

**SINOPHARM GROUP CO. LTD.**

**Articles of Association**

**(H Share)**

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*Note:* Within the main body of these articles of association and marginal notes, the terms “China” represents the People’s Republic of China (the “PRC” ), the “Company Law” represents the Company Law of the PRC, the “Mandatory Provisions” represents the Mandatory Provisions for the Articles of Association of Companies Listed Overseas (zheng wei fa [1994] No. 21) jointly issued by the former Securities Commission of the State Council and the former State Commission for Restructuring the Economic Systems (hereinafter referred to as the “SCRES” ), the “Special Regulations” represents Special Regulations of the State Council concerning the Offering and Listing of Shares Overseas by Joint Stock Limited Companies (the Decree No. 160 of the State Council) promulgated by the General Office of the State Council, the “Listing Rules” represents the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Stock Exchange” ), the “CSRC Letter ” represents the Letter on the Opinion Regarding the Supplemental Amendments to the Articles of Association of Companies to be listed in Hong Kong (Zheng Jian Hai Han [1995] 1) jointly promulgated by the overseas listing department of the China Securities Regulatory Commission and the production system department of the State Restructuring Commission (the “CSRC” ), the “Opinion” represents the Opinion Regarding Further Conformity in Operations and Reform of Companies Listed outside the PRC (Guo Jing Mao Qi Gai [1999] 230) jointly issued by the former State Economic and Trade Commission and the CSRC, and the “Advices of HKEx” represents the advices provided by Hong Kong Exchanges and Clearing Limited, the “Reply” represents the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to Overseas Listed Companies (Guo Han [2019] No.97) issued by the State Council.

# SINOPHARM GROUP CO. LTD.

## Articles of Association

### Chapter 1 General Provisions

**Article 1** Sinopharm Group Co. Ltd. (hereinafter referred to as the “  
Company” ) is a joint stock limited company duly incorporated in  
accordance with the Company Law, Special Regulations as well as  
other relevant laws and administrative regulations of the PRC.

Clause 1 of the  
Mandatory  
Provisions

The Company was established by conversion of the former Sinopharm Holding Co., Ltd. into a joint stock limited company with the approval document (Guo Zi Gai Ge [2008] 1071) issued by the State-owned Assets Supervision and Administration Commission (hereinafter referred to as the “SASAC” ). On 6 October 2008, the Company registered with the Shanghai Administration of Industry and Commerce and obtained a business license. The unified social credit code of the Company is 91310000746184344P

The Company was authorized to convert into an overseas subscription company with the approval document (Guo Zi Gai Ge [2009] 337) issued by the SASAC.

The promoters of the Company are China National Pharmaceutical Group Co., Ltd. and Sinopharm Industrial Investment Co., Ltd.

**Article 2** Registered name of the Company:

Chinese: 國藥控股股份有限公司

English: Sinopharm Group Co. Ltd.

Clause 2 of the  
Mandatory  
Provisions

**Article 3** Domicile of the Company: 6th Floor, No. 221 Fuzhou Road, Huangpu District, Shanghai,

PRC Postal code: 200002 Telephone

number: 86-21-63211750

Fax number: 86-21-63212722

Clause 3 of the  
Mandatory  
Provisions

|                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                 |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| <b>Article 4</b> | The legal representative of the Company shall be the chairman of the board of directors of the Company, or the general manager of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                    | Clause 4 of the Mandatory Provisions                                            |
| <b>Article 5</b> | <p>The Company is a perpetually existing joint stock limited company.</p> <p>The registered capital of the Company is divided into shares of equal value. The rights and responsibilities of the Company's shareholders shall be limited to the proportion of the shares as held by them and the Company shall be responsible for the debts of the Company by all of its assets.</p> <p>The Company is an independent legal person subject to the jurisdiction and under the protection of the laws and administrative regulations of PRC.</p>                    | <p>Clause 5 of the Mandatory Provisions</p> <p>Article 3 of the Company Law</p> |
| <b>Article 6</b> | The Company amended the original articles of association (hereinafter referred to as the "Original Articles" ) and formulated the articles of association of the Company (hereinafter referred to as the "Articles" ) in accordance with the Company Law, Special Regulations, Mandatory Provisions, the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to Overseas Listed Companies and other relevant laws and administrative regulations.                                               | Clause 6 of the Mandatory Provisions                                            |
| <b>Article 7</b> | <p>The Original Articles came into force on the date when the joint stock limited company was registered.</p> <p>The Articles shall come into force from the overseas listing date upon the approval by special resolution at the general meeting of the Company and the approval by the examining and approving departments as authorized by the State Council and upon the completion of issuance of overseas-listed foreign invested shares. The Original Articles shall be replaced by these Articles from the date when these Articles become effective.</p> | Clause 6 of the Mandatory Provisions                                            |
| <b>Article 8</b> | These Articles shall be the legally binding document regulating the structure and behaviour of the Company and the rights and obligations between the Company and its shareholders and among shareholders, from the date when it becomes effective.                                                                                                                                                                                                                                                                                                               | Clause 6 of the Mandatory Provisions                                            |

**Article 9**

These Articles shall be binding upon the Company and its shareholders, directors, supervisors, general manager and other senior management members of the Company, who shall have the right to make any claims and propositions regarding the Company's affairs in accordance with these Articles.

Clause 7 of the  
Mandatory  
Provisions

According to these Articles, the shareholders shall have the right to take legal proceedings against the Company; the Company shall have the right to take legal proceedings against the shareholders; the shareholders shall have the right to take legal proceedings against the shareholders; and the shareholders shall have the right to take legal proceedings against the directors, supervisors, general manager and other senior management members of the Company.

The other senior management members referred to in these Articles are deputy general manager, the secretary of the board of directors, financial executive, general counsel engaged by the board of directors and other senior management members appointed by the board of directors.

The "legal proceedings" referred to in the preceding paragraph shall include filing suits to a court or applying for arbitration to an arbitration organization.

**Article 10**

The Company may invest in other limited liability companies and joint stock limited companies and shall assume responsibilities to an invested company with limitation to its capital contribution.

Clause 8 of the  
Mandatory  
Provisions

**Article 11**

The Company shall have rights to raise money or borrow funds, including (but not limited to) issuance of corporate bonds and mortgage or pledge of its properties, provided that it shall comply with the applicable laws, administrative regulations and listing rules. The Company shall also have rights to give guarantee for any third party, and shall not damage or revoke the rights of any class of shareholders when exercising the said rights.

**Article 12**

The Company shall, in accordance with the relevant provisions in the Constitution of the Communist Party of China (CPC) and the Company Law, establish a CPC organisation to carry out CPC activities, and provide necessary conditions to facilitate such activities.

## Chapter 2 Purpose and Scope of Business

### Article 13

The purpose of the Company's operation: to establish a pharmaceutical conglomerate which integrates fund-raising and knowledge-collecting, scientific research and production, marketing service, distribution network advantage, retail chain and e-commerce and has international competitiveness; and to protect the investment benefits of all shareholders as a whole in order to give them satisfactory returns and create good social influence.

Clause 9 of the  
Mandatory  
Provisions

### Article 14

The business scope of the Company shall be such items as approved by the relevant registration authority responsible for the Company.

Clause 10 of the  
Mandatory  
Provisions

The scope of business of the Company includes: industrial investment holding, pharmaceutical enterprise entrust management and asset restructuring, traditional Chinese medicines, Chinese medicine drinking tablets, chemical medicine preparations, pharmaceutical ingredients of chemical medicines, antibiotics, biochemical medicines, biological products, anesthetics, medicines for psychiatric diseases, medical toxic drugs (compatible with the scope of business), external pharmaceutical diagnostic reagents, vaccines, protein anabolic preparations, peptide hormones, medical device operation, sale and management of food (in dematerialised form), technology development, technology transfer, technical consultation and technical services as to the medical science and technology area, chemical raw materials and products (except for dangerous chemicals, monitoring chemicals, fireworks, flammable and explosive materials, explosives used by the general public), business management consultation, business consultation, consultation and investigation of market information (not allowed to engage in social surveys, social research, public opinion polls, public opinion surveys), data processing services, e-commerce (not allowed to engage in value-added telecommunications and financial services), sterilization products, daily necessities, textiles and knitwear, clothing, protective goods, labor protection products, sports equipment, household appliances, electronic products, furniture, toys, edible agricultural products, sale of cosmetics and sports products, design and production agents and publication of various types of domestic and foreign advertisement, import and export of various goods and technologies (catalogue of imported and exported goods not attached), logistics and distribution and related advisory services, but excluding the goods and technologies that are restricted or prohibited from import or export. Any business which requires administrative approvals shall be operated under the required permit.

**Article 15** The Company may set up wholly-owned or holding branch organizations, such as subsidiaries, branches and representative offices, according to its business development needs.

After completion of the issuance required by Article 22, the Company may from time to time adjust the scope of business and operation mode and set up branch organizations (whether or not wholly-owned) and/or offices abroad and in Hong Kong Special Administrative Region (hereinafter referred to as “Hong Kong SAR” ), Macau Special Administrative Region (hereinafter referred to as “Macau SAR” ) and Taiwan according to its business development needs and upon approval by the relevant government authorities.

### **Chapter 3 Shares and Registered Capital**

**Article 16** The Company shall have ordinary shares at all times, the shares of the company shall take the form of share certificate. Ordinary shares issued by the Company include the “domestic-invested shares” and the “foreign invested shares” . The Company may create other classes of shares if necessary, upon approval of the examining and approving departments as authorized by the State Council.

Clause 11 of the  
Mandatory Provisions  
Article 125 of the  
Company Law

**Article 17** All the shares issued by the Company shall have a nominal value of Renminbi 1.00 each.

Clause 12 of the  
Mandatory Provisions

The “Renminbi” aforesaid shall mean the legal currency of the People’s Republic of China.

**Article 18** Upon approval by the securities regulatory authorities of the State Council, the Company may issue shares to domestic investors and overseas investors.

Clause 13 of the  
Mandatory Provisions

The “overseas investors” referred to in the preceding paragraph shall mean the investors residing in foreign countries or Hong Kong, Macau and Taiwan who have subscribed the shares issued by the Company. The “domestic investors” shall mean the investors other than those mentioned above who have subscribed the shares issued by the Company and are residing in the People’s Republic of China.



**Article 19**

Shares issued by the Company to the domestic investors which are subscribed in Renminbi shall be referred to as domestic-invested shares. Shares issued by the Company to the overseas investors which are subscribed in foreign currencies shall be referred to as foreign invested shares. Foreign invested shares that are listed abroad shall be referred to as overseas-listed foreign invested shares. The shareholders of domestic- invested shares and overseas- listed foreign invested shares shall be shareholders of ordinary shares, enjoying the same rights and undertaking the same obligations.

Clause 14 of the  
Mandatory  
Provisions  
Para 9 of App 3  
to the Listing  
Rules

The “foreign currencies” referred to in the previous paragraph shall mean the legal currencies of other countries or regions other than Renminbi which are recognized by the foreign exchange authority of the State and which can be used to pay the share price to the Company.

**Article 20**

The overseas-listed foreign invested shares issued by the Company and listed in Hong Kong shall be referred to as H shares. H shares shall mean the shares which have been admitted to listing on Hong Kong Stock Exchange, the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

**Article 21**

With the approval of the examining and approving departments as authorized by the State Council, the total number of ordinary shares issued to the promoters at the time of incorporation is 1,637,037,451 shares, representing hundred percent (100%) of the total number of ordinary shares the Company may issue, which were fully subscribed by the promoters.

Clause 15 of the  
Mandatory  
Provisions

**Article 22**

After its establishment, the Company initially issued 690,284,125 overseas-listed foreign invested ordinary shares. After such issuance, the Company’s registered capital was RMB2,264,568,474 with a nominal value of RMB1.00 each, of which 2,728,396 shares were held by China National Pharmaceutical Group Co., Ltd. (the promoter of the Company), 1,571,555,953 shares were held by Sinopharm Industrial Investment Co., Ltd. (the other promoter of the Company), and 690,284,125 shares were held by holders of the overseas-listed foreign invested shares.

After the above initial issuance of the overseas-listed foreign invested ordinary shares, according to the general mandate granted at the 2009 annual general meeting and the approvals of the board of directors and relevant regulatory authorities, the Company further issued 138,056,825 overseas-listed foreign invested ordinary shares to not less than 6 but no more than 10 investors by way of placing. After completion of such placing, the Company's registered capital was RMB2,402,625,299 with a nominal value of RMB1.00 each, of which 2,728,396 shares were held by China National Pharmaceutical Group Co., Ltd. (the promoter of the Company), 1,571,555,953 shares were held by Sinopharm Industrial Investment Co., Ltd. (the other promoter of the Company), and 828,340,950 shares were held by holders of the overseas-listed foreign invested shares.

