmental rules, listing rules of the stock exchange at the place where the Company's shares are listed and these Articles of Association, the board of directors' resolutions in respect of all other matters in the preceding paragraph may be passed by the affirmative vote of a majority of all the directors.



The board of directors establishes an Audit Committee and, as required, strategy, nomination, remuneration and other special committees. The special committees shall be accountable to the board of directors and shall perform their duties in accordance with these Articles of Association and the authority delegated by the board of directors, and their proposals shall be submitted to the board of directors for consideration and decision. All members of the special committees shall be directors, with independent directors being majority in the Audit Committee, Nomination Committee and Remuneration Committee. The board of directors shall be responsible for formulating the terms of reference of the special committees and regulating their operation.

Matters beyond the scope of authority conferred by the general meeting shall be submitted to the general meeting for consideration.

**Article 147** The board of directors of the Company shall give explanation in connection with the qualified auditors' opinion issued by certified public accountants on the financial report of the Company at the shareholders' general meeting.

**Article 148** The board of directors shall formulate the rules of procedure to be followed at meetings of the board of directors, so as to ensure the board of directors implement resolutions adopted at the general meeting, improve working efficiency and ensure scientific decision making.

**Article 149** The board of directors shall determine the scope of authority for external investments, acquisition and disposal of assets, of pledge assets, external guarantee, entrusted investments, connected transactions, external donations and other matters of the Company, establish strict examination and decision-making procedures, organize related experts and professionals to make assessment in case of significant investment project and report the result thereof to the general meeting for approval.

**Article 150** The board of directors shall not, without the prior approval of shareholders in a general meeting, dispose or agree to dispose of any fixed assets of the Company if the estimated value of fixed assets proposed for disposal by the board of directors, when aggregated with the amount or value of the consideration for any such disposition of any fixed assets of the Company that has been completed in the period of 4 months immediately preceding the proposed disposition, exceeds 33% of the value of the Company's fixed assets as shown in the latest balance sheet which was presented at a general meeting.

For the purposes of this Article, "disposition" includes an act involving the transfer of an interest in assets but does not include the provision of guarantees with fixed assets.

The validity of a disposition by the Company shall not be affected by any breach of the first paragraph of this Article.

**Article 151** The board of directors shall have a chairman, to be elected by a majority of all directors.

**Article 152** The chairman of the board of directors shall exercise the following powers:

- (I) to preside over general meetings and to convene and preside over meetings of the board of directors;
- (II) to urge and check on the implementation of the board resolutions of directors;

- (III) to sign any important documents adopted by the board of directors or other documents that should be signed by the legal representative of the Company (including but not limited to securities issued by the Company); and
- (IV) to exercise other powers conferred by the board of directors.

**Article 153** If the chairman of the board of directors is incapable of performing or is not performing his duties, a director nominated by more than half of the directors shall perform such duties.

**Article 154** Regular meetings shall be held at least 4 times each year. Regular meetings shall be convened by the chairman by serving a notice to all directors and supervisors at least 14 days before the meeting.

**Article 155** An ad hoc meeting may be convened upon request by shareholders representing more than 10% voting rights, more than one third of all directors, or the supervisory board. The chairman of the board of directors shall convene and preside over a meeting of the board of directors within 10 days upon receipt of such request.

**Article 156** The board of directors shall convene meetings of the board of directors by means of notice in person, by fax, by mail, by telephone or by other means; the notice period shall be 10 days prior to regular meetings and 5 days prior to ad hoc meetings. However, the notice period for ad hoc meetings may be shortened by unanimous written consent of all directors.

**Article 157** A written notice of the meeting of the board of directors shall include:

- (I) time and venue of the meeting;
- (II) duration of the meeting;
- (III) matters and agenda; and
- (IV) date on which notice is given.

**Article 158** Meetings of the board of directors shall be held only in the presence of a majority of the directors. Except as otherwise provided in these Articles of Association, resolutions of the board of directors shall be passed by a majority of all directors.

Resolutions of the board of directors shall be passed on a one person one vote basis. Where there are equal votes casted both for and against a resolution, the chairman shall have the right to cast one more vote.

**Article 159** The director of the Company who is connected with the enterprise involved in the matters discussed by the board of directors shall not exercise his own voting right on the resolution, nor shall he/she exercise the voting right on behalf of other directors. The meeting of the board of directors may be held once more than half of the unconnected directors are present. The resolution made by the meeting of the board shall be adopted by more than half of all such unconnected directors. Where there are less than 3 unconnected directors present, the relevant matters shall be forwarded to the general meeting for consideration.

**Article 160** Resolutions to be adopted at the meeting of the board of directors shall be voted on by open ballot.

Meetings of the board of directors shall be held by physical presence of the directors in principle. If necessary, other means, such as video, telephone, fax or e-mail, may be used, provided that the directors are able to express their opinions in full. A resolution of the board of directors shall be made by the relevant person in charge at the end of the meeting and submitted to the participating directors for signature.

**Article 161** The directors shall attend in person the meetings of the board of directors. Where any director is unable to attend the meeting for a certain reason, he may, by issuing a written power of attorney on which he will sign or seal, appoint another director to attend the meeting on his behalf, and the power of attorney shall contain the name of the attorney, the matters to be represented, the scope of authority and the period of validity, and shall be signed or sealed by the appointer.

A director who attends a meeting on behalf of another director shall exercise the rights of a director within the scope of his delegated authority. A director who is not present at a meeting of the board and does not attend by proxy shall be deemed to have waived his right to vote at that meeting.

**Article 162** The board of directors shall prepare the minutes of meeting regarding the resolutions on matters discussed at the meeting, which shall be signed by the directors present at the meeting.

The minutes of board meeting shall be kept as archives of the Company for at least ten 10 years.

**Article 163** The minutes of meetings of the board of directors shall include:

- (I) time and venue of the meeting and name of the convener;
- (II) name of directors present at meeting and name of directors (attorneys) appointed to attend the meeting of the board of directors on behalf of others;
- (III) agenda;
- (IV) highlights of speeches delivered by directors;
- (V) way of voting and result thereof with respect of each matter to be deliberated (the number of votes for, against or waiver shall be stated in the voting result).

**Article 164** The directors shall be liable for the resolutions of the board of directors. If a resolution of the board of directors violates the law, administrative regulation or these Articles of Association, and the Company suffers serious losses as a result thereof, the directors who participated in passing such resolution shall compensate the Company therefor. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of meeting, such director shall be released from such liability.

## **Chapter 6 General Manager (Chief Executive) and Other Senior Management**

**Article 165** The Company shall have one general manager (chief executive), who shall be appointed or removed by the board of directors.

The Company shall have several vice general managers (vice chief executives), who shall be appointed or removed by the board of directors.

The general manager (chief executive), vice general manager (vice chief executive) and Chief Financial Officer of the Company are senior management of the Company.

**Article 166** The provisions of Article 137 on the fiduciary duty of directors and Article 138 (IV) to (VI) on the duty of diligence shall apply to senior management.

**Article 167** Any person working with the controlling shareholder of the Company other than as a director or supervisor shall not serve as a senior management member of the Company.