After completion of the above placing of overseas-listed foreign invested ordinary shares, according to the general mandate granted at the 2011 annual general meeting and the approvals of the board of directors and relevant regulatory authorities, the Company further issued 165,668,190 overseas-listed foreign invested ordinary shares to not less than 6 but no more than 10 investors by way of placing. After completion of such further placing, the Company's registered capital was RMB2,568,293,489 with a nominal value of RMB1.00 each, of which 2,728,396 shares were held by China National Pharmaceutical Group Co., Ltd. (the promoter of the Company), 1,571,555,953 shares were held by Sinopharm Industrial Investment Co., Ltd. (the other promoter of the Company), and 994,009,140 shares were held by holders of the overseas-listed foreign invested shares.

After completion of the above placing of overseas-listed foreign invested ordinary shares, according to the general mandate granted at the 2013 annual general meeting and the approvals of the board of directors and relevant regulatory authorities, the Company further issued 198,801,600 overseas-listed foreign invested ordinary shares to not less than 6 but no more than 10 investors by way of placing. After completion of such further placing, the Company's registered capital was RMB2,767,095,089 with a nominal value of RMB1.00 each, of which 2,728,396 shares were held by China National Pharmaceutical Group Co., Ltd. (the promoter of the Company), 1,571,555,953 shares were held by Sinopharm Industrial Investment Co., Ltd. (the other promoter of the Company), and 1,192,810,740 shares were held by holders of the overseas-listed foreign invested shares.

After completion of the above placing of overseas-listed foreign invested ordinary shares, according to the approvals of the general meeting, the board of directors and relevant regulatory authorities, the Company acquired 60% equity interest of China National Scientific Instruments and Materials Co. Ltd. by issuance of 204,561,102 domestic shares to China National Pharmaceutical Group Co., Ltd. under general mandate. Upon completion of the issuance of domestic shares, the Company's registered capital was RMB2,971,656,191 with a nominal value of RMB1.00 each, of which 207,289,498 shares were held by China National Pharmaceutical Group Co., Ltd. (the promoter of the Company), 1,571,555,953 shares were held by Sinopharm Industrial Investment Co., Ltd. (the other promoter of the Company), and 1,192,810,740 shares were held by holders of the overseas-listed foreign invested shares.

After the completion of the above issuance of domestic shares for the acquisition of the assets, according to the general mandate granted at the 2018 annual general meeting and the approvals from the board of directors and relevant regulatory authorities, the Company issued additional 149,000,000 overseas-listed foreign invested shares to at least 6 investors by way of placing. Upon completion of the placing, the Company's registered capital was RMB3,120,656,191 with a nominal value of RMB1.00 each, of which 207,289,498 shares were held by China National Pharmaceutical Group Co., Ltd. (the promoter of the Company), 1,571,555,953 shares were held by Sinopharm Industrial Investment Co., Ltd., and 1,341,810,740 shares were held by holders of the overseas-listed foreign invested shares.

**Article 23**

The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to relevant provisions of these Articles.

Clause 20 of the  
Mandatory  
Provisions

The Company may increase its capital in the following ways:

- (1) by offering new shares for subscription by unspecified investors;
- (2) by placing new shares to its existing shareholders;
- (3) by allotting new shares to its existing shareholders; and
- (4) by any other means which is permitted by the laws and administrative regulations.

After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of these Articles, and the issuance shall be made in accordance with the procedures set out in the relevant laws and administrative regulations of the State.

**Article 24**

Unless otherwise stipulated in the laws and administrative regulations, paid-up shares of the Company shall be freely transferable and are not subject to any lien.

Clause 21 of the  
Mandatory  
Provisions  
Para 1(2) of App  
3 to the Listing  
Rules

**Chapter 4 Capital Reduction and Share Redemption****Article 25**

According to the provisions of these Articles, the Company may reduce its registered capital.

Clause 22 of the  
Mandatory  
Provisions

**Article 26**

The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

Clause 23 of the  
Mandatory  
Provisions

The Company shall notify its creditors within ten (10) days of adopting the resolution to reduce its registered capital and shall publish at least three (3) announcements in newspaper within thirty (30) days. A creditor shall have the right within thirty (30) days from the receipt of a written notice or, for those who have not received a written notice, within ninety (90) days from the date of the first public announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debt.

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

**Article 27**

The Company may, in accordance with the procedures set out in these Articles and with the approval of the relevant governing authority of the State, repurchase its issued and outstanding shares under the following circumstances:

- (1) cancellation of shares for the purposes of reducing its capital;
- (2) merge with other companies that hold shares of the Company;
- (3) granting shares as rewards to the employees of the Company;
- (4) any shareholder requiring the Company to repurchase his/her/ its shares in the event that such shareholder disagrees with any merger or division resolution passed at a general meeting; or
- (5) other ways approved by laws and administrative regulations.

Clause 24 of the  
Mandatory  
Provisions  
Article 142 of the  
Company Law

Where the Company needs to repurchase its shares for any reasons mentioned in Items (1) to (3) of the preceding paragraph, it shall be subject to a resolution passed at a general meeting. Shares repurchased by the Company under circumstance mentioned in Item (1) shall be cancelled within ten (10) days after the purchase, while shares repurchased under circumstance mentioned either in Item (2) or Item (4) shall be transferred or cancelled within six (6) months.

Shares repurchased by the Company under circumstance mentioned in Item (3) of the preceding paragraph shall not exceed five percent (5%) of the total shares issued by the Company. The funds used for the repurchase shall be paid from the after-tax profits of the Company. The shares repurchased by the Company shall be transferred to the employees within one (1) year.

The Company shall repurchase its issued and outstanding shares in accordance with the provisions of Article 28 to Article 31.

**Article 28**

The Company may repurchase shares in one of the following ways, with the approval of the relevant governing authority of the State:

Clause 25 of the  
Mandatory  
Provisions

- (1) by making an offer for the repurchase of shares to all its shareholders on a pro rata basis;
- (2) by repurchasing shares through public dealing on a stock exchange;
- (3) by repurchasing shares by way of a contractual agreement outside a stock exchange; and
- (4) other ways approved by laws and administrative regulations.

**Article 29**

When the Company is to repurchase shares by a contractual agreement outside a stock exchange, prior approval shall be obtained from a general meeting in accordance with the provisions of these Articles. Upon the prior approval of the general meeting in the same way, the Company may rescind or change the contract concluded in the manner set forth above, or waive any of its rights under such contract.

Clause 26 of the  
Mandatory  
Provisions

A contract for the repurchase of shares as referred to in the preceding paragraph shall include (but not limited to) an agreement to become liable to repurchase shares, or an agreement to have the right to repurchase shares.

The Company shall not assign the contracts for share redemption or any right contained in such contracts.

Where the Company has the power to purchase redeemable shares:

Para 8(1) & (2) of  
App 3, to the  
Listing Rules

- (1) the repurchase price of its shares shall be limited to a maximum price if the repurchase is not made through the market or by tender; and
- (2) the tender shall be available to all shareholders alike if the repurchase is by tender.

**Article 30**

After repurchase of shares pursuant to the relevant laws, the Company shall cancel such shares within a period as provided by laws and administrative regulations, and apply to the original registration authority for registration of the change in its registered capital.

Clause 27 of the  
Mandatory  
Provisions

The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.

**Article 31**

Unless the Company is in the course of liquidation, it shall comply with the following provisions when repurchasing its issued and outstanding shares:

Clause 28 of the  
Mandatory  
Provisions

- (1) where the Company repurchases shares at par value, payment shall be made out of the book balance of the distributable profits of the Company and the proceeds from new shares issuance for purpose of repurchasing the original shares.

- (2) where the Company repurchases shares at a price higher than the par value, the portion corresponding to the par value shall be deducted from the book balance of the distributable profits of the Company and the proceeds from new shares issuance for the purpose of repurchasing the original shares; and the portion beyond the par value shall be handled in accordance with the following methods:
  - (i) where the shares repurchased are issued at par value, such portion shall be deducted from the book balance of the distributable profits of the Company; and
  - (ii) where the shares repurchased are issued at a price higher than the par value, such portion shall be deducted from the book balance of the distributable profits of the Company and the proceeds from issuance of new share for purpose of repurchasing the original shares. However, the amount deducted from the proceeds from new shares issuance shall neither exceed the total premium of the original shares issuance nor the Company's capital reserve account (including the premium from issuance of the new shares) at the repurchase;
- (3) the Company shall make the following payments out of the Company's distributable profits:
  - (i) payment for the acquisition of the right to repurchase its shares;
  - (ii) payment for modification of any contract for the repurchase of its shares; and
  - (iii) payment for the release of its obligation under any contract for the repurchase of its shares.
- (4) after the total par value of the shares so cancelled is deducted from the Company's registered capital in accordance with relevant provisions, the amount deducted from the distributable profits and used to repurchase the shares at par value shall be included in the capital reserve account of the Company.



## **Chapter 5 Financial assistance for Purchase of Shares of the Company**

### **Article 32**

The Company or its subsidiaries shall not, at any time, offer any form of financial assistance to a person who acquires or proposes to acquire shares of the Company. “The person” referred to in the preceding paragraph shall include any person who directly or indirectly incurs any obligation as a result of the acquisition of shares of the Company.

Clause 29 of the  
Mandatory  
Provisions

The Company or its subsidiaries shall not, at any time, offer any form of financial assistance to the aforesaid obligor for the purpose of reducing or discharging the obligations assumed by such person.

This article does not apply to the circumstances as defined in Article 34 of this chapter.

### **Article 33**

The “financial assistance” referred to in this chapter shall be provided by, but not limited to, the following means:

Clause 30 of the  
Mandatory  
Provisions

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation in respect of the Company’s own default), relief or waiver of rights;
- (3) provision of loan or the making of any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or the change in parties to, or the assignment of rights under, such loan or contract; and
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

The assumption of obligations referred to in this chapter shall include the assumption of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not and irrespective of whether such obligation is to be borne solely by the obligor or jointly with other persons) or by any other means which results in a change in his/her/its financial position.

**Article 34**

The following acts shall not be deemed to be acts as prohibited by Article 32 of this chapter:

Clause 31 of the  
Mandatory  
Provisions

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interests of the Company, and the principal purpose of which is not for the acquisition of shares of the Company, or the giving of the financial assistance is an incidental part of a master plan of the Company;
- (2) the lawful distribution of the Company's assets as dividends;
- (3) the distribution of dividends in the form of shares;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the shareholding structure of the Company effected in accordance with these Articles;
- (5) the provision of loans by the Company within its scope of business and in the ordinary course of its business, where the provision of loans falls within part of the scope of business of the Company (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits); and
- (6) contributions made by the Company to the employee share ownership schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits).

## Chapter 6 Share Certificates and Register of Shareholders

### Article 35

A share certificate issued by the Company is the evidence of the share(s) held by a shareholder. Share certificates of the Company shall be in registered form.

Clause 32 of the  
Mandatory  
Provisions  
Article 125 of the  
Company Laws

The share certificate of the Company shall bear the following main items:

Article 128 of the  
Company Laws

- (I) name of the Company;
- (II) the date of registration and establishment of the Company;
- (III) the class of shares, par value and the number of shares it represents;
- (IV) the serial number of share certificates; and
- (V) other matters as required by the Company Law, Special Regulations and the stock exchange on which the shares of the Company are listed.

The Company may issue overseas-listed foreign invested shares in form of foreign depository receipts or other derivatives of shares in accordance with laws and the regulations and practice of registration and depository of securities in place where the shares are listed.

Clause 3 of the  
Special  
Regulations

### Article 36

The shares of the Company may be transferred, donated, inherited and pledged in accordance with relevant laws, administrative regulations as well as these Articles.

The instrument of transfer and other documents relating to or affecting the title to any H shares or other registered securities shall be registered.

Para 1 (1) of App  
3 to the Listing  
Rules

**Article 37**

The share certificates shall be signed by the chairman of the board of directors. Where the stock exchange on which shares of the Company are listed requires other senior management members of the Company to sign on the share certificates, the share certificates shall also be signed by such members. The share certificates shall take effect after being affixed or printed with the seal of the Company. The share certificates shall only be affixed or printed with the seal of the Company under the authorization of the board of directors. The signature of the chairman of the board or other senior management members of the Company may be printed in printed form.

Clause 33 of the  
Mandatory  
Provisions  
Clause 1 of the  
CSRC Letter  
Para 2(1) of App  
3 to the Listing  
Rules

**Article 38**

The Company shall maintain a register of shareholders of the Company which shall contain the following particulars:

Clause 34 of the  
Mandatory  
Provisions

- (i) the name (title), address (domicile), occupation or nature of each shareholder;
- (ii) the class and number of shares held by each shareholder;
- (iii) the amount paid-up on or agreed to be paid-up on the shares held by each shareholder;
- (iv) the serial numbers of the shares held by each shareholder;
- (v) the date on which each person was registered as a shareholder; and
- (vi) the date on which any shareholder ceased to be a shareholder.

Unless there is evidence to the contrary, the register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company.

**Article 39**

The Company may, in accordance with the mutual understanding and agreements made between the securities supervisory authorities of the State Council and overseas securities regulatory organizations, maintain the register of shareholders for holders of overseas-listed foreign invested shares overseas and appoint overseas agent(s) to manage such register of shareholders. The original register of shareholders for holders of H shares listed in Hong Kong shall be maintained in Hong Kong.

Clause 35 of the  
Mandatory  
Provisions  
Clause 2 of the  
CSRC Letter  
Para 1(b) of App  
13D to the Listing  
Rules

A duplicate register of shareholders for holders of overseas-listed foreign invested shares shall be maintained at the domicile of the Company. The appointed overseas agent(s) shall ensure consistency between the original and the duplicate register of shareholders at all times.

If there is any inconsistency between the original and the duplicate register of shareholders for holders of overseas-listed foreign invested shares, the original register of shareholders shall prevail.

**Article 40**

The Company shall maintain a complete register of shareholders.

Clause 36 of the  
Mandatory  
Provisions

The register of shareholders shall comprise the following parts:

- (i) register of shareholders other than those provided in paragraphs (ii) and (iii) below kept at the place of residence of the Company;
- (ii) the register of shareholders in respect of the holders of overseas-listed foreign invested shares of the Company which is maintained in the same place where the overseas stock exchange on which the shares are listed is located; and
- (iii) the register of shareholders which is maintained in such other place as the board of directors may consider necessary for the purposes of the listing of the Company's shares.

**Article 41**

Different parts of the register of shareholders shall not overlap. No transfer of any shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

Clause 37 of the  
Mandatory  
Provisions

Any amendments or corrections to the different parts of the register of shareholders shall be carried out according to the governing laws of the place where the register of shareholders are kept.

All H shares listed in Hong Kong which have been fully paid-up may be freely transferred in accordance with these Articles. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognize any instrument of transfer without providing any reason:

Para 1(2) of App  
3 to the Listing  
Rules  
Clause 12 of the  
CSRC Letter

- (i) the registration fee of each instrument of transfer which represents the highest amount according to the then requirements of the Listing Rules has been paid to the Company for the purpose of registering the instruments of transfer and other documents relating to or affecting the title to shares;
- (ii) the instrument of transfer only relates to H shares;
- (iii) the stamp duty which is chargeable on the instrument of transfer has already been paid;
- (iv) the relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show that the transferor has the right to transfer the shares have been provided; and
- (v) if the shares are transferred to joint holders, the number of joint holders shall not exceed four;

Para 1(1) of App  
3 to the Listing  
Rules

Para 1(3) of App  
3 to the Listing  
Rules

Any shareholder of the H shares is entitled to transfer all or parts of shares by way of effecting the normal written instrument of transfer in Hong Kong or signed or printed instrument of transfer. Such share transfer can be effected by way of adopting the standard registration form prescribed by The Stock Exchange of Hong Kong Limited. The signature of the instrument of transfer shall be handwritten or printed by the transferor and the transferee.

All instruments of transfer must be maintained at the Company's legal address, the share registrar's address or any other place that the board of directors may designate from time to time.

The Company shall not accept the share certificates of the Company as collaterals of any pledges.

Article 142 of the  
Company Laws

## **Article 42**

Where laws, administrative regulations, ministry regulations, normative rules, and securities regulatory authorities or stock exchange of the place where the shares of the Company are listed provide for the closure period of register of members before the shareholders' general meeting or before the record date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

|                   |                                                                                                                                                                                                                                                                                                                                                                                                                |                                             |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| <b>Article 43</b> | When the Company needs to convene a general meeting, distribute dividends, conduct liquidation or perform other acts as required for the purpose of determining shareholdings, the board of directors shall determine a record date for the determination of shareholdings. The shareholders of the Company shall be such persons who appear in the register of shareholders at the close of such record date. | Clause 39 of the<br>Mandatory<br>Provisions |
| <b>Article 44</b> | Any person who disputes the register of shareholders and asks for inclusion of his/her/its name (title) in or removal of his/her/its name (title) from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register of members.                                                                                                                               | Clause 40 of the<br>Mandatory<br>Provisions |
| <b>Article 45</b> | If the share certificate (the “original certificate” ) held by any person who is a registered shareholder or who claims to be entitled to have his/her/its name (title) entered in the register of shareholders is lost, such person may apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares” ).                                                          | Clause 41 of the<br>Mandatory<br>Provisions |

Application by a holder of domestic-invested shares, who has lost his/her/its share certificate, for a replacement share certificate shall be dealt with in accordance with Article 144 of the Company Law.

Application by a holder of overseas-listed foreign invested shares, who has lost his/her/its share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of shareholders for holders of overseas-listed foreign invested shares is maintained, the rules of the stock exchange or other relevant regulations.

The issuance of a replacement share certificate to holders of H shares, who has lost his/her/its share certificate, shall comply with the following requirements:

- (i) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration, of which the contents shall include the grounds upon which the application is made and the circumstances and evidence of the loss, and the declaration showing that no other person is entitled to have his/her/its name entered in the register of shareholders in respect of the Relevant Shares.

- (ii) The Company has not received any declaration made by any person other than the applicant declaring that his/her/its name shall be entered in the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.
- (iii) The Company shall, if it intends to issue a replacement share certificate to the applicant, publish a notice of its intention to do so at least once every thirty (30) days within a period of ninety (90) days in such newspapers as prescribed by the board of directors.
- (iv) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to Hong Kong Stock Exchange, a copy of the notice to be published and may publish the notice upon receipt of confirmation from Hong Kong Stock Exchange that the notice has been exhibited in the premises of Hong Kong Stock Exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of ninety (90) days.

In the case of an application which is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the notice to be published.

- (v) If, by the expiration of the 90-day period referred to in items (iii) and (iv) of this article, the Company has not received any objection from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his/her/its application.
- (vi) Where the Company issues a replacement share certificate pursuant to this article, it shall forthwith cancel the original share certificate and document the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.
- (vii) All expenses relating to the cancellation of an original share certificate and issuance of a replacement share certificate shall be borne by the applicant, and the Company is entitled to refuse to take any action until reasonable guarantee is provided by the applicant.



**Article 46**

Where the Company issues a replacement share certificate pursuant to these Articles, as for a bona fide purchaser obtaining new share certificates referred to above or a shareholder registered as a owner of the shares (in case of a bona fide purchaser), his/her/its name (title) shall not be removed from the register of shareholders.

Clause 42 of the  
Mandatory  
Provisions

**Article 47**

The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate unless the claimant is able to prove that the Company has acted in a deceitful manner.

Clause 43 of the  
Mandatory  
Provisions

## Chapter 7 Rights and Obligations of Shareholders

### Article 48

A shareholder of the Company is a person who lawfully holds shares of the Company and whose name (title) is entered in the register of shareholders.

Clause 44 of the  
Mandatory  
Provisions

A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by him/her; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

Shareholders of different classes of the Company rank *pari passu* over dividends or any forms of distribution.

Para 9 of App 3  
to the Listing  
Rules

If one of the joint holders has passed away, the surviving shareholder shall be deemed by the Company to have the ownership of the related shares, but the board of directors is entitled to ask for the provision of the suitable death certificate for the purpose of revision of the register of shareholders.

Comments from  
the Clearing  
House

For the joint holders, only the first named shareholder in the register of shareholders has the right to receive the share certificates of the related shares, receive the notice of the Company, attend the general meeting and exercise his/her/its voting right; while, any notice delivered to the said shareholder shall be deemed as if the notice has been delivered to all of the joint holders of the related shares.

### Article 49

The shareholders of ordinary shares of the Company shall enjoy the following rights:

Clause 45 of the  
Mandatory  
Provisions

- (i) the right to receive dividends and other distributions in proportion to their shareholdings;
- (ii) the right to attend or appoint a proxy to attend general meetings and the right to exercise the voting rights;
- (iii) the right to supervise the Company's business operations, the right to present proposals or to raise queries;
- (iv) the right to transfer shares in accordance with laws, administrative regulations as well as these Articles.

- (v) the right to obtain relevant information in accordance with these Articles, in which information includes:
1. the right to obtain these Articles, subject to payment of costs;
  2. the right to inspect and copy, subject to payment of a reasonable fee as follows:
    - (1) all parts of the register of shareholders;
    - (2) personal particulars of each of the directors, supervisors, general managers and other senior management members of the Company, including:
      - (a) present and former name and alias;
      - (b) principal address (place of residence);
      - (c) nationality;
      - (d) primary and all other part-time occupations and duties; and
      - (e) identification documents and the numbers thereof;
    - (3) status of share capital of the Company;
    - (4) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the last accounting year and the aggregate amount paid by the Company for this purpose;
    - (5) minutes of general meetings; board meetings and supervisory meetings;
    - (6) counterfoils of corporate bond certificates; and
    - (7) financial reports previously published or disclosed.

Article 97 of the  
Company Laws

(vi) in the event of the termination and liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the number of shares held; and

(vii) other rights conferred by laws, administrative regulations as well as these Articles.

The Company shall not exercise any of its rights to freeze or otherwise impair any of the rights attaching to any of Company's shares merely by reason that a person or persons who is/are interested directly or indirectly therein has/have failed to disclose his/her/its/their interests to the Company.

Para 12 of App 3  
to the Listing  
Rules

#### **Article 50**

The shareholders of ordinary shares of the Company shall assume the following obligations:

Clause 46 of the  
Mandatory  
Provisions

(i) to comply with these Articles;

(ii) to pay subscription money according to the number of shares subscribed and the method of subscription; and

(iii) other obligations imposed by laws, administrative regulations as well as these Articles.

Shareholders are not liable to make any further contribution to the share capital other than according to the terms which were agreed by the subscriber of the relevant shares at the time of subscription.

#### **Article 51**

In addition to the obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder shall not exercise his/her/its voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

Clause 47 of the  
Mandatory  
Provisions

(i) to remove the responsibilities of a director or supervisor to act honestly in the best interest of the Company;

(ii) to approve the expropriation by a director or supervisor (for his/her/its own benefit or for the benefit of another person) of the Company's assets in any way, including (but not limited to) opportunities which are beneficial to the Company; and

- (iii) to approve the expropriation by a director or supervisor (for his/her/its own benefit or for the benefit of another person) of the individual interest of other shareholders, including (but not limited to) rights to distributions and voting rights, excluding a restructuring which has been submitted for approval at a general meeting in accordance with these Articles.

**Article 52**

The terms “controlling shareholder” referred to in the preceding article means a person who satisfies one of the following conditions:

Clause 48 of the  
Mandatory  
Provisions

- (i) a person who, acting alone or in concert with others, has the power to elect more than half of the board of directors;
- (ii) a person who, acting alone or in concert with others, has the power to exercise thirty percent (30%) or more or has the power to control the exercise thirty percent (30%) or more of the voting rights in the Company;
- (iii) a person who, acting alone or in concert with others, holds thirty percent (30%) or more of the issued and outstanding shares of the Company; and
- (iv) a person who, acting alone or in concert with others, has defacto control of the Company in any other way.

**Chapter 8 General Meeting**

**Article 53**

The general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with laws.

Clause 49 of the  
Mandatory  
Provisions

**Article 54**

The general meeting shall exercise the following functions and powers:

Clause 50 of the  
Mandatory  
Provisions  
Article 37 of the  
Company Laws

- (i) to decide on the Company’s operational policies and investment plans;
- (ii) to elect and replace directors and to decide on matters relating to the remuneration of directors;
- (iii) to elect and replace supervisors assumed by representatives of the shareholders and to decide on matters relating to the remuneration of supervisors;

- (iv) to examine and approve the board of directors' reports;
- (v) to examine and approve the supervisory committee's reports;
- (vi) to examine and approve the Company's proposed annual preliminary and final budgets;
- (vii) to examine and approve the Company's profit distribution plans and loss recovery plans;
- (viii) to pass resolutions on the increase or decrease of the Company's registered capital;
- (ix) to pass resolutions on matters such as merger, division, dissolution, liquidation or change of corporate form of the Company;
- (x) to pass resolutions on the issuance of debentures by the Company;
- (xi) to pass resolutions on the appointment, dismissal and non-reappointment of the accountants of the Company;
- (xii) to amend these Articles;
- (xiii) to consider resolutions raised by shareholders who represent three percent (3%) or more of the total number of voting shares of the Company; and
- (xiv) to decide on other matters which, according to laws, administrative regulations as well as these Articles, need to be approved by shareholders in general meetings.

Article 102 of the  
Company Laws

Matters which, as required by laws, administrative regulations as well as these Articles, shall be resolved at general meetings shall be considered and reviewed at general meetings so as to protect the decision-making rights of shareholders of the Company on such matters. Under necessary and reasonable circumstances, the general meeting may authorize the board of directors to decide, within the scope of authorization as delegated at the general meeting, specific issues relating to matters to be resolved on by the general meeting which may not be decided upon immediately at a general meeting.

**Article 55**

Unless prior approval by the general meeting is obtained, the Company shall not enter into any contract with any person other than its directors, supervisors, general manager and other senior management members pursuant to which such person shall be responsible for the management of the whole or any substantial part of the Company's business.

Article 51 of the  
Mandatory  
Provisions

**Article 56**

General meetings shall be divided into annual general meetings and extraordinary general meetings. General meetings shall be convened by the board of directors. Annual general meetings are held once (1) every year and within six (6) months from the end of the preceding accounting year.