Senior management of the Company are paid only by the Company and are not paid by the controlling shareholder on its behalf.

**Article 168** The term of office of the general manager (chief executive) shall be 3 years, renewable upon re-appointment.

**Article 169** The general manager (chief executive) shall be accountable to the board of directors and shall exercise the following powers:

- (I) to be in charge of the Company's production, operation and management, and to organize the implementation of the resolutions of the board of directors and report his/her works to the board of directors;
- (II) to organize the implementation of the Company's annual business plans and investment plans;
- (III) to formulate the Company's plans for establishment of internal management structure;
- (IV) to formulate the Company's basic management rules;
- (V) to formulate concrete bylaws of the Company;
- (VI) to propose the appointment or dismissal by the board of directors of the Company's vice general manager (vice chief executive), and financial controller and other senior management;

(VII) to determine the appointment or dismissal of responsible management personnel other than whom should be appointed or dismissed by the board of directors; and

(VIII) to exercise other powers conferred by these Articles of Association or the board of directors.

The general manager (chief executive) shall attend meetings of the board of directors, and shall not have any voting rights at board meetings if he or she is not a managing director.

**Article 170** The general manager (chief executive) shall formulate the terms of reference of the general manager (chief executive), and shall be implemented after being approved by the board of directors.

**Article 171** The terms of reference of the general manager (chief executive) shall specify:

(I) requirements and procedures for convening and participants of the general manager's (chief executive's) meeting;

(II) specific duties and work allocation of the general manager (chief executive) and other senior management of the Company;

(III) use of funds and assets of the Company, the limits of his/her authority to enter into material contracts and the mechanism of reporting to the board of directors and the supervisory board; and

(IV) other matters which the board of directors deems necessary.

**Article 172** The general manager (chief executive) may resign before expiry of his term of office. The specific procedures and methods for the resignation of the general manager (chief executive) shall be specified in the employment contract entered into between the general manager and the Company.

**Article 173** The deputy general manager (vice chief executive) shall be nominated by the general manager (chief executive) and appointed or dismissed by the board of directors. The deputy general manager (vice chief executive) shall assist the general manager (chief executive) in carrying out his work and shall perform relevant functions and powers as authorized by the general manager (chief executive); in the event that the general manager (chief executive) is unable to perform his duties, the chairman of the board of directors shall appoint a deputy general manager (vice chief executive) to perform the duties of the general manager (chief executive) on his behalf.

**Article 174** Senior management of the Company shall perform their duties faithfully and safeguard the best interests of the Company and all shareholders. If senior management of the Company fails to perform their duties faithfully or violates their fiduciary duty, and causes damage to the interests of the Company and the public shareholders, they shall be liable for compensation in accordance with the law.

## **Chapter 7 Secretary to the Board of Directors**

**Article 175** The Company shall have a secretary to the board of directors, who shall have professional knowledge and experience and shall be responsible for the preparation of shareholders' general meetings and meetings of the board of directors, the keeping of documents and management of the information on the data of the Company's shareholders, and matter relating to the information disclosure. The responsibilities of the secretary to the board of directors are to ensure:

- (I) complete organizational documents and records are available for the Company;
- (II) the Company prepares and submits documents and reports required by relevant authorities pursuant to the law;
- (III) the register of shareholders of the Company is properly established, and that persons entitled to receive relevant records and documents of the Company are given timely access to such records and documents.

The secretary of the board of directors shall comply with relevant provisions of the laws, administrative regulations, departmental rules, the rules of the stock exchange on which the shares of the Company are listed and these Articles of Association.

**Article 176** A director or other senior management of the Company may also serve as the secretary to the board of directors of the Company. The accountant of the accounting firm engaged by the Company shall not be the secretary of the board of directors of the Company.

Where the secretary of the board of directors of the Company is also a director, that person shall not act in dual capacity if an act should be performed either by the director or the secretary of the board of directors.

## **Chapter 8 Supervisory Board**

### **Section 1 Supervisors**

**Article 177** The directors, general manager (chief executive) and other senior management of the Company shall not act concurrently as supervisors.

**Article 178** The supervisors shall observe laws, administrative regulations and these Articles of Association. They shall have fiduciary duties and duties of due diligence to the Company, and shall not accept any bribery or other illegal income by using his powers and position, or seize the assets of the Company in any manner.

**Article 179** Supervisors shall serve for a term of three years and shall be eligible for re-election upon expiry of their term of office.

**Article 180** If the term of office of a supervisor expires without timely re-election, or if a supervisor resigns during the term of office, resulting in the number of members of the supervisory board to be less than the statutory minimum requirement, the former supervisor shall continue to perform his duties as a supervisor in accordance with laws, administrative regulations, the listing rules of the stock exchange and these Articles of Association until a new supervisor is elected.

**Article 181** A supervisor shall ensure that information disclosed by the Company is true, accurate and complete, and sign a written confirmation of regular reports.

**Article 182** Supervisors shall attend meetings of the board of directors and may raise queries or suggestions regarding matters discussed at such meetings.

**Article 183** A supervisor shall not take advantage of his connection with the Company to prejudice interests of the Company and shall indemnify the Company against losses caused thereby.

**Article 184** If a supervisor violates laws, administrative regulations, department rules or these Articles of Association when performing his duties to the Company, such supervisor shall indemnify the Company against losses incurred due to such violation.

## **Section 2 Supervisory Board**

**Article 185** The Company shall have a supervisory board. The supervisory board shall consist of 3 supervisors.

The supervisory board shall have a chairman, the election or removal of whom shall be determined by two-thirds or more of the members of the supervisory board. The chairman of the supervisory board convenes and chairs meetings of the supervisory boards. If the chairman of the supervisory board is unable or fails to perform his duties, such meeting shall be convened and presided over by a supervisor nominated by more than half of the supervisors.

The supervisory board shall consist of an appropriate proportion of shareholders representative supervisors and employee representative supervisors, and the percentage of employee representative supervisors shall not be less than 1/3 of the board. The employee representative supervisors shall be elected by employees of the Company at the employee representatives' congress, employee congress or in any other democratic form.

**Article 186** The supervisory board shall be accountable to the general meeting, and shall exercise the following functions and powers:

- (I) to review and give written comments to securities issuance documents and regular reports of the Company prepared by the board of directors. Supervisors shall sign written confirmation comments. Supervisors shall ensure that the Company discloses information in a timely and fair manner and that the information disclosed is true, accurate and complete. If it is not possible to guarantee the truthfulness, accuracy or completeness of the contents of the securities issuance documents and regular reports or if there is disagreement thereof, the supervisors shall express his or her opinion and state reasons in the written confirmation, which shall be disclosed by the issuer. Where the issuer does not disclose, the supervisors may apply directly for disclosure;
- (II) to review the Company's financial position;
- (III) to supervise the related acts of any of the directors and senior management and propose the removal of those who violates any laws, administrative regulations, these Articles of Association or resolution adopted at the general meeting;

- (IV) to demand any director or senior management who acts in a manner which is detrimental to the Company's interest to rectify such behavior;
- (V) to verify financial information including financial reports, business reports and profit distribution plans to be submitted by the board of directors to the shareholders' general meeting, and if in doubt, to entrust a certified public accountant or a licensed auditor in the name of the Company to review;
- (VI) to propose the convening of extraordinary general meetings and to convene and preside over shareholders' general meetings where the board of directors fails to perform its duty to do so as required by the Company Law;
- (VII) to submit proposals to general meetings;
- (VIII) to bring actions against any director or senior management members according to Article 151 of the Company Law;
- (IX) to investigate the Company should any abnormal operation situation arise; to authorize an accounting firm, a law firm or other professional institutions to assist the investigation when necessary at the cost of the Company; and
- (X) any other functions and powers granted by law, administrative regulations, departmental rules, the listing rules of the stock exchange at the place where the Company's shares are listed or these Articles of Association.