Article 52 of the  
Mandatory  
Provisions  
Article 100 of  
the Company  
Laws

Under any of the following circumstances, the board shall convene an extraordinary general meeting within two (2) months from the date upon which the circumstance occurs:

- (i) where the number of directors is less than the number stipulated in the Company Law or less than two-thirds (2/3) of the number specified in these Articles;
- (ii) where the unrecovered losses of the Company amount to one-third (1/3) of the total amount of paid-up share capital;
- (iii) where shareholders who individually or jointly hold ten percent (10%) or more of the Company's issued and outstanding voting shares request(s) in writing for the convening of an extraordinary general meeting;
- (iv) where it is deemed necessary by the board of directors;
- (v) where it is proposed by the supervisory committee; and
- (vi) other circumstances stipulated by laws, administrative regulations, departmental regulations and regulatory securities rules of the place where the shares of the Company are listed or by these Articles.

**Article 57**

When the Company convenes an annual general meeting, written notice of the meeting shall be given twenty (20) days before the date of the meeting, and when the Company convenes an extraordinary general meeting, written notice of the meeting shall be given fifteen (15) days before the date of the meeting, to notify all shareholders in the register of shareholders of the matters to be considered and the date and venue of the meeting. Where laws, administrative regulations, ministry regulations, normative rules, and securities regulatory authorities or stock exchange of the place where the shares of the Company are listed have other provisions, such provisions shall prevail.

When calculating the period for issuing the notice, the date of the meeting shall be excluded, but the date of the notice shall be included.

**Article 58**

The contents of the resolutions shall be within the scope of power of the general meetings, include a clear subject and specific matters to be resolved and comply with laws, administrative regulations and relevant requirements in these Articles.

Shareholders who individually or jointly hold in aggregate three percent (3%) or more of the shares of the Company shall be entitled to propose resolutions and submit the same in writing to the board of directors ten (10) days prior to the date of the general meeting. The board of directors shall issue a supplementary notice of the general meeting setting out the proposed resolutions within two (2) days after the receipt of the proposed resolution(s), and submit such resolution(s) to the general meeting for consideration. Where the issue of the supplementary notice of the general meeting fails to meet the relevant requirements of issue of the supplementary notice stipulated by the listing rules of the place where the shares of the Company are listed, the Company shall adjourn the general meeting as appropriate. The content of the proposed resolution(s) shall be within the scope of power of the general meeting, and shall have a clear matter and concrete terms to be decided.

Save as provided for in the preceding paragraph, upon publication of the notice of the general meeting by the board of directors, no alteration to the matters stated in the resolution(s) of the general meeting or addition to the resolution(s) will be allowed.



Resolutions which are not specified in the notice of annual general meeting or complied with the provisions under the first and second paragraphs of this article shall not be voted or resolved at the general meeting.

**Article 59**

No resolution shall be decided at the extraordinary general meetings on matters not specified in the notice.

Article 55 of the  
Mandatory  
Provisions

**Article 60**

The notice of the general meeting shall satisfy the following requirements:

- (i) in written form;
- (ii) setting out the share registration record date for shareholders who are entitled to attend the meeting;
- (iii) specifying the venue, date and time of the meeting;
- (iv) describing the matters to be discussed at the meeting;
- (v) providing shareholders with materials and explanations necessary for them to make sensible decisions in respect of the matters to be discussed, including (but not limited to) specific terms and contract (if any) for a proposed transaction, and a detailed explanation of its causation and consequence where the Company proposes a merger, share redemption, share capital restructuring or other form of restructuring;
- (vi) where any director, supervisor, general manager and other senior management members have a material interest in respect of the matters to be discussed, then the nature and extent of that interest shall be disclosed; where the impact of

Article 56 of the  
Mandatory  
Provisions

the matters to be discussed on such director, supervisor, general manager and other senior management members who are shareholders is different from the impact on other shareholders of the same type, then that difference shall be illustrated;

- (vii) containing the full text of any special resolution proposed to be passed at the meeting;
- (viii) providing a clear text description stating that all shareholders who have the right to attend and vote at the general meeting have the right to entrust one (1) or more proxies, who does not need to be shareholders of the Company, to attend and vote at the meeting; and
- (ix) setting out the deadline and place for the delivery the proxy form for use at the meeting.

#### **Article 61**

Unless otherwise provided by the relevant laws, regulations, listing rules of the place where the shares of the Company are listed and these Articles, the notice of the general meeting shall be delivered by hand or by pre-paid post to shareholders (whether such shareholder has a voting right at the general meeting or not) and the address of the recipient shall be the address registered in the register of shareholders. The notice of the general meeting may be in the form of an announcement for shareholders of domestic- invested shares.

Clause 57 of the  
Mandatory  
Provisions  
Para 7(3) of App  
3 to the Listing  
Rules

The announcement aforesaid shall be published in newspapers as specified by the securities regulatory authorities of the State Council or the websites of the Company and the Hong Kong Stock Exchange. All shareholders of domestic-invested shares shall be deemed as having received the notice of the general meeting upon the publication of the announcement.

#### **Article 62**

In the case when the notice of the meeting has not been delivered to those who are entitled to receive such notice due to accidental omission or such persons have not received the notice of the meeting, the meeting and the resolutions made by the meeting shall not therefore become ineffective.

Clause 58 of the  
Mandatory  
Provisions

**Article 63**

Any shareholder who has the right to attend and vote at a general meeting shall have the right to appoint one or more persons (not necessarily shareholder(s)) as his/her/its proxy to attend and vote at the meeting. Such proxy may exercise the following rights in accordance with the shareholder's appointment:

Clause 59 of the  
Mandatory  
Provisions

- (i) the right to speak at the general meeting;
- (ii) the right to require by himself/herself or jointly with others to request for voting by poll; and
- (iii) the right to vote by a show of hands or ballot, in case the shareholder has appointed more than one (1) proxy, such proxies can only exercise the voting right by poll.

**Article 64**

Shareholders shall appoint proxy in writing. The proxy form shall be signed by the appointer or its authorized representative who has been authorized in writing. If the appointer is a legal person, the document shall be affixed with the legal person's seal or signed by its director or duly authorized executive or duly appointed attorney. Such proxy form must clearly indicate the number of shares which are represented by the proxy. Where a shareholder appoints more than one proxy, he/she shall specify the number of shares and their classes represented by each proxy in the proxy form.

Clause 60 of the  
Mandatory  
Provisions  
Comments from  
the Clearing  
House

**Article 65**

The proxy form for voting shall be placed at the domicile of the Company, or at other place designated in the notice of meeting, at least twenty-four (24) hours prior to convening of the meeting which the relevant matters will be voted on, or twenty-four (24) hours prior to the designated voting time. If the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization document shall be notarized. The notarized power of attorney or other authorization document shall be placed together with the proxy form authorizing the proxy to vote at the domicile of the Company or other place designated in the notice of meeting.

Clause 61 of the  
Mandatory  
Provisions

If the appointer is a legal person, its legal representative or other person as resolved and authorized by its board of directors or decision-making body shall attend the general meeting of the Company on its behalf.

If the shareholder is a recognized clearing house (hereinafter referred to as the “Recognized Clearing House” ) (agent thereof) as defined in the relevant ordinance enacted from time to time in Hong Kong, the said shareholder may authorize one (1) or more persons as he deems appropriate to act on his/her/its behalf at any general meeting or class meeting; however, where several persons are thus authorized, the power of attorney shall specify the numbers and classes of shares involved by the said persons. The persons thus authorized may exercise rights on behalf of the Recognized Clearing House (or agent thereof) as if the said persons were the personal shareholders of the Company.

Comments from  
the Clearing  
House

**Article 66**

Any format of blank proxy form issued by the board of directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote, and to give separate instructions on each matter to be voted at the meeting. The proxy form shall state that the proxy may vote at his/her/its discretion if the appointer does not give any instruction.

Clause 62 of the  
Mandatory  
Provisions

**Article 67**

If, before voting, the appointer has passed away, lost his/her/its ability to act, withdrawn the appointment, withdrawn the authorization to sign the proxy form, or transferred all his/her/its shares, the vote cast by the proxy in accordance with the proxy form shall remain valid so long as the Company has not received the written notice regarding such matters before the commencement of relevant meeting.

Clause 63 of the  
Mandatory  
Provisions

**Article 68**

An individual shareholder who attends the general meeting in person shall show his/her/its own identity certificates and evidence of shareholding. If a legal person shareholder appoints its authorized representative to attend the meeting, such authorized representative shall produce his/her/its own identity certificates and a notarized copy issued by authority of the board of directors of the legal person that appoints such authorized representative or other authority organ, or other certified copy as permitted by the Company. Proxies of shareholders shall produce their identity documents and the proxy form signed by the shareholders or their attorney when attending a general meeting.

**Article 69**

The resolutions of the general meeting shall be divided into general resolutions and special resolutions.

Clause 64 of the  
Mandatory  
Provisions

General resolutions made by the general meeting shall be adopted by more than half (1/2) of voting shares held by the shareholders (including their proxies) present at the meeting.

Special resolutions made by the general meeting shall be adopted by more than two-third (2/3) of voting shares held by the shareholders (including their proxies) present at the meeting.

The shareholders (including their proxies) attending the meeting shall clearly show approval or objection to every matter to be voted on. As for the unpolled vote or abstention, the Company will not treat it as the vote with voting right when calculating the voting result of this matter.

**Article 70**

A shareholder (including his/her/its proxy), when voting at a general meeting, may exercise such voting rights as attached to the number of voting shares which he represents, in which case one (1) vote is attached to each share. However, shares of the Company held by the Company shall not enjoy voting rights and shall not be calculated in the total number of shares with voting rights held by the present shareholder.

Clause 65 of the  
Mandatory  
Provisions Article  
103 of the  
Company Laws

Where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Para 14 of App 3  
to the Listing  
Rules

**Article 71**

At any general meeting, a resolution shall be decided on a show of hands unless a poll is demanded by the following persons before or after a vote is carried out by a show of hands:

Clause 66 of the  
Mandatory  
Provisions

- (i) the chairman of the meeting;
- (ii) at least two (2) shareholders present in person or by proxy entitled to vote; and
- (iii) one (1) or more shareholders present in person or by proxy and representing 10% or more shares carrying the right to vote at the meeting singly or in aggregate.

Unless a poll is demanded, a declaration by the chairman that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favour of or against such resolution.

The demand for a poll may be withdrawn by the person who demands the same.

Where there are other stipulations in the laws, regulations, listing rules of the place where the shares of the Company are listed or these Articles, such stipulations shall prevail.

**Article 72**

A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

Clause 67 of the  
Mandatory  
Provisions

**Article 73**

On a poll taken at a meeting, a shareholder (including his/her/its proxy) who is entitled to two (2) or more votes needs not cast all his/her/its votes in the same way.

Clause 68 of the  
Mandatory  
Provisions

Resolutions shall be voted on a case-by-case basis by a poll at a general meeting.

**Article 74**

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to one (1) casting vote.

Clause 69 of the  
Mandatory  
Provisions

**Article 75**

The following matters shall be resolved by a general resolution at the general meeting:

Clause 70 of the  
Mandatory  
Provisions

- (i) work reports of the board of directors and the supervisory committee;
- (ii) profit distribution plans and loss recovery plans formulated by the board of directors;

- (iii) appointment and removal of members of the board of directors and the supervisory committee and their remuneration and manner of payment;
- (iv) annual preliminary and final budgets, balances sheets, profit and loss accounts and other financial statements of the Company; and
- (v) matters other than those which are required by the laws and administrative regulations or by these Articles to be adopted by special resolution.

**Article 76**

The following matters shall be resolved by a special resolution at the general meeting:

Clause 71 of the  
Mandatory  
Provisions

- (i) the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities;
- (ii) the issue of debentures of the Company;
- (iii) the division, merger, dissolution, liquidation and change the form of the Company;
- (iv) amendment of these Articles; and
- (v) any other matters required by the laws, administrative regulations or these Articles to be resolved by way of special resolutions, and those considered by the general meeting and resolved by way of a general resolution, to be of a nature which may have a material impact on the Company and therefore shall be adopted by special resolutions.

**Article 77**

Any resolution passed at the general meeting shall comply with the laws and administrative regulations in China, the Listing Rules as well as relevant provisions of these Articles.

**Article 78**

The supervisory committee shall be entitled to propose to the Board of directors the convening of an extraordinary general meeting or a class meeting, provided that such proposal shall be made in writing. The board of directors shall, in accordance with laws, administrative regulations and these Articles, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting or a class meeting within ten (10) days upon receipt of such proposal. If the board of directors agrees to convene an extraordinary general meeting or a class meeting, a notice of meeting shall be issued within five (5) days after the passing of the relevant resolution by the board of directors. Any change to the original proposal made in the notice shall obtain the approval of the supervisory committee. If the board of directors does not agree to convene an extraordinary general meeting or a class meeting or does not furnish any reply within ten (10) days after receiving such proposal, the board of directors shall be deemed as incapable of performing or failing to perform the duty of convening a general meeting or a class meeting, in which case the supervisory committee may convene and preside over such meeting on an unilateral basis.

The extraordinary general meeting or class meeting convened by the Supervisory Committee shall be chaired by the chairman of the supervisory committee. When the chairman of supervisory committee is unable or fails to perform his/her/its duties, one (1) supervisor shall be elected by half or more of the supervisors to convene and preside over meetings of the supervisory committee.

**Article 79**

Shareholders requiring for the convening of an extraordinary general meeting or a class meeting shall take the following procedures:

Clause 72 of the  
Mandatory  
Provisions

- (1) Two or more shareholders representing a total of over 10% (inclusive) shares carrying the right to vote at the meeting to be convened may sign one or more written requests of the same format and contents, with the agenda of the meeting clearly indicated, to be submitted to the board of directors for the convening of an extraordinary general meeting or a class meeting. The board of directors shall, in accordance with laws, regulations and these Articles, furnish a written reply stating its agreement or disagreement to convene the extraordinary general meeting or a class meeting within ten (10) days upon receipt of such requisition. If the board of directors agrees to convene the extraordinary general meeting



or a class meeting, a notice of meeting shall be issued within five (5) days after adoption of the relevant resolution by the board of directors. Any changes to the original requisition made in the notice shall obtain the approval of the relevant shareholders. The amount of shareholdings referred to above shall be calculated as at the date of the deposit of the written requisition.

- (2) If the board of directors does not agree to convene the extraordinary general meeting or class meeting, or does not furnish any reply within ten (10) days upon receipt of such requisition, shareholders individually or jointly holding over 10% (inclusive) of the shares of the Company shall be entitled to propose to the supervisory committee that an extraordinary general meeting or a class meeting be convened, and such proposal shall be made in writing to the supervisory committee. If the supervisory committee agrees to convene the extraordinary general meeting or the class meeting, a notice of meeting shall be issued within five (5) days upon receipt of such requisition. Any changes to the original requisition made in the notice shall obtain the approval of relevant shareholders. If the supervisory committee does not issue a notice of meeting within the prescribed period, it shall be deemed as failing to convene and preside over the meeting, and shareholders individually or jointly holding over 10% (inclusive) of the shares of the Company for consecutive ninety (90) days may convene and preside over such meeting on an unilateral basis.
- (3) If the board of directors has not delivered the notice for the convening of the meeting within thirty (30) days upon the receipt of the written request aforesaid, shareholders requiring such may call the meeting on their own within four (4) months upon the receipt of such request by the board of directors. The meeting shall be conducted in a manner which is as similar as possible to that of general meetings convened by the board of directors.

## **Article 80**

Where a general meeting or a class meeting is convened by the Supervisory committee or shareholders on their own due to the failure of the board of directors to convene the meeting according to the request referred to above, reasonable expenses incurred shall be borne by the Company and shall be deducted from the Company's payables to the director(s) guilty of dereliction of duty.

Clause 72 of the  
Mandatory  
Provisions

|                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                             |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| <b>Article 81</b> | A general meeting shall be convened and presided over by the chairman of the board of directors. If the chairman is unable to attend the meeting for any reason, the vice-chairman of the board of directors shall convene and take the chair of the meeting. If both the chairman and vice-chairman of the board of directors are unable to attend the meeting, then the board of directors may designate one (1) director to convene and take the chair of the meeting. If no chairman of the meeting has been designated, shareholders present shall choose one (1) person to be the chairman of the meeting. If for any reason the shareholders fail to elect a chairman, then the shareholder (including his/her/its proxy) presents in person or by proxy and holds the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting. | Clause 73 of the<br>Mandatory<br>Provisions |
| <b>Article 82</b> | The chairman of the meeting shall be responsible for determining whether a resolution is passed. His decision, which is final and conclusive, shall be announced at the meeting and recorded in the minutes of the meeting.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Clause 74 of the<br>Mandatory<br>Provisions |
| <b>Article 83</b> | If the chairman of the meeting has any doubt as to the result of a resolution put to the vote of the meeting, he may have the votes counted. If the chairman of the meeting fails to have the votes counted, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the result, and the chairman of the meeting shall have the votes counted promptly.                                                                                                                                                                                                                                                                                                                                                                           | Clause 75 of the<br>Mandatory<br>Provisions |
| <b>Article 84</b> | If votes are counted at a general meeting, the vote counting result shall be recorded in the minutes of the meeting.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Clause 76 of the<br>Mandatory<br>Provisions |
|                   | The minutes, together with the shareholders' attendance lists and proxy forms, shall be kept at the domicile of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                             |
| <b>Article 85</b> | Copies of the minutes of meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder requests for a copy of such minutes from the Company, the Company shall send a copy of such minutes to him/her within seven (7) days upon the receipt of reasonable charges.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Clause 77 of the<br>Mandatory<br>Provisions |

## Chapter 9 Special Procedures for Voting by a Class of Shareholders

- Article 86** Shareholders who hold different classes of shares shall be class shareholders. Clause 78 of the Mandatory Provisions
- Class shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations as well as these Articles.
- Article 87** Rights conferred on any class shareholder shall not be varied or abrogated save with the approval of a special resolution of shareholders in a general meeting and by holders of shares of that class at a separate meeting conducted in accordance with Articles 89 to 93. Clause 79 of the Mandatory Provisions
- Article 88** The following circumstances are deemed as amending or canceling rights of certain classes of shareholders: Clause 80 of the Mandatory Provisions
- (i) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting or equity rights or privileges equal or superior to those of the shares of such class;
  - (ii) to effect an exchange of all or part of the shares of such class into shares of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;
  - (iii) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
  - (iv) to reduce or remove a dividend preference or a liquidation preference attached to shares of such class;
  - (v) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of such class;
  - (vi) to remove or reduce rights attached to shares of such class to receive payment payable by the Company in particular currencies;

- (vii) to create a new class of shares having voting or equity rights or privileges equal or superior to those of the shares of such class;
- (viii) to restrict the transfer or the ownership of the shares of such class or add to such restriction;
- (ix) to issue rights to subscribe for, or convert into, shares of the Company of such class or another class;
- (x) to increase the rights or privileges of shares of another class;
- (xi) to restructure the Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate burden of such proposed restructuring; and
- (xii) to vary or abrogate the provisions of these Articles.

**Article 89**

Shareholders of the affected class, whether or not otherwise having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning items (2) to (8), (11) to (12) of Article 88 hereof, but interested shareholder(s) shall not be entitled to vote at class meetings.

Clause 81 of the  
Mandatory  
Provisions

The “interested shareholder” referred to in the preceding paragraph means:

- (i) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company on a pro rata basis or by way of public dealing on a stock exchange pursuant to Article 31 hereof, an “interested shareholder” is a controlling shareholder within the meaning of Article 52 hereof;
- (ii) in the case of a repurchase of shares by way of a contractual agreement outside the stock exchange pursuant to Article 31 hereof, a holder of the shares to which the proposed agreement relates; and
- (iii) in the case of a restructuring of the Company, 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 interest of the shareholders of that class.

|                   |                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                              |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Article 90</b> | Resolutions of a class meeting shall be passed by votes representing more than two-third (2/3) of the voting rights of shareholders of that class represented at the relevant meeting who, according to Article 89, are entitled to vote thereat.                                                                                                                       | Clause 82 of the Mandatory Provisions                                                                                                        |
| <b>Article 91</b> | A written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders according to the requirements of Article 57 of the Articles. Such notice shall give such shareholders notice of the matters to be considered at such meeting as well as the date and the place of the class meeting. | The Reply Article 102 of the Company Law                                                                                                     |
| <b>Article 92</b> | <p>Notice of class meetings need only be delivered to shareholders entitled to vote thereat.</p> <p>Class meetings shall be conducted in a manner which is as similar as possible to that of general meetings. The provisions of these Articles relating to the manner for the conduct of general meetings are also applicable to class meetings.</p>                   | Clause 84 of the Mandatory Provisions                                                                                                        |
| <b>Article 93</b> | <p>Apart from the holders of other classes of shares, the holders of domestic shares and overseas-listed foreign invested shares shall be deemed to be holders of different classes of shares.</p> <p>The special procedures for approval by a class of shareholders shall not apply in the following circumstances:</p>                                                | <p>Clause 85 of the Mandatory Provisions</p> <p>Clause 3 of the CSRC Letter Para 1(f)(i) &amp; (ii) of Appendix 13D to the Listing Rules</p> |

- (i) where the Company issues, upon the approval by special resolution of its shareholders in a general meeting, either separately or concurrently once every twelve (12) months, not more than 20% of each of its issued and outstanding domestic shares and overseas-listed foreign invested shares;
- (ii) where the Company's plan to issue domestic shares and overseas-listed foreign invested shares at the time of its incorporation is carried out within fifteen (15) months from the date of approval by China Securities Regulatory Commission, or
- (iii) where the Company, upon receiving approval from China Securities Regulatory Commission and securities supervisory authorities authorized by the State Council, transfers its domestic shares to foreign investors and lists these shares on a foreign stock exchange for trading.

## **Chapter 10 Board of Directors**

### **Article 94**

The Company shall establish a board of directors consisting of fifteen (15) directors. The number of the independent non-executive directors shall represent one-third (1/3) or more of the board of directors and shall not be less than three (3), of which at least one must have appropriate accounting or related financial expertise.

Clause 86 of the  
Mandatory  
Provisions

There shall be one (1) chairman in the board of directors. The Company may have two (2) vice-chairmen according to its actual situation.

The board of directors may set up special committees thereof in accordance with the requirements of laws, administrative regulations and regulatory authorities or according to the Company's needs. The terms of reference for each special committee shall be formulated separately by the board of directors.

### **Article 95**

A director shall be elected at the general meeting, with a term of three (3) years. At the expiry of his/her/its term, a director is eligible for re-election.

Clause 87 of the  
Mandatory  
Provisions  
Clause 4 of the  
CSRC Letter

A written notice of the intent of candidates nominated for directors and the candidates' clear indication of their acceptance of nomination shall be delivered to the Company after the date of delivery of the notice of the general meeting at which the director is to be elected and at least seven (7) days before the date of such meeting, and the notice period shall not be shorter than seven (7) days.

Para 4(4) & 4(5)  
of Appendix 3 to  
the Listing Rules

Any director (including managing director or any other executive director) may be removed by an ordinary resolution passed at a general meeting prior to the expiry of his/her/its term of office in accordance with relevant laws and administrative regulations (but the director's right to claim damages based on any contract shall not be affected).

Para 4(3) of  
Appendix 3 to the  
Listing Rules

The chairman and the vice-chairman shall be elected and removed by a majority of all directors. The term of office of each of the chairman and the vice-chairman is three years commencing from the date of the election, and renewable upon re-election.

An executive director deals with matters consigned by the board of directors.

A director shall not be required to hold any shares of the Company.

Directors may resign before the expiry of their terms. When resigning, a director shall submit written resignation to the board of directors.

Where the number of directors falls below the quorum due to any director resignation during his/her/its term of office, the resigning director shall perform his/her/its duties as a director in accordance with the laws, administrative regulations as well as the provisions of these Articles, until the newly elected director assumes office. The board of directors shall, within two (2) months, convene an extraordinary general meeting for the election of a new director to fill a temporary vacancy due to director resignation.

Article 45 of the  
Company Law

The term of office of the new director or any person appointed as a director to increase the number of members of the board of directors shall only serve his/her/its office till next general meeting and be eligible for re-election thereafter.

## Article 96

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

Article 88 of the  
Mandatory  
Provisions

- (i) to be responsible for convening general meeting and reporting its work to the general meeting;
- (ii) to implement resolutions approved at general meetings;
- (iii) to decide on the Company's business operating plans and investment proposals;
- (iv) to formulate the Company's proposed annual financial budget and final accounts;
- (v) to formulate the Company's profit distribution plan and plan for recovery of losses;
- (vi) to formulate proposals for the increase in or reduction of the Company's registered capital and the issuance of corporate bonds;
- (vii) to draft proposals for repurchase of the Company's own shares and proposals for the merger, division, dissolution or change of the Company;
- (viii) to decide on establishment of the Company's internal management structure;
- (ix) to appoint or dismiss the Company's general manager, and according to the general manager's nomination, to appoint or dismiss deputy general managers, chief financial officer, general counsel of the Company; to appoint or dismiss the secretary of the board of directors and to decide on their remuneration;
- (x) to formulate the Company's basic management systems;
- (xi) to formulate proposals for any amendment of these Articles;
- (xii) to advance the law-based operation and decision-making, guide and supervise the promotion of rule by law by the Company. If legal issues are involved in matters to be considered and approved by the Board of the Company, the general counsel shall attend the meeting and provide legal opinions, and the Board shall give due consideration to them;
- (xiii) to determine matters and administrative issues (other than those determined by resolution passed at a general meeting and those consigned to the general manager as specified by the Company and these Articles) of the Company conferred by the general meeting, and to exercise other powers vested by the general meeting and these Articles.



Resolutions for matters listed in paragraphs (6), (7) and (11) of this article shall be passed by a two-thirds (2/3) majority of the directors at a board meeting, and resolutions for matters listed in other paragraphs shall be passed by more than one half of directors.