**Article 187** Meetings of the supervisory board shall be held at least once every 6 months. A notice of meeting shall be served to all supervisors 10 days prior to the holding of such meeting.

Extraordinary meeting of the supervisory board shall be convened upon the request of any supervisors. Written notice of an extraordinary meeting of the supervisory board shall be given 5 days prior to the meeting; however, in the event of an emergency, notice of a meeting may be given orally, by telephone, etc. at any time.

Meetings of the supervisory board shall be convened by the chairman of the supervisory board. Voting shall be on a one-person-one-vote basis; resolutions of the supervisory board shall be passed by a vote of at least two-thirds of the members of the supervisory board.

**Article 188** The supervisory board shall formulate the rules of procedures of the supervisory board and specifies the manner of proceedings and voting procedures of the supervisory board, in order to ensure the work efficiency of the supervisory board and scientific decision-making.

**Article 189** The supervisory board shall make minutes of the decisions on matters discussed at the meeting and the supervisors present at the meeting shall sign the minutes.

The supervisors are entitled to request that the minutes contain certain explanatory notes on what they have said at the meeting. The minutes of meetings of the supervisory board shall be kept in the Company's archives for 10 years.



**Article 190** The notice of a meeting of the supervisory board shall include the following.

- (I) date, venue and duration of the meeting;
- (II) matters and agenda; and
- (III) date on which the notice is given.

## **Chapter 9 Qualifications and Obligations of the Company's Directors, Supervisors and Senior Management**

**Article 191** No one shall be a director, supervisor, general manager (chief executive) or other senior officer of the Company if in any of the following circumstances:

- (I) has no civil capacity or has limited civil capacity for civil conduct;
- (II) be subject to criminal penalty due to corruption, bribery, expropriation, misappropriation of property or for disrupting the socialist market economic order, and less than five years has elapsed after the sentence was served, or has been deprived of political rights due to such crimes, and less than five years has elapsed after the deprivation was completed;
- (III) has served as a director, factory manager or general manager of a company or enterprise that was bankrupted and liquidated, and was personally liable for the bankruptcy of such company or enterprise, and less than three years has elapsed after the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (IV) acted as a former legal representative of a company or an enterprise which has had its business license revoked and been ordered to close down its business for violating the laws, and was personally liable for that revocation, and less than three years has elapsed since the date of revocation;
- (V) an individual who has a comparatively large amount of debts that have become overdue and have not yet been settled;
- (VI) is currently under investigation for criminal offense and which investigation is not yet concluded;
- (VII) is prohibited from acting as leader of an enterprise by virtue of any laws and administrative regulations;
- (VIII) is not a natural person;
- (IX) has been prohibited to enter the capital market by the CSRC and the ban has not expired;
- (X) has been convicted by relevant competent authorities for violation of securities related laws and regulations, where such violation involved fraudulent or dishonest acts, and less than five years has elapsed since the date of such conviction; and

- (XI) other circumstances stipulated by laws, administrative regulations, departmental rules, regulatory documents or the listing rules of the stock exchange at the place where the Company's shares are listed.

Where the Company elects or appoints directors, supervisors or recruits senior management in violation of the provisions of this Article, such election, appointment or recruitment shall be null and void. A director, a supervisor or a recruited senior management falling into any circumstances specified in this Article during his or her term of office shall be dismissed by the Company.

**Article 192** The validity of an act carried out by a director, general manager (chief executive) or senior management of the Company on its behalf as against a bona fide third party, shall not be affected by any irregularity in the appointment, election or qualification hereof.

**Article 193** In addition to the obligations imposed by laws, administrative regulations or the listing rules of the securities exchange on which shares of the Company are listed, each of the Company's directors, supervisors, general manager (chief executive) and other senior management owes the following duties to each shareholder, in the exercise of the functions and powers of the Company granted to him:

- (I) not to cause the Company to exceed the Company's scope of business stipulated in its business license;
- (II) to act bona fide in good faith in the best interests of the Company;
- (III) not to expropriate the Company's property in any way, including (without limitation) usurpation of opportunities which benefit the Company; and
- (IV) not to expropriate the personal rights of individual shareholders, including (without limitation) rights to distributions and voting rights, save and except pursuant to a restructuring of the Company which has been submitted to the shareholders for approval in accordance with these Articles of Association.

**Article 194** Each of the Company's directors, supervisors, general manager (chief executive) and other senior officers owes a duty, in the exercise of his/her powers and in the discharge of his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 195** Each of the Company's directors, supervisors, general manager (chief executive) and other senior management shall exercise his power or perform his duties on fiduciary principles; and shall not put himself/herself in a position where his duty and his interest may conflict. These principles include (without limitation):

- (I) to act bona fide in good faith in the best interest of the Company;
- (II) to act within the scope of its powers and not to act ultra vires;
- (III) to exercise his discretion in person without being subject to the manipulations of other persons, and not to transfer such discretion to other persons unless permitted by law or administrative regulation or approved by the informed shareholders at the general meeting;

- (IV) to treat shareholders of the same class with equality, and to treat shareholders of different classes with fairness;
- (V) not to enter into contracts or conduct transactions or make arrangements with the Company unless otherwise provided by these Articles of Association or approved by the informed shareholders at the general meeting;
- (VI) not to employ the Company's assets in any way so as to pursue interests for himself/herself unless approved by the informed shareholders at the general meeting;
- (VII) not to accept any bribery or other illegal income by using his powers and position, and seize the assets of the Company in any manner, including (but not limited to) opportunities beneficial to the Company;
- (VIII) not to accept commissions relating to transactions of the Company, without the approval of the informed shareholders at the general meeting;
- (IX) to abide by these Articles of Association, perform his duties in good faith, protect the Company's interests, and not to pursue his personal gain by taking advantage of his powers and positions at the Company;
- (X) not to compete with the Company in any way unless approved by the informed shareholders at the general meeting;
- (XI) not to misappropriate the funds of the Company or lend the funds of the Company to other persons, open accounts in his own or another individual's name for deposit of the Company's assets, or provide security for the debts of the shareholders of the Company or other individuals with Company's assets; and
- (XII) not to divulge confidential information relating to the Company received during his term of office, unless approved by the informed shareholders at the general meeting; and not to use such information unless for the purpose of the Company's interests; provided that such information may be disclosed to a court or other governing authorities:
  - 1. as prescribed by law;
  - 2. as required for the purpose of public interest; or
  - 3. as required for the purpose of such director's, supervisor's, general manager's (chief executive's) or other senior managements' own interests.