Apart from certain exceptions specified in Note 1 of Appendix 3 to the Listing Rules or those permitted by Hong Kong Stock Exchange, a director shall abstain from voting on adoption of any contract or arrangement in which he himself or any of his/her/its associates (as defined in the Listing Rules) is materially interested or any resolution proposed at a board meeting. Such director shall not be counted in the quorum of the relevant meeting.

Para 4(1) of  
Appendix 3 to the  
Listing Rules

When the board meeting is reviewing transactions between the Company or any of its subsidiaries and (i) the Company's controlling shareholder or any subsidiary of such controlling shareholder (not including the Company and any of its subsidiaries); or (ii) Fosun International Limited or any of its subsidiaries, any directors who concurrently serve as directors and/or senior management members of (a) the Company's controlling shareholder's company or any subsidiary of such controlling shareholder, or (b) Fosun International Limited or any of its subsidiaries shall abstain from voting, and such directors shall not be included in the quorum of the board meeting. Where the number of the non-interested directors is less than three as a result of the aforesaid avoidance, such issues shall be submitted to the general meeting for reviewing.

Notwithstanding the provision specified in Clause Two of Article 96, when the board meeting is reviewing resolutions on whether or not to accept (i) a written notice from the Company's controlling shareholder or any subsidiary of such controlling shareholder (not including the Company and any of its subsidiaries) informing the Company of any opportunity to own, invest in, participate in, develop, operate or engage in any business or company directly or indirectly competing with the business of western medicine distribution; or (ii) whether or not to exercise the right of option or the right of preemption granted by the Company's controlling shareholder in respect of the interests held by such controlling shareholder or any of its subsidiary (not including the Company or any of its subsidiaries), such motions can only be considered by independent non-executive directors of the Company and be put to the vote by more than three (inclusive) independent non-executive directors. Notwithstanding the provision specified in Clause One of Article 102, more than three (inclusive) independent non-executive directors attending relevant meetings shall constitute a quorum.

The terms "controlling shareholder" and "subsidiaries" referred to in this article shall have the same meaning ascribed to it under the Listing Rules.

If a substantial shareholder (as defined in the Listing Rules) or a director has a conflict of interest in a matter to be considered by the board meeting which the board of directors has determined to be material, the matter shall not be dealt with by way of circulation or by a committee (except an appropriate board committee set up for that purpose pursuant to a resolution passed at a board meeting) but a board meeting shall be held. Independent non-executive directors who, and whose associates (as defined in the Listing Rules), have no material interest in the transaction shall be present at such board meeting.

A1.7 of Appendix  
14 to the Listing  
Rules

**Article 97**

In disposing fixed assets, if the expected value of the fixed assets to be disposed of and the total value of the fixed assets already disposed of in four (4) months before the proposal of such disposal jointly exceed thirty three percent (33%) of the fixed assets value shown in the latest balance sheet reviewed by the general meeting, the board of directors shall not dispose of or approve the disposal of such fixed assets prior to the approval by the general meeting.

Clause 89 of the  
Mandatory  
Provisions

The disposal of fixed assets referred to in this article shall include the act of transferring certain rights and interests of assets, excluding the act of providing guarantee with fixed assets.

The effectiveness of transactions concerning the disposal of fixed assets conducted by the Company shall not be subject to the first paragraph of this article.

**Article 98**

The chairman of the board of directors shall exercise the following functions and power:

Clause 90 of the  
Mandatory  
Provisions

- (i) to preside over general meetings and to convene and preside over the board of directors' meetings;
- (ii) to review on the implementation of resolutions passed by the board of directors' meetings;
- (iii) to sign the certificates of securities issued by the Company;  
and
- (iv) to exercise other powers conferred by the board of directors.

Where the chairman is unable or fail to perform his/her/its duties, the vice chairman shall perform the duty on behalf of the chairman. Where the vice chairman is unable or fail to perform his/her/its duties, a majority of the directors may jointly elect one (1) director to perform the duties.

Article 109 of the  
Company Law

**Article 99**

The board of directors shall convene board meetings at least four (4) times a year, about one (1) time every quarter. Board meetings shall be convened by the chairman. A notice shall be given to all directors and supervisors fourteen (14) days before the date of the proposed meeting. A regular board meeting shall not be convened by way of circulation of written resolutions to obtain approval from the board of directors. In case of emergency, a special board meeting may be held upon requisition by either the chairman, one third (1/3) or more of the directors or board of supervisors or shareholders representing more than ten percent (10%) voting rights or the general manager. In such case, a special board meeting is not restricted by notice of meeting in Article 100. All reasonable expenses incurred by the directors for attending the board meeting shall be borne by the Company.

A.1.1 & 1.3 of Appendix 14 to the Listing Rules Clause 91 of the Mandatory Provisions Article 110 of the Company Law

Board meetings shall be conducted in Chinese. Where necessary, interpreters may be present to provide simultaneous Chinese and English interpretation.

**Article 100**

Notice of board meetings shall be given in the following ways:

Clause 92 of the Mandatory Provisions Article 110 of the Company Law

- (1) Where the time and venue of regular board meetings have been specified in advance by the board of directors, the notice of meeting is not required. Any director may waive his/her/its right to require notice of board meeting.
- (2) Where the time and venue of regular board meetings have not been specified in advance by the board of directors, the chairman of the board shall give a notice of the time and venue of the meeting to directors by telex, telegraph, fax, express or registered mail or by hand or other means of methods accepted by relevant supervisory authorities at least ten (10) days in advance, unless as otherwise provided in Article 99.

**Article 101**

For any matters to be decided by more than two thirds (2/3) of the board of directors, a notice must be given to all directors in accordance with the time specified in Article 99 and must be considered in strict accordance with the stipulated procedures with sufficient information provided. When more than a quarter (1/4) of the directors consider the information insufficient or the discussion ambiguous, such directors may jointly propose a postponement of the board meeting or a postponement of part of the matters to be considered at the board meeting and such proposal shall be adopted by the board of directors.

Rule 3 of the  
Opinion

The agenda of regular board meetings and its related documents shall be submitted to all directors in full and in time and shall be delivered at least three (3) days (or within other days agreed) before the dates of the planned board meeting or meeting of any board committees.

A7.1 of Appendix  
14 to the Listing  
Rules

Where a director, who is present at the meeting, has not raised any objection that he/she has not been notified of the meeting before or at the meeting, such director shall be deemed to have notified of the meeting.

Regular or special board meetings may be held in the form of telephone conference or by similar means like audio or video communication. So long as the directors participated in the meeting are able to hear the speech of other directors clearly and communicate, all the directors participated in the meeting shall be deemed to have attended the meeting in person.

**Article 102**

Unless otherwise specified in these Articles, board meetings shall be held only if more than half (1/2) of all the directors (including any alternate director appointed by written authorization in accordance with Article 103 of this chapter) are present.

Clause 93 of the  
Mandatory  
Provisions

Each director shall have one (1) vote. The board of directors' resolutions must be voted for by more than half of all the directors.

In the case of an equality of votes, the chairman of the meeting shall be entitled to a casting vote.

**Article 103**

Directors shall attend the board meeting in person. If a director is unable to attend the meeting in person due to some reasons, he/she may entrust another director in writing to attend the meeting on his/her/its behalf and the proxy letter shall specify the scope of the authority.

Clause 94 of the  
Mandatory  
Provisions

The director who attends the board meeting on behalf of another director shall exercise the right of the entrusting party within the scope of authorization. If any director fails to attend the board meeting or entrusts a proxy to be present on his/her/its behalf, he/she shall be deemed to have waived his/her/its voting rights at that meeting.

**Article 104**

Unless otherwise specified in these Articles, the board of directors may accept board meetings in the form of written communications over the resolutions to replace meetings on site. However, draft motions of the meeting must be delivered to all directors by hand, mail, telegraph or fax. After the board of directors has delivered the motion to all directors and that the number of directors giving consent and signature to the motion has reached the quorum, such motion, if delivered to the secretary of the board of directors by means of methods referred to above, shall become a board resolution and no convening of a board meeting shall be required.

**Article 105**

All matters discussed and resolutions adopted at a board meeting or a meeting of any board committee shall be recorded in Chinese in the form of minutes of meeting. Any doubts or objective opinions to the matters considered at the meeting and to the certain communication and voting method adopted at the meeting, expressed by the directors shall be included in the minutes. Opinions expressed by the independent non-executive directors shall be clearly indicated in the board resolutions.

Clause 95 of the  
Mandatory  
Provisions  
Rule 3 of the  
Opinion  
A1.5 of Appendix  
14 to the Listing  
Rules

The first draft of the minutes of a board meeting or a meeting of any board committee shall be submitted to all directors for their review within a reasonable time. Any directors who intend to amend or supplement the minutes shall submit his/her/its revision suggestions in writing to the chairman of the board within one week upon receiving the minutes of a meeting. When the minutes of the meeting are finalized, directors and the recorder attending the meeting shall sign their names on the minutes of the meeting. Secretary of the board of directors shall conscientiously organize minutes of a meeting and matters discussed at the meeting and sign his/her/its name on the minutes of a meeting, and shall assume the responsibility of accurate recording. The minutes of a board meeting or a meeting of any board committee shall be deposited at the domicile of the Company in China for keeping records, and a complete duplicate of the minutes shall be sent to each director as soon as possible. Any written resolution adopted without legal procedures but signed by directors, shall not have legal force, even if every director has expressed his/her/its opinion on it.

Directors shall be responsible for the resolutions of the board of directors. Where a resolution of the board meeting violates laws, administrative regulations or these Articles and causes serious losses to the Company, the directors who have taken part in such a resolution shall be liable to compensate the Company. However, if a director can prove that he has expressed his/her/its opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, the director may be relieved of such liability. Any director abstains from voting or does not attend and does not entrust a proxy to attend the meeting shall not be relieved of such liability; any director who has clearly expressed his/her/its disagreement at discussion but has not voted against a resolution shall not be exempted from liability.

Minutes of board meetings and meetings of board committees shall be kept by a duly appointed secretary of the meeting and such minutes shall be open for inspection at any reasonable time on reasonable notice by any director.

A.1.4 of Appendix  
14 to the Listing  
Rules

## **Chapter 11 Secretary of the Board of Directors**

### **Article 106**

The Company shall have one secretary of the board of directors, being a senior management member.

Clause 96 of the  
Mandatory  
Provisions

The board of directors may establish its secretarial department when necessary.

**Article 107**

The secretary of the board of directors shall be a natural person who has necessary professional knowledge and experience and shall be nominated by the board of directors.

Clause 97 of the  
Mandatory  
Provisions

The main duties of the secretary of the board of directors include:

- (i) to ensure that the Company has complete constituent documents and records;
- (ii) to ensure that the Company prepares and delivers in accordance with law those reports and instruments required by supervisory authorities entitled thereto;
- (iii) to ensure that the Company's registers of shareholders are properly maintained, and that persons entitled to the Company's records and documents are furnished with such records and documents without delay;
- (iv) to consistently provide and remind the directors with land on laws, policies and regulations regarding company operation within and beyond the borders and ensure they fully understand such regulations, assist directors and the general manager in their daily operation in complying with the related laws, regulations, these Articles and other related regulations;
- (v) to be responsible for the organization and preparation of the documents of the board of directors and the general meeting, well prepare the meeting record work, ensure the meeting policies in conformity with the legal procedures, and to keep abreast of the execution of the resolutions of the board of directors;
- (vi) to be responsible for the organization and coordination of information disclosure, coordination of the relationship with investors, and enhancement of the transparency of the Company;
- (vii) to participate in and organize financing in the capital market;  
and



(viii) to deal with the relationships with the intermediary organs, regulatory authorities and the media for the enhancement of public relations.

**Article 108**

Generally, the post of board secretary shall be held by a professional. A director or other senior administrative officer of the Company may hold the office of board secretary concurrently. However, general managers (not including vice general managers), chief financial officer and the accountant(s) of the certified public accountant firm appointed by the Company shall not act as board secretary.

Clause 98 of the  
Mandatory  
Provisions

Provided that where the office of board secretary is held concurrently by a director and an act is required to be done by a director and a board secretary separately, the person who holds the office of director and board secretary may not perform the act in dual capacity.

**Article 109**

The secretary of the board of directors shall perform his/her/its duties and responsibilities in a diligent manner in accordance with relevant provisions of these Articles.

The secretary of the board of directors shall assist the Company to comply with relevant laws in China and regulations of the stock exchange on which the Company's shares are listed.

**Chapter 12 General Manager**

**Article 110**

The Company shall have one (1) general manager. The general manager shall be appointed or removed by the board of directors.

Clause 99 of the  
Mandatory  
Provisions

The Company shall have several deputy managers and one (1) Chief Financial Officer to assist the work of the general manager. The deputy managers and Chief Financial Officer shall be nominated by the general manager and shall be appointed or removed by the board of directors.

Article 46 of the  
Company Law

**Article 111**

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

Clause 100 of the  
Mandatory  
Provisions

- (i) to be in charge of the Company's production, operation and management, and to coordinate the implementation of the resolutions of the board of directors;

- (ii) to organize the implementation of the Company's annual business plan and investment proposal;
- (iii) to draft plans for the establishment of the Company's internal management structure;
- (iv) to draft plans for the establishment of the Company's branch offices;
- (v) to draft the Company's basic management system;
- (vi) to formulate basic rules and regulations of the Company;
- (vii) to propose the appointment or dismissal of the Company's deputy managers and Chief Financial Officer;
- (viii) to appoint or dismiss management member other than those required to be appointed or dismisses by the board of directors;
- (ix) within the authority delegated by the board of directors, to appoint, change or recommend shareholder representatives, directors and supervisors in its share controlled subsidiary or joint stock subsidiary;
- (x) within the authority delegated by the board of directors, to decide on the establishment of the Company's branches; and
- (xi) to exercise other powers conferred by these Articles and delegated by the board of directors.

**Article 112**

The general manager may have the right to attend board meetings and to receive notices of meetings and other relevant documents; The general manager who is not a director does not have any voting rights at board meetings.

Clause 101 of the  
Mandatory  
Provisions

**Article 113**

The general manager, deputy managers and Chief Financial Officer shall not alter the resolutions of a general meeting or a board meeting or exceed the scope of authorization when performing their functions and powers.

**Article 114** The general manager, deputy managers and Chief Financial Officer shall act honestly and diligently in accordance with the laws, administrative regulations as well as these Articles when performing their functions and powers. Clause 102 of the Mandatory Provisions

**Article 115** The general manager, deputy managers, Chief Financial Officer and other senior management members shall submit a written notice to the board of directors three (3) months in advance of resignation.

### **Chapter 13 Supervisory Committee**

**Article 116** The Company shall have a supervisory committee. The supervisory committee is a permanent supervisory body of the Company which is responsible for supervising the board of directors and its members as well as senior management members including the general manager, deputy managers and Chief Financial Officer to prevent them from abusing their power and infringing the legitimate rights and interests of shareholders and the Company and its employees. Clause 103 of the Mandatory Provisions

**Article 117** The supervisory committee shall comprise five (5) supervisors. Clause 104 of the Mandatory Provisions

The supervisory committee shall have a term of three (3) years and the term is renewable upon re-election. Where a supervisor has not been timely re-elected at the expiry of the term of office or a supervisor has resigned during the term of office as a result of which the number of members in the supervisory committee falls below the quorum, the original supervisor shall perform his/her/its duties as a supervisor, prior to the assumption by the re-elected supervisor, in accordance with the laws, administrative regulations as well as the provisions of these Articles. Article 52 of the Company Law

There shall be one (1) chairman in the supervisory committee. The chairman of the supervisory committee shall be appointed and removed through election by more than two thirds (2/3) (inclusive) of the supervisors. Clause 5 of the CSRC Letter Para 1(d)(i) of Appendix 13D to the Listing Rules

The chairman of the supervisory committee shall coordinate and implement the duties and responsibilities of the supervisory committee. When the chairman is unable or fails to perform his/her/its duties, one (1) supervisor shall be elected by more than half (1/2) of the supervisors to convene and preside over the meetings.

**Article 118**

The supervisory committee shall include three (3) external supervisors (including two (2) independent supervisors and one (1) shareholder representative supervisor) and two (2) employee representative supervisors. The external supervisors shall be elected and removed by the general meeting and employee representative supervisors shall be elected and removed by the Company's staff through staff representatives meetings, plenary staff meeting or through other forms of democratic election. The number of supervisors assumed by staff representatives shall not be less than one third (1/3) of the supervisors.

Clause 105 of the  
Mandatory  
Provisions  
Article 117 of the  
Company Law

External supervisors refer to supervisors who do not hold positions in the Company, and shall independently report to the general meeting on the fiduciary obligation and duty of due diligence of the senior management of the Company. Independent supervisors refer to supervisors who are independent from the shareholders of the Company and do not hold positions in the Company.

The supervisory committee shall, according to its needs, establish its offices to be responsible for the daily affairs of the supervisory committee.

**Article 119**

Neither a director, nor the general manager, deputy managers, the chief financial officer or other senior management of the Company may serve as a supervisor concurrently.

Clause 106 of the  
Mandatory  
Provisions

**Article 120**

Supervisory committee meetings shall be convened by the chairman of the supervisory committee at least two (2) times a year. A supervisor may propose an extraordinary supervisory committee meeting.

Clause 107 of the  
Mandatory  
Provisions  
Article 119 of the  
Company Law

After the supervisory committee has delivered the motion to all supervisors and that the number of supervisors giving consent and signature to the motion has reached the quorum, such motion shall become a committee resolution and no convening of a committee meeting shall be required.

**Article 121**

The chairman of the supervisory committee shall convene an extraordinary committee meeting within ten (10) days after the occurrence of any one of the following events:

- (1) where the chairman considers it necessary;
- (2) where more than one third (1/3) of the supervisors propose it;

The notice of convening an extraordinary supervisory committee meeting shall be delivered to all supervisors two (2) days before the date of the meeting.

**Article 122**

The supervisory committee is accountable to the general meeting and exercise the following functions and powers in accordance with law:

Clause 108 of the  
Mandatory  
Provisions  
Article 53 of the  
Company Law

- (i) to review the Company's financial position;
- (ii) to supervise the performance of duties by the directors and senior management members and to advise on the dismissal of directors and senior management members who are in breach of laws, administrative regulations or these Articles;
- (iii) to demand the directors and senior management members to rectify their error if they have acted in a harmful manner to the Company's interest;
- (iv) to check and inspect the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the general meeting and to authorize, in the Company's name, publicly certified and practicing accountants to assist in the review on such information shall any doubt arise in respect thereof;
- (v) to propose to convene an extraordinary general meeting, where the board of directors fails to perform the duties in relation to convene or preside a general meeting as required by the Company Law, to convene or preside over the general meeting;
- (vi) to make proposals to the general meeting;
- (vii) to represent the Company in negotiations with or in bringing actions against a director or a senior management members;  
and
- (viii) other functions and powers as specified in these Articles.

The supervisory committee may give advice on the Company's engagement of accounting firms. When necessary, the committee may authorize, in the Company's name, accounting firms to review the Company's financial position independently and may report the situation directly to the securities regulatory organ of the State Council and other relevant departments.

Rule 7 of the  
Opinion

Supervisors shall attend meetings of the board of directors with no voting right.

**Article 123**

The supervisory committee meeting is a means for the supervisory committee to evaluate the company's business. The voting system of one-person one-vote shall be applied.

Clause 109 of the  
Mandatory  
Provisions

Resolutions of the supervisory committee shall be passed by the affirmative vote of more than two-third (2/3) (inclusive) of all of its members.

Clause 6 of the  
CSRC Letter  
Para 1(d)(ii) of  
Appendix 13D to  
the Listing Rules

Minutes shall be taken for all supervisors' meetings and be signed by all attending supervisors.

Article 119 of the  
Company Law

**Article 124**

All reasonable fees incurred in respect of the employment of professionals, such as lawyers, certified public accountants or practicing auditors, which are required by the supervisory committee in the exercise of its functions and powers shall be borne by the Company.

Clause 110 of the  
Mandatory  
Provisions

**Article 125**

A supervisor shall perform his/her/its duties faithfully in accordance with the laws, administrative regulations as well as the provisions of these Articles.

Clause 111 of the  
Mandatory  
Provisions

**Chapter 14 Qualifications and Obligations of Directors,  
Supervisors, General Manager and Other  
Senior Management Members**

**Article 126**

A person may not serve as a director, supervisor, general manager or senior management member of the Company if any of the following circumstances apply:

Clause 112 of the  
Mandatory  
Provisions

- (i) a person who does not have or who has limited capacity for civil conduct;

- (ii) a person who has been found guilty of for corruption, bribery, infringement or misappropriation of property or other crimes which destroy the social economic order, and not more than five (5) years have lapsed since the sentence was served or a person who has been deprived of his/her/its political rights and not more than five (5) years have lapsed since the sentence was served;
- (iii) a person who is a former director, factory manager of general manager of a company or enterprise which has been dissolved or put into liquidation as a result of mismanagement and who was personally liable for the winding up of such company or enterprise, where less than three (3) years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (iv) a person who is a former legal representative of a company or enterprise the business license of which was revoked due to violation of law and who are personally liable, where less than three (3) years have elapsed since the date of the cancellation of the business license;
- (v) a person who has a relatively large amount of debts which have become due and outstanding;
- (vi) a person who is currently under investigation by the judicial authorities for violation of criminal law;
- (vii) a person who, according to laws and administrative regulations, cannot act as a leader of an enterprise;
- (viii) a person other than a natural person; and
- (ix) a person who has been adjudged by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than five (5) years have elapsed since the date of such convictions.

**Article 127**

Where the director, general manager and other senior management members of the Company acts on behalf of the Company, the effectiveness of such act against any third party acting in good faith shall not be affected by the non-compliance in terms of incumbency, election or qualification of such person.

Clause 113 of the  
Mandatory  
Provisions

**Article 128**

Apart from the obligations provided in laws, administrative regulations, or listing rules of the securities regulatory authorities where the Company's shares are listed, the director, general manager and other senior management members of the Company shall also assume the following obligations towards every shareholder, when exercising their functions and powers granted by the Company:

Clause 114 of the  
Mandatory  
Provisions

- (i) not operating business beyond the business scope specified in the business license;
- (ii) acting in good faith with a view to maximize the Company's interests;
- (iii) not depriving the Company of its properties by any means, including (but not limited to) favorable opportunities for the Company; and
- (iv) not depriving shareholders of personal rights and interests, including (but not limited to) the rights of distribution and voting, except the restructuring of the Company submitted to and approved by the general meeting according to these Articles.

**Article 129**

When exercising their rights or performing their obligations, the director, supervisor, general manager and other senior management members of the Company shall be responsible for behaving with prudence, diligence and skills a reasonably prudent person would exercise under similar circumstances.

Clause 115 of the  
Mandatory  
Provisions

**Article 130**

When performing their duties, the director, supervisor, general manager and other senior management members of the Company shall observe the principle of good faith, and shall not place themselves in a position where their interest may conflict with their obligations. The principle includes (but is not limited to) the following obligations:

Clause 116 of the  
Mandatory  
Provisions

- (1) acting in good faith with a view to maximize the Company's interests;
- (2) exercising rights within the scope of authority, without exceeding such scope;



- (3) personally exercising the discretionary power without manipulated by other persons; the discretionary power shall not be assigned to any other person, unless as approved by laws, administrative regulations, or the informed general meeting;
- (4) equally treating shareholders of the same class and fairly treating those of different class;
- (5) except as otherwise provided in these Articles or approved by the informed general meeting, not to sign contracts, conduct transactions or make arrangements with the Company;
- (6) without approval of the informed general meeting, not to utilize the Company's property by any means for their own interests;
- (7) not to take advantage of the position to accept bribes or other illegal income, or misappropriate the property of the Company by any means, including (but not limited to) favorable opportunities for the Company;
- (8) without approval of the informed general meeting, not to accept commissions related to the Company's transactions;
- (9) observing the Company's Articles, faithfully performing their responsibilities and protecting interests of the Company, and not to take advantage of their position and power to seek personal interests;
- (10) without approval of the informed general meeting, not to compete with the Company by any means;
- (11) not to misappropriate the Company's funds or to lend such funds to other persons, not to deposit the Company's funds in the account opened in personal name or otherwise, or utilize the assets of the Company to provide guarantee for the personal debt of the Company's shareholders or other persons; and
- (12) without approval of the informed general meeting, not to reveal the confidential information of the Company gained during their term of office; unless for the interest of the Company, not to take advantage of such information,

however, in any one of the following circumstances, such information may be disclosed to the court or other governmental authorities:

1. provided by laws;
2. required for public interests; and
3. required by the director, supervisor, general manager and other senior management members for his/her/its own interests.