**Article 196** Directors, supervisors, general manager (chief executive) and other senior management of the Company shall not direct the following persons or organizations (“**associates**”) to engage in activities prohibited for directors, supervisors, general manager (chief executive) and other management of the Company:

- (I) spouses or minor children of directors, supervisors, general manager (chief executive) and other senior management of the Company;
- (II) trustees of directors, supervisors, general manager (chief executive) and other senior management of the Company or of such persons as described in item (I) of this Article;

- (III) partners of directors, supervisors, general manager (chief executive) and other senior management of the Company or of such persons as described in items (I) or (II) of this Article;
- (IV) company (companies) in which a director, supervisor, general manager (chief executive) and other senior management of the Company, whether alone or jointly with the persons as described in items (I), (II) or (III) of this Article or other directors, supervisors, general manager (chief executive) or other senior management of the Company has de facto control; and
- (V) directors, supervisors, general manager (chief executive) and other senior management of the controlled company (companies) referred to in item (IV) of this Article.

**Article 197** The fiduciary duty of a director, supervisor, general manager (chief executive) and any other senior management of the Company may not necessarily cease upon the termination of his term, their confidentiality obligations to trade business secrets of the Company shall survive the termination of his term. The duration of other obligations and duties shall be determined on the principle of fairness, taking into account of the lapse of time between his leaving office and the occurrence of relevant event, and the situation and the circumstances and terms under which his relation with the Company was ended.

**Article 198** The informed shareholders of relevant circumstances may at the general meeting waive a director, supervisor, general manager (chief executive) and any other senior management of the Company of his liability as a result of his violation of any specific duty, save as by Article 65 hereof.

**Article 199** A director, supervisor, general manager (chief executive) and any other senior management of the Company having any direct or indirect material conflict of interests in any executed or proposed contracts, transactions, or arrangements (except the contracts of employment between the Company and its directors, supervisors, general manager or other senior management), regardless of whether such interests are usually subject to the approval and consent of the board of directors, such persons shall disclose the nature and extent of the interests to the board of directors as soon as possible.

Unless the directors, supervisors, general manager (chief executive) and other senior management of the Company with conflicts of interest have disclosed their interests to the board of directors in accordance with the requirements of the preceding paragraph, and the board of directors has approved the matter without counting the interested persons into the quorum and without their participation in the vote, the Company shall have the right to rescind such contracts, transactions or arrangements, except in circumstances where the counterparty is acting in good faith without knowledge that the directors, supervisors, general manager and other senior management are in breach of their duties chief executive chief executive.

Where the related persons of the Company's directors, supervisors, general manager (chief executive), and other senior management have interests in a contract, transaction or arrangement, the relevant directors, supervisors, general manager (chief executive) and other management personnel shall also be deemed to be interested chief executive chief executive.

**Article 200** If, prior to the Company's initial consideration of such contracts, transactions, or arrangements, a director, supervisor, general manager (chief executive) or any other senior manager of the Company has delivered a written notice to the board of directors, which contains the statement that he has interests in the contracts, transactions, or arrangements which may subsequently be concluded the Company, such director, supervisor, general manager (chief executive) or other senior manager shall be deemed to have made the disclosure stipulated by the preceding Article in respect of the statement contained in the notice.

**Article 201** The Company shall not, in any manner, perform tax duties for its directors, supervisors, general manager (chief executive) and other senior management.

**Article 202** The Company shall not, directly or indirectly, provide loans or loan guarantees to a director, supervisor, general manager (chief executive) and other senior management of the Company and its parent company, nor shall the Company provide the same to their related persons. The preceding provision shall not apply in the following circumstances:

- (I) loans or loan guarantees provided by the Company to its subsidiaries;
- (II) loans, loan guarantees or other funds provided by the Company to the directors supervisors, general manager (chief executive) and other senior management of the Company pursuant to their employment contracts which were adopted by the general meeting, with which the foregoing persons can make payments in the interests of the Company or for the expenses incurred in performing their duties and responsibilities for the Company; or
- (III) where the normal scope of business of the Company includes the provisions of loans and loan guarantees, loans and loan guarantees can be provided by the Company to the relevant directors, supervisors, general manager (chief executive), and other senior management of the Company and their related persons, provided that the loans and loan guarantees are provided on normal commercial terms and conditions.

**Article 203** If the Company provides a loan in breach of the provisions above, the person who has received the loan shall repay it immediately regardless of the terms of the loan.

**Article 204** A guarantee for a loan provided by the Company in breach of the preceding Article 202 (I) shall not be enforceable against the Company, save in respect of the following circumstances:

- (I) the lender was not aware of the relevant circumstances when he provided a loan to a related party of any of the directors, supervisors, general manager and other senior management of the Company or its parent company; or
- (II) the collateral provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

**Article 205** For the purpose of the foregoing provisions of this Chapter, a "guarantee" includes an undertaking or property provided by the guarantor to secure the obligator's performance of his obligations.

**Article 206** In addition to the rights and remedies provided by law and administrative regulations when a director, supervisor, general manager (chief executive) or other senior management of the Company breaches the duties which he owes to the Company, the Company shall be entitled to take the following measures:

- (I) to demand such director, supervisor, general manager (chief executive) or other senior management to compensate for the losses sustained by it as a result of such breach;
- (II) to rescind any contract or transaction which has been entered into between the Company and such director, supervisor, general manager (chief executive) or other senior management or between the Company and a third party, where such party knew or should have known that such director, supervisor, general manager (chief executive) or other senior management representing the Company was in breach of his duty owed to the Company;
- (III) to demand such director, supervisor, general manager (chief executive) or other senior management to surrender the profits made as result of the breach of his duty;
- (IV) to recover any money which should have been received by the Company but were received by such director, supervisor, general manager (chief executive) or other senior management instead, including (without limitation) any commissions; and
- (V) to demand the return of interest earned or which may have been earned by such director, supervisor, general manager (chief executive) or other senior management on moneys which should have been received by the Company.

**Article 207** The Company shall enter into written contracts with the director, supervisor, general manager (chief executive) and other senior management regarding remuneration which are subject to the prior approval of the general meeting. The written contracts shall include at least the following provisions:

- (I) an undertaking by the directors, supervisors, the general manager (chief executive) and other senior management to the Company that they will comply with the Company Law and the Special Provisions, these Articles of Association, the Code on Takeovers and Mergers, the Code on Share Repurchases and other requirements established by the Hong Kong Stock Exchange and agree that the Company will have the remedies provided for in these Articles of Association and that neither such contract nor their positions are transferable;
- (II) an undertaking by the directors, supervisors, the general manager (chief executive) and other senior management to the Company that they will observe and perform their duties to the shareholders as set out in these Articles of Association; and
- (III) the arbitration clause as set out in Article 265 of these Articles of Association.

The aforesaid remunerations include:

- (I) remuneration for a director, supervisor or senior management of the Company;

- (II) remuneration for a director, supervisor or senior management of the subsidiaries of the Company;
- (III) remuneration for those providing other services for managing the Company and any of its subsidiaries; and
- (IV) compensation to directors or supervisors for the loss of office or upon retirement.

Except pursuant to any contracts described above, the directors and supervisors shall not initiate litigation against the Company and claim benefits due to them for the foregoing matters.

**Article 208** The remuneration contracts between the Company and its directors or supervisors shall stipulate that if the Company is to be acquired, the directors and supervisors of the Company shall, subject to prior approval of the general meeting, be entitled to compensation or other funds for loss of their positions or upon retirement. Such compensation shall be in accordance with the principle of fairness and shall not damage the legitimate rights and interests of the Company or carry out transfer of benefits. The “acquisition of the Company” mentioned in this paragraph refers to one of the following circumstances:

- (I) a takeover offer made by any person to all shareholders;
- (II) a takeover offer made by any person with the intent of becoming a “controlling shareholder”. See the definition of “controlling shareholder” in Article 66 hereof.

If relevant director or supervisor does not comply with this Article, any funds received by them shall go to the persons who have accepted the offer mentioned above and sell their shares. The directors and supervisors shall bear the expenses arising from the proportional distribution of such amounts, and such expenses shall not be deducted from the amounts.

## **Chapter 10 Financial and Accounting System, Profit Distribution and Auditing**

### **Section 1 Financial and Accounting System**

**Article 209** The Company shall establish its financial and accounting systems in accordance with law, administrative regulation and provisions of competent authorities of the State.

**Article 210** The Company shall submit its annual financial and accounting reports to the CSRC and the stock exchange on which the Company’s shares are listed within 4 months after the end of each fiscal year; the interim financial and accounting report shall be submitted to the local CSRC office and the stock exchange on which the Company’s shares are listed within 2 months after the end of the first 6 months of each fiscal year; the quarterly financial and accounting report shall be submitted to the local CSRC office and the stock exchange on which the Company’s shares are listed within 1 month after the end of the first 3 months and the first 9 months of each fiscal year, respectively.

The aforementioned financial and accounting reports shall be prepared in accordance with laws, administrative regulations and departmental rules.

The Company shall prepare its financial statements in accordance with PRC accounting standards and regulations, as well as in accordance with international accounting standards or the accounting standards of the overseas locality in which the Company's shares are listed. If there are any material differences between the financial statements prepared in accordance with the two accounting standards, such differences shall be stated in the notes to the financial statements. When distributing the after-tax profit of a given financial year, the Company shall take as final the smaller amount of after-tax profit out of the aforementioned two kinds of financial statements.

The interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations, as well as the international accounting standards or the accounting rules of the overseas locality where the Company's shares are listed.

**Article 211** The board of directors of the Company shall present to the shareholders, at every annual general meeting, such financial reports which relevant laws, administrative regulations and regulatory documents promulgated by regional government and competent authorities require the Company to prepare.

**Article 212** The Company's financial reports shall be made available for shareholders' inspection at the Company twenty days before the date of every annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

The Company shall deliver to each shareholder of overseas-listed foreign shares (including each holder of H shares) by hand or by prepaid mail or by other means permitted by the Hong Kong Stock Exchange at the address registered in the register of shareholders the aforesaid reports or the directors' report, together with the balance sheet (including each document required to be attached to the balance sheet as provided by law), the income statement or the statement of revenues and expenditures or the summary of financial report, not later than twenty-one days before the date of every annual general meeting of the shareholders.

**Article 213** The Company shall not keep financial accounts other than those required by law. No asset of the Company shall be deposited in any account opened in the name of any individual.

**Article 214** The Company shall allocate 10% of the after-tax annual profits as the statutory reserve fund of the Company. When the cumulated amount of the statutory reserve fund of the Company exceeds 50% of its registered capital, no further allocation will be required.

If the statutory reserve fund is insufficient to offset the losses of the preceding year, profits of the current year shall first be used to offset for the said losses before any allocation to the statutory reserve fund is made as per the preceding paragraph.

After allocation to the statutory reserve has been made from the after-tax profits of the Company, allocation to discretionary surplus reserve may be made from the after-tax profits pursuant to resolution passed by general meeting.

The after-tax profits remaining after offsetting losses and allocation to statutory reserves shall be profits distributable to shareholders, which shall be distributed by the Company to the shareholders in proportion to their shareholding, unless otherwise stipulated in these Articles of Association.



If the general meeting has, in violation of the provision of the preceding paragraph distributed profits to shareholders before the Company has offsetted its losses and made allocations to its statutory reserve fund, the shareholders shall return the profit distributed in violation of the provision to the Company.

The shares in the Company held by the Company itself are not entitled to profit distribution.

**Article 215** The Company's reserves shall be used for offsetting make up for the losses of the Company, expanding its production and operation scale, or increasing the capital of the Company. However, capital reserves shall not be used to offset the losses of the Company.

The capital reserve fund shall include:

- (I) premiums obtained from issues above the par value of the stock;
- (II) other income required by the financial authority under the State Council to be stated as capital reserve.

When statutory reserve fund is converted into capital, the balance of the statutory reserve fund shall not be less than 25% of the registered capital of the Company before such conversion.

**Article 216** The Company may distribute dividends in the following forms:

- (I) cash;
- (II) shares.

Subject to relevant laws, administrative regulations and departmental rules of the PRC, the Company may exercise the right to forfeit unclaimed dividends, however, such power may only be exercised after the applicable limitation period expires.

**Article 217** After the general meeting of the Company makes a resolution on dividends distribution plans, the board of directors shall complete the distribution on dividends (or shares) within 2 months after the convening of the general meeting.

**Article 218** The Company shall appoint receiving agents on behalf of shareholders holding overseas-listed foreign shares. Receiving agents shall receive dividends and other payable funds that are distributed with respect to the overseas-listed foreign shares for relevant shareholders.

The receiving agents appointed by the Company shall meet relevant requirements of the laws of the place or relevant regulations of the stock exchange where the Company's shares are listed. The receiving agents appointed for holders of H shares listed in Hong Kong shall each be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

## **Section 2 Internal Auditing**

**Article 219** The Company shall adopt an internal audit system and appoint full time audit personnel to carry out internal auditing and supervision of the Company's income and expenses and economic activities.

**Article 220** The Company's internal audit system and the responsibilities of audit personnel shall be carried out upon approval of the board of directors. The auditor-in-chief shall be accountable and report to the board of directors.

### **Section 3 Appointment of Accounting Firm**

**Article 221** The Company shall appoint an accounting firm qualified to engage in securities – related business to undertake matters including audits of Company's annual financial statements, the verification of its net assets and provision of other relevant consultancy services. The term of appointment shall be 1 year which commence on the date of conclusion of the current annual general meeting and end on the date of the conclusion of the subsequent annual general meeting and may be renewed.

**Article 222** The Company's appointment of an accounting firm shall be decided by an ordinary resolution of the general meeting of shareholders. The board of directors shall not appoint any accounting firm prior to a decision being made by the general meeting.

**Article 223** An accounting firm appointed by the Company shall have the following rights:

- (I) to inspect, at any time, the Company's accounting books, records or vouchers, and shall have the right to require the directors, managers or other senior management to provide relevant information and explanations;
- (II) to require the Company to adopt all reasonable measures to obtain from its subsidiaries information and explanations which the accounting firm requires for the performance of its duties; and
- (III) to attend general meetings and to obtain information which is available to any shareholder who has the right to receive notice of a meeting or on other matters related to the meeting, and to speak at any general meeting about matters related to its functions as accounting firm to the Company.

**Article 224** In the event of a vacancy in the office of the accounting firm, the board of directors may, prior to the general meeting, appoint any accounting firm to fill in the vacancy. However, during the continuance of the vacancy, other accounting firms (if any) remaining in office may still act.

**Article 225** Notwithstanding the terms of the contract entered into between the accounting firm and the Company, the general meeting of shareholders may, by ordinary resolution, decide to dismiss any accounting firm before expiration of the term of office thereof. Any right of the accounting firm to claim against the Company as a result of the dismissal shall not be affected thereby.

**Article 226** The Company undertakes to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the accounting firm engaged without any objection, omission or falsehood.

**Article 227** The remuneration of an accounting firm or methods for determining remuneration shall be decided by an ordinary resolution at the general meeting. The remuneration of the an accounting firm appointed by the board of directors shall be determined by the board of directors.

**Article 228** The appointment, removal or discontinuance of an accounting firm shall be determined the general meeting. Such resolution shall be filed with the securities authority of the State Council.

Where a resolution at a general meeting is passed to appoint an accounting firm who is not an incumbent accounting firm, to fill a casual vacancy in the office of accounting firm, to reappoint an accounting firm who is appointed by the board of directors to fill a casual vacancy or to remove an accounting firm before the expiration of its term thereof, the following provisions shall apply:

- (I) a copy of the appointment or removal proposal shall be sent (before notice of meeting is given to the shareholders) to the accounting firm proposed to be appointed or the accounting firm proposing to leave office or the accounting firm which has left office in the relevant fiscal year. Leaving office includes dismissal, resignation and retirement.
- (II) if the accounting firm leaving office makes representations in writing and requests the Company to give the shareholders notice of such representation, the Company shall (unless the representations have been received too late) take the following measures:
  1. in any notice of the resolution given to shareholders, state the fact that the departing accounting firm has made such representations; and
  2. attach a copy of the representations to the notice and deliver it to each shareholder who is entitled to receive the notice of general meeting in the manner stipulated in these Articles of Association.
- (III) if the Company fails to send out the accounting firm's representations in the manner set out in item (II) of this Article, such accounting firm may require that the representations be read out at the general meeting and may make further appeal.
- (IV) an accounting firm leaving office shall be entitled to attend the following general meetings:
  1. the general meeting at which its term of office shall expire;
  2. the general meeting for filling the vacancy caused by its dismissal; and
  3. the general meeting which convened as a result of its resignation.

The accounting firm leaving office shall have the right to receive all notices of, and other communications relating to, any such meeting, to speak at any such meeting regarding the business which concerns it as former accounting firm of the Company.

**Article 229** When the Company intends to remove or dismiss an accounting firm or does not renew the engagement of the accounting firm, it shall notify the said accounting firm thirty days in advance. The accounting firm shall be allowed to state its opinions at the time when the general meeting is voting for or against its removal.

Where the accounting firm proposes to resign, it shall state to the general meeting whether or not there is anything improper in the Company.

The accounting firm may resign by sending its written notice of resignation at the legal address of the Company. The said notice shall come into effect on the day when it is placed at the legal address of the Company or the date indicated therein, whichever is later. Such notice shall include:

- (I) representation stating that it deems that its resignation does not involve any situation to be explained to the shareholders or creditor of the Company; or
- (II) representation regarding any issues to be explained.

The Company shall, within fourteen days upon receipt of the written notice prescribed in the foregoing paragraph, send copies of such notice to the competent authority. If the said notice contains representations mentioned in item (II) in the preceding paragraph, the Company shall keep a copy of such representation in the Company for the inspection by shareholders. The Company shall also deliver such copies thereof to each shareholder who is entitled to receive financial reports of the Company at the address registered in the register of shareholders.

If the resignation notice of the accounting firm contains a representation on any issues to be explained, the accounting firm may request the board of directors to convene an extraordinary general meeting to hear its explanations on issues relating to its resignation.

## **Chapter 11 Notices**

### **Section 1 Notices**

**Article 230** Notices of the Company shall be delivered by the following means:

- (I) by hand;
- (II) by mail;
- (III) by fax;
- (IV) by e-mail;
- (V) by announcement;
- (VI) subject to the laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the stock exchange on which the Company's shares are listed and these Articles of Association, by publication on the Company's and the stock exchange's designated websites;

- (VII) in other forms agreed in advance by the Company and the recipient or ratified by the recipient upon receipt of the notice; or
- (VIII) in other forms as provided by laws, administrative regulations, rules, the listing rules of the place where the Company's shares are listed or these Articles of Association.

For the means by which the Company provides or delivers corporate communications to the holders of H shares pursuant to the Hong Kong Listing Rules, such communications may be published on the website designated by the Company and/or website of the Hong Kong Stock Exchange or by electronic means provided or delivered to the holders of H Shares subject to laws, regulations and listing rules of the place where the Company is listed and these Articles of Association.

For the purpose of the foregoing paragraph, corporate communications shall mean any document delivered or to be delivered by the Company for the reference of any holder of H shares or for other persons as required by the Hong Kong Listing Rules for their reference or action, including without limitation:

1. annual reports of the Company, including directors' report, annual accounts, auditors' reports and financial summary reports (if applicable);
2. interim reports and interim summary reports of the Company (if applicable);
3. notices of meetings;
4. listing documents;
5. circulars;
6. proxy forms (which shall have the meaning conferred by the listing rules of the stock exchange on which the Company's shares are listed).

Where a notice is given by way of an announcement in exercise of the powers provided herein, such announcement shall be published in the manner prescribed by the Hong Kong Listing Rules.

**Article 231** Subject to the laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the stock exchange on which the Company's shares are listed and these Articles of Association, a notice given by the Company, which is made by way of announcement, shall be deemed to have been received by all relevant persons upon such announcement.

**Article 232** The notice of general meetings shall be sent by announcements.

**Article 233** The notice of meetings of the board of directors shall be sent by hand, mail, facsimile or e-mail.

**Article 234** The notice of meetings of the supervisory board shall be sent by hand, mail, facsimile or e-mail.

**Article 235** Notices delivered by hand shall be deemed duly served on the day when the addressee signs (or seals) the receipt of delivery; notices delivered by mail shall be deemed duly served on the fifth business day upon its dispatch to the post office; and notices sent by announcement shall be deemed duly served on the date of its first publication. Notices sent by fax shall be deemed duly served on the date the recipient sends back a return receipt if the sender notifies the recipient by phone and the recipient sends back a return receipt in time, or on the date immediately after the fax is sent if the sender notifies the recipient by phone but the recipient does not send back a return receipt in time or at all. Notices sent by e-mail shall be deemed duly served when the data message enters the specific system designated by the recipient.

**Article 236** The accidental omission to give notice of a meeting to a person entitled to notice or the non-receipt of such notice by such person shall not invalidate the meeting and the resolutions made thereat.

**Article 237** If the Company is required by the listing rules of the place where its shares are listed to send, mail, distribute, issue, publish or otherwise make available relevant documents of the Company in English and Chinese, the Company may (on stated intention of the shareholder) send only the English version or only the Chinese version to the shareholder concerned if the Company has made appropriate arrangements to determine whether the shareholder wishes to receive only the English version or only the Chinese version, and to the extent permitted by and subject to applicable laws and regulations.

## **Section 2 Announcements**

**Article 238** The Company shall use the newspapers and websites designated by the securities regulatory authority under the State Council for disclosing information of listed companies as the media for publishing announcements issued by the Company to shareholders of domestic shares and the media for other information required to be disclosed.

If an announcement shall be made to holders of H Shares in accordance with these Articles of Association, such announcement shall also be published in such method as prescribed by the Hong Kong Stock Exchange.

Information disclosed by the Company in other public media shall not be earlier than the designated newspapers and websites, and no other forms such as press release or Q&A shall be used in lieu of the Company's announcement.

The board of directors shall have the right to decide to change the Company's designated media for information disclosure, but shall ensure that the designated media for information complies with relevant laws and regulations of the Mainland and Hong Kong as well as the qualifications and conditions stipulated by the securities regulatory authorities of the State Council, overseas regulatory authorities and the stock exchange on which the Company's shares are listed.

**Article 239** The Company shall also notify by way of announcement of matters that are required to be announced under the laws, administrative regulations, rules and regulations, the listing rules of the place where the Company's shares are listed and these Articles of Association.

## **Chapter 12 Merger, Division, Capital Increase, Capital Reduction, Dissolution and Liquidation**

### **Section 1 Merger, Division, Capital Increase and Capital Reduction**

**Article 240** Merger of the Company may take the form of merger by absorption or merger by establishment of a new company.

One company absorbing another company is a merger by absorption and the company being absorbed shall be dissolved. Merger of two or more companies to establish a new company is a newly established merger, and the companies merged shall be dissolved respectively.

**Article 241** In the case of the merger or division of the Company, a merger or division plan shall be drafted by the board of directors and after the plan is adopted according to the procedures stipulated in these Articles of Association, the relevant procedures for examination and approval shall then be carried out in accordance with law. If a shareholder objects to the merger or division plan, that shareholder shall have the right to require the Company or those shareholders who approve the merger or division plan to purchase his/her shares at a fair price. The contents of the resolution of merger or division of the Company shall be made into a special document which shall be available for inspection by the shareholders.

For holders of foreign shares of the company listed in Hong Kong the aforesaid document shall be delivered by mail to each of them.

**Article 242** In a merger of companies, the companies shall execute a merger agreement and prepare their respective balance sheets and schedules of assets. The companies shall notify their creditors within 10 days of adopting merger resolutions, and shall publish an announcement at least three times on information disclosure press within 30 days.

Creditors shall be entitled to claim full repayment of all debts owed by the companies or require that appropriate assurances are provided within 30 days of receiving the notice, or within 45 days of publication of the announcement if any such creditor did not receive the notice.

**Article 243** Upon merger, the credits and debts of the Company of each party shall be inherited by the company subsisting after the merger or by the newly established company.

**Article 244** If the Company is to be divided, its assets shall be divided accordingly.

In a division of the company, a balance sheet and a schedule of assets shall be prepared. The Company shall notify its creditors within 10 days of the date on which the division resolution is made, and shall make announcements at least three times in the information disclosure press within thirty days.

**Article 245** The debts of the Company prior to the division shall be assumed jointly and severally by the companies arising from the division, except where written agreement has been reached with the creditor in respect of repayment of the debts prior to the division.

**Article 246** The Company must prepare a balance sheet and a schedule of assets when it reduces its registered capital.

The Company shall notify its creditors within 10 days of the date on which the capital reduction resolution is made, and shall make an announcement on the information disclosure press within 30 days. Creditors shall be entitled to claim full repayment of all debts owed by the companies or require that appropriate assurances are provided within thirty days of receiving the notice, or within forty-five days of publication of the announcement if any such creditor did not receive the notice.

The Company's registered capital must not, after the reduction in capital, be less than the minimum amount required by law.

**Article 247** The Company shall, in accordance with law, apply for change in its registration with the company registration authority where a change in any item in its registration arises as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, procedures for business registration shall be completed in accordance with the law.

Increase or reduction of the Company's registered capital shall be registered with the company registration authority in accordance with the law.

## **Section 2 Dissolution and Liquidation**

**Article 248** The Company shall be dissolved in any of the following circumstances:

- (I) expiry of term of business stipulated herein;
- (II) if the general meeting resolves to do so;
- (III) if a dissolution is necessary as a result of a merger or division of the Company;
- (IV) the Company is declared bankrupt pursuant to the law as a result of its inability to pay its debt when due;
- (V) business license of the Company is revoked or if it is ordered to close down its business; or dissolved; or
- (VI) where the operation and management of the Company falls into serious difficulties and its continued existence would cause material losses to shareholders, the shareholders holding more than 10% of the total voting rights of the Company may apply to the People's Court to dissolve the Company if there are no other solutions.

**Article 249** In the circumstance of item (I) of Article 248 hereof, the Company may continue to exist by amending these Articles of Association.

Where these Articles of Association are amended in accordance with the preceding paragraph, the amendment shall be subject to the approval of two thirds or more of the voting rights held by the shareholders attending the general meeting.



**Article 250** Where the Company is dissolved in accordance with items (I), (II), and (VI) of Article 248 hereof, a liquidation committee shall be established within fifteen days upon occurrence of the reason for dissolution to carry out liquidation. Members of the liquidation committee shall be determined by an ordinary resolution of the general meeting of shareholders.

Where the Company is dissolved according to the item (IV) of Article 248 hereof, the People's Court shall, according to provisions of related laws, organize the shareholders, relevant authorities and related professionals to form a liquidation committee to carry out liquidation.

Where the Company is dissolved according to item (V) of Article 248 hereof, the competent authority shall organize the shareholders, relevant authorities and related professionals to form a liquidation committee to carry out liquidation.

**Article 251** If the board of director decides that the Company shall be liquidated (except for liquidation resulting from the Company's declaration of bankruptcy), it shall state in the notice of general meeting convened for such purpose that the board of directors have conducted a comprehensive investigation into the situation of the Company and believes that the Company is able to pay off all its debts within twelve months following the commencement of the liquidation.

After the general meeting adopts a resolution on the liquidation of the Company, all functions and powers of the board of directors shall cease immediately.

The liquidation committee shall follow the instructions of the general meetings and shall report to the general meeting at least once a year on the income and expenditure of the liquidation committee, the business of the Company and the progress of the liquidation, and shall make a final report to the general meeting at the end of the liquidation.

**Article 252** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (I) to examine and take possession of the Company's assets and prepare a balance sheet and an inventory of assets;
- (II) to notify the creditor(s) by sending a notice or by making announcements;
- (III) to dispose of and liquidate any unfinished businesses of the Company;
- (IV) to pay all outstanding taxes and taxes arising in the course of the liquidation;
- (V) to settle claims and debts;
- (VI) to dispose of the remaining assets of the Company after the repayment of debts;
- (VII) to represent the Company in any civil proceedings.

**Article 253** The liquidation committee shall, within 10 days of its establishment, send notices to creditors and shall, make announcements at least three times in the information disclosure press within 60 days. A creditor shall be entitled to claim its rights to the liquidation committee within 30 days of receipt of the notice, or within 45 days of the announcement if any such creditor did not receive the notice.

In claiming its rights, the creditor shall provide an explanation of matters relevant to the creditor's rights and provide supporting evidence. The liquidation committee shall register the creditor's rights.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

**Article 254** After the liquidation committee has sorted out the Company's assets and prepared a balance sheet and a inventory list of assets, it shall formulate a liquidation plan and submit it to the general meeting or to a People's Court for confirmation.

Any assets of the Company remaining after payment for liquidation cost, staff's salary, social insurance premium, statutory compensation, taxes payable, and debts of the Company shall be distributed to its shareholders in proportion to their shareholding.

During the liquidation period, the Company remains in existence, but shall not conduct any business activity irrelevant to liquidation. The Company's assets shall not be distributed to its shareholders prior to repaying its debts in accordance with the foregoing provision.

**Article 255** If after the liquidation committee has sorted out the Company's assets and prepared a balance sheet and an inventory of assets, it discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to a People's Court for a declaration of bankruptcy according to law.

After the Company is declared bankrupt by a ruling of the People's Court, the liquidation committee shall transfer all matters arising from the liquidation to the People's Court.

**Article 256** Following completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses for the liquidation period and account books, which shall be verified by a Chinese registered accountant and submitted to the general meeting or relevant competent authority for confirmation.

The liquidation committee shall, within 30 days after such confirmation, submit the documents referred to in the preceding paragraph to the company registration authority and apply for deregistration of the Company, and publish a public announcement of the termination of the Company.

**Article 257** Members of the liquidation committee shall faithfully perform their duties and carry out their liquidation obligations in accordance with the law.

Members of the liquidation committee may not abuse their authorities by accepting bribes or receiving other illegal income, and may not misappropriate the Company's assets.

A member of the liquidation committee who causes loss to the Company or its creditors due to his willful misconduct or gross negligence shall be liable for damages.

**Article 258** Where the Company is declared bankrupt in accordance with the law, bankruptcy liquidation shall be carried out in accordance with the law concerning enterprise bankruptcy.

## **Chapter 13 Amendments to the Articles of Association**

**Article 259** The Company may amend these Articles of Association in accordance with the laws and regulations and the provisions of these Articles of Association.

**Article 260** In any of the following circumstances, the Company shall amend these Articles of Association:

- (I) if upon amendments to the Company Law or relevant laws and administrative regulations, any terms contained in these Articles of Association became inconsistent with the provisions of the amended laws or administrative regulations;
- (II) any changes in the Company's situation resulting in inconsistencies with any matter contained in these Articles of Association; or
- (III) a resolution being passed by the general meeting to amend these Articles of Association.

**Article 261** If the amendments to these Articles of Association are subject to approval by relevant competent authorities, the amendments to these Articles of Association adopted at the general meeting shall be reported to the competent authority for approval; if registration matters are involved, the Company shall apply for registration of the changes in accordance with the law.

**Article 262** The board of directors shall amend these Articles of Association according to the resolution of the general meeting for amendments hereto and the opinions of competent authority.

**Article 263** If amendments to these Articles of Association need to be disclosed pursuant to laws and regulations, they shall be disclosed accordingly.

**Article 264** Any amendment to these Articles of Association involving the content of the Mandatory Provisions shall take effect upon approval by the company approval authority under the State Council and the securities regulatory authority under the State Council. If registration matters are involved, the Company shall apply for registration of the changes in accordance with the law.

## **Chapter 14 Dispute Resolution**

**Article 265** The Company shall abide by the following rules for dispute resolution:

- (I) Any dispute or claim arising between holders of overseas-listed foreign shares and the Company, between holders of overseas-listed foreign shares and the Company's directors, supervisors or senior officers, and between holders of overseas-listed foreign shares and holders of domestic shares, in respect of any rights or obligations arising under these Articles of Association, the Company Law and any other relevant laws and administrative regulations concerning the affairs of the Company shall be resolved through arbitration.

When a dispute or claim referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be resolved through arbitration, and all persons who have a cause of action on grounds of the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall, where such person is the Company, or shareholders, directors, supervisors, or other senior management of the Company, shall abide submit to arbitration.

Dispute in respect of the who is a shareholder and over the register of shareholders need not be resolved by arbitration;

- (II) The party seeking arbitration may choose for the arbitration to be arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Center in accordance with its securities arbitration rules. Once a claimant submits a dispute or claim for arbitration, the other party must submit to the arbitral body selected by the claimant.

If a party seeking arbitration opts for arbitration by the Hong Kong International Arbitration Center, either party may request for the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Center.

- (III) Unless otherwise provided by laws and administrative regulations, the laws of the PRC shall apply to any disputes or claims that are resolved by arbitration described in item (I) above.
- (IV) The award of the arbitral body is final and shall be binding upon all parties.

## **Chapter 15 Supplementary Provisions**

### **Article 266** Definitions

- (I) A controlling shareholder is a shareholder who, acting alone or in concert with others, can elect more than half of the directors; who, acting alone or in concert with others, holds more than 30% of the issued shares of the Company; who, acting alone or in concert with others, can exercise more than 30% of voting rights of the Company or can control the exercise of more than 30% of voting rights of the company; and who, acting alone or in concert with others, otherwise de facto controls the Company.
- (II) A de facto controller means a person who is not a shareholder of the Company, but effectively controls the corporate behaviors of the Company through investment, agreements, or other arrangements.
- (III) Connected relation means the relationship between the Company's controlling shareholder, de facto controller, directors, supervisors, and senior management and the enterprises they control directly or indirectly, and other relation that may cause the transfer of the Company's interests. However, state-controlled enterprises are not related to each other solely by virtue of being under common control of the State.

**Article 267** The board of directors may formulate by-laws for these Articles of Association in accordance with the provisions hereof, but the by-laws for these Articles of Association shall not conflict with the provisions hereof.

**Article 268** The Articles of Association shall be written in Chinese. If there is any discrepancy between the Articles of Association and other versions of Articles of Association or other Articles of Association in other language, the Chinese version last approved by and registered with Ningbo Administration for Industry and Commerce shall prevail.

**Article 269** The phrases “no less than”, “within” and “no more than” herein for the numbers include the numbers indicated themselves, while the phrases “exceed”, “below”, “over” exclude the numbers indicated themselves.

**Article 270** The Company’s board of directors shall be responsible to interpret these Articles of Association.

**Article 271** Appendices to these Articles of Association may include the Rules of Procedure for the general meetings, the Rules of Procedure of the board of directors, and the Rules of Procedure of the supervisory board.

**Article 272** Upon approval by the Company’s shareholders in general meeting, these Articles of Association shall come into effect on the date of the listing and trading of the Company’s overseas-listed foreign shares (H Shares) on the Hong Kong Stock Exchange upon the public offering.

**Lygend Resources & Technology Co., Ltd.**  
**28 April 2023**