**Article 131**

The director, supervisor, general manager and other senior management members of the Company shall not instigate the following persons or institutions (collectively “related persons” ) to do anything that they are forbidden to do:

Clause 117 of the  
Mandatory  
Provisions

- (1) the spouse or minor children of director, supervisor, general manager and other senior management members of the Company;
- (2) trustees of the director, supervisor, general manager and other senior management members of the Company and those specified in item (1) of this article;
- (3) partners of the director, supervisor, general manager and other senior management members of the Company and those specified in items (1) and (2) of this article;
- (4) companies in which the director, supervisor, general manager and other senior management members of the Company, whether alone or jointly with those specified in items (1), (2) and (3) of this article or other directors, supervisors, general manager and other senior management members of the Company, has de facto controlling interest; and
- (5) the director, supervisor, general manager and other senior management members of the controlled companies specified in item (4) of this article.

|                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                       |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| <b>Article 132</b> | The obligations of good faith of the director, supervisor, general manager and other senior management members of the Company shall not necessarily terminate upon expiration of their term of office, and their obligations to hold the business secrets of the Company confidential shall remain valid after the expiration of their tenures of office. The duration of other obligations shall be decided in accordance with the principle of fairness, depending on the interval between the date when an event arises and the date when they leave their post, and depending on the circumstances and conditions under which their relationship with the Company terminates.                                | <b>Clause 118 of the<br/>Mandatory<br/>Provisions</b> |
| <b>Article 133</b> | The responsibilities borne by the director, supervisor, general manager and other senior management members of the Company due to violation of a certain obligation may be discharged by the informed general meeting, with the exception of the circumstances specified in Article 51.                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Clause 119 of the<br/>Mandatory<br/>Provisions</b> |
| <b>Article 134</b> | Where the director, supervisor, general manager and other senior management members of the Company has direct or indirect material interest with the contracts, transactions or arrangements (except the employment contracts of the directors, supervisors, general manager and other senior management members of the Company) signed or planned by the Company, such person shall notify the board of directors of the nature and degree of the interest as soon as possible, regardless of whether such matter, in general, shall be subject to approval of the board of directors.                                                                                                                          | <b>Clause 120 of the<br/>Mandatory<br/>Provisions</b> |
|                    | Unless the interested directors, supervisors, general manager and other senior management members have informed the board of directors of the matter in accordance with the requirements specified in the preceding paragraph of this article, and the board of directors has approved it at a meeting where such persons are not incorporated into the quorum and nor do they participate in the voting, the Company shall have the right to cancel such contracts, transactions or arrangements, except that the counterparty is an innocent party who is unaware of the violation of their obligations by related directors, supervisors, general manager and other senior management members of the Company. |                                                       |

When the related persons of the director, supervisor, general manager and other senior management members of the Company have an interest with a certain contract, transaction or arrangement, it shall be deemed that the director, supervisor, general manager and other senior management members of the Company have an interest as well.

**Article 135**

Before a contract, transaction or arrangement is first taken into consideration by the Company, if the interested directors, supervisors, general manager and other senior management members of the Company have notified the board of directors in writing form, declaring that because of the reasons specified in the notification, they have an interest with the contract, transaction or arrangement of the Company in the future, it shall be deemed that they have made the disclosure as required in the preceding article hereof, within the scope of the disclosure of the notification.

Clause 121 of the  
Mandatory  
Provisions

**Article 136**

The Company shall not pay taxes for its directors, supervisors, general manager and other senior management members of the Company by any means.

Clause 122 of the  
Mandatory  
Provisions

**Article 137**

The Company shall not, directly or indirectly, provide loans or loan guarantee for the directors, supervisors, general manager and other senior management members of the Company and its holding company, nor shall it provide the same to their related persons.

Clause 123 of the  
Mandatory  
Provisions

This article shall no longer be applicable to the following circumstances:

- (1) the Company provides loans or loan guarantee for its subsidiaries;
- (2) pursuant to the employment contracts approved by the general meeting, the Company provides loans, loan guarantee or other funds for its directors, supervisors, general manager and other senior management members, to enable them to make payment for the Company or for the expenses arising from the performance of their duties; and
- (3) if the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may provide loans or loan guarantee for its

directors, supervisors, general manager and other senior management members and their related persons in the ordinary course of its business on normal commercial terms.

- Article 138** Where the Company provides loans in violation of the preceding article, the payee shall return the loans immediately, regardless of the loan conditions. Clause 124 of the Mandatory Provisions
- Article 139** The Company shall be free of compulsory execution of the loan guarantee if it provides such loan guarantee in violation of the first paragraph of Article 137 of these Articles, with the exception of the following circumstances: Clause 125 of the Mandatory Provisions
- (1) when providing loans to the related persons of the director, supervisor, general manager and other senior management members of the Company and its holding company, the provider is not aware of the circumstances; and
  - (2) the collateral provided by the Company has been legally sold by the loan provider to a purchaser acting in good faith.
- Article 140** The “guarantee” referred to in the preceding article shall include the activities whereby the guarantor bears the responsibility or provides property to ensure the obligation performance of the guarantee. Clause 126 of the Mandatory Provisions
- Article 141** In case when the director, supervisor, general manager and other senior management members of the Company violate their obligations towards the Company, apart from the rights and remedial measures provided by laws and administrative regulations, the Company shall have the right to take the following measures: Clause 127 of the Mandatory Provisions
- (1) requiring relevant directors, supervisors, general manager and other senior management members to compensate the Company for the losses resulted from their dereliction of duty;
  - (2) cancelling any contract or transaction between the Company and relevant directors, supervisors, general manager and other senior management members and that between the Company and a third party (if the third party have known or shall have

known that the directors, supervisors, general manager and other senior management members had violated their obligation towards the Company);

- (3) requiring relevant directors, supervisors, general manager and other senior management members to hand over the proceeds generated in violation of their obligations;
- (4) recovering related directors, supervisors, general manager and other senior management members for the funds that originally shall be collected by the Company, including (but not limited to) commissions; and
- (5) requiring relevant directors, supervisors, general manager and other senior management members to return the interest generated by or possibly generated by the fund that originally shall be turned over to the Company.

**Article 142**

With the prior approval of the general meeting, the Company shall sign written contracts with its directors and supervisors in respect of compensation. The matter of compensation aforesaid shall include:

Clause 128 of the  
Mandatory  
Provisions

- (1) compensation of directors, supervisors or senior management members of the Company;
- (2) compensation of directors, supervisors or senior management members of the Company's subsidiaries;
- (3) compensation of other services supporting the management of the Company and its subsidiaries; and
- (4) compensatory amounts for the loss of office or retirement of directors or supervisors.

Except for the aforesaid contracts, the director and supervisor shall not file any lawsuit or arbitration against the Company and claim the benefits they shall obtain for the foregoing compensation matters.

**Article 143**

The compensation contracts between the Company and its directors and supervisors shall provide that when the Company is acquired, with the prior approval of the general meeting, directors and supervisors of the Company shall have the right to obtain the compensatory or other amounts to which they are entitled due to losing their post or retirement. The acquisition referred to above shall mean any one of the following circumstances:

Clause 129 of the  
Mandatory  
Provisions

- (1) any person makes an offer of acquisition to all shareholders; and
- (2) any person makes an offer of acquisition with the aim to make the offeror become the controlling shareholder of the Company. The term “controlling shareholder” is defined in Article 52 hereof.

If relevant directors and supervisors violate the provisions of this article, any fund received by them shall be owned by the persons who accept the foregoing offer and sell their shares and meanwhile the directors and supervisors shall bear the expense incurred by allocation of the fund proportionally. The expenses shall not be subtracted from the fund.

### **Chapter 15 Financial and Accounting Systems and Profit Distribution**

**Article 144**

The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations as well as the provisions of Chinese accounting standards formulated by the competent financial authority of the State Council.

Clause 130 of the  
Mandatory  
Provisions

**Article 145**

The accounting year of the Company shall adopt the calendar year, that is, starting from 1 January of every calendar year to 31 December of every calendar year.

The Company shall adopt Renminbi as its denominated currency for booking purpose and the account books shall be recorded in Chinese.

At the end of each accounting year, the Company shall prepare a financial report which shall be examined and verified in a manner prescribed by laws.

Clause 131 of the  
Mandatory  
Provisions

|                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                            |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| <b>Article 146</b> | The board of directors of the Company shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations as well as directives promulgated by local governments and supervisory authorities require the Company to prepare.                                                                                                                                                                                                                                                                                                                               | Clause 132 of the Mandatory Provisions                                                                     |
| <b>Article 147</b> | The Company shall make available its financial report at the office of the Company for inspection by its shareholders twenty (20) days prior to the convening of the annual general meeting. Every shareholder of the Company shall have the right to obtain the financial report mentioned in this chapter.                                                                                                                                                                                                                                                                                                                          | Clause 133 of the Mandatory Provisions<br>Clause 7 of the CSRC Letter Para 5 of App 3 to the Listing Rules |
|                    | The financial report mentioned in the preceding paragraph shall include the directors' report and the balance sheet (including all other documents to be attached in accordance with the requirements of PRC laws, other laws, and administrative regulations), profit and loss account or income statement or (under the condition of no violation of PRC laws) financial highlights approved by the Hong Kong Stock Exchange.                                                                                                                                                                                                       |                                                                                                            |
|                    | Unless otherwise provided by the laws, regulations, listing rules of the place where the shares of the Company are listed or these Articles, the Company shall despatch the aforesaid financial report to each shareholder of H shares by pre-paid post, and the address on the register of shareholders shall be the address of the recipient.                                                                                                                                                                                                                                                                                       |                                                                                                            |
| <b>Article 148</b> | The Company shall prepare its financial statement not only in accordance with the Chinese accounting standards and regulations but also the international accounting standards or the accounting standards in the overseas listing place. In case when there are major differences between the financial statements prepared in accordance with the two accounting standards, they shall be indicated clearly in the notes of the financial statements. When distributing the after-tax profit for the relevant accounting year, the Company shall adopt the lower of the after-tax profit in the aforesaid two financial statements. | Clause 134 of the Mandatory Provisions                                                                     |
| <b>Article 149</b> | The Company shall prepare its interim results or financial information to be published or disclosed not only in accordance with the Chinese accounting standards and regulations but also the international accounting standards or the accounting standards of its overseas listing place at the same time.                                                                                                                                                                                                                                                                                                                          | Clause 135 of the Mandatory Provisions                                                                     |



**Article 150** The Company shall publish its financial report twice in each accounting year, that is, to publish its interim financial report within sixty (60) days after the end of the first six (6) months of an accounting year, and to publish its annual financial report within one hundred and twenty (120) days after the end of an accounting year.

Clause 136 of the  
Mandatory  
Provisions

**Article 151** The Company shall not have any account books other than its statutory accounts.

Clause 137 of the  
Mandatory  
Provisions

**Article 152** When allocating the after-tax profits of the current year, the Company shall allocate ten percent (10%) of its profit to the Company's statutory surplus reserve.

Rule 166 of the  
Company Law

Where the accumulated statutory surplus reserve of the Company has reached more than fifty percent (50%) of the Company's registered capital, no allocation is needed.

Where the Company's statutory surplus reserve is insufficient to make up the losses of the Company in previous years, before any allocation to the statutory surplus reserve in accordance with the stipulations of the preceding paragraph, the Company shall first make up the losses by using the profits of the current year.

After allocation of its profits after tax to its statutory surplus reserve, the Company may allocate its profits after tax to its discretionary statutory reserve upon the shareholders' approval at a general meeting.

The remaining profits after tax after making up its losses and allocating to its reserves may be distributed to its shareholders pro rata to their respective shareholdings.

The shares held by the Company are not entitled to any profits distribution.

**Article 153** Before making up the losses and contributing to the statutory surplus reserve, the Company shall not make profit distribution in any way.

Any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of such share to the dividend subsequently declared.

Para 3(1) of App  
3 to the Listing  
Rules

The Board shall have the power to forfeit unclaimed dividends, but that power shall not be exercised unless the relevant validity period has lapsed.

Para 3(2) of App  
3 to the Listing  
Rules

**Article 154**

The capital reserve shall include the following items:

Clause 138 of the  
Mandatory  
Provisions

- (1) the premium gained from share issuance in excess of its par value; and
- (2) other incomes that shall be included into the capital reserve as required by the competent financial authority of the State Council.

**Article 155**

The reserve of the Company shall be used to make up the Company's losses, expansion of the Company's production and operation, or be converted into the capital of the Company. However, the capital reserve shall not be used to make up losses of the Company.

Clause 168 of the  
Company Law

When the statutory reserve is converted into capital, the balance of such reserve shall not fall below twenty five percent (25%) of the Company's registered capital prior to such conversion.

**Article 156**

The Company may distribute dividends in the form of:

Clause 139 of the  
Mandatory  
Provisions

- (1) cash;
- (2) shares.

**Article 157**

The Company shall distribute dividends and other amounts which are payable to holders of domestic-invested shares in Renminbi. The Company shall calculate and declare dividends and other payments which are payable to holders of overseas-listed foreign invested shares in Renminbi, and shall pay such amounts in Hong Kong Dollars. As for the foreign currency needed by the Company for payment of cash dividends and other funds which are payable to holders of overseas-listed foreign invested shares, it shall be handled in accordance with any related national regulations on foreign exchange control.

Clause 27 of the  
Special  
Regulations

**Article 158** Unless otherwise provided by the relevant laws and administrative regulations, in regard to dividends and other amounts payable in Hong Kong Dollars, the applicable exchange rate shall be the average benchmark rate for the relevant foreign currency determined by the Peoples' Bank of China during the week prior to the announcement of payment of dividends and other amounts.

**Article 159** After the resolution on the profit distribution plan was passed at the Company's general meeting, the Board of the Company shall complete the distribution of dividends (or bonus shares) within two (2) months after convening the general meeting.

**Article 160** When distributing dividends to shareholders, the Company shall withhold and pay on behalf of the shareholders the taxes payable on the dividends in accordance with the provisions of the PRC tax law.

**Article 161** The Company shall appoint receiving agents for holders of the overseas-listed foreign invested shares. Such receiving agents shall receive dividends which have been declared by the Company and all other amounts which the Company shall pay to holders of the overseas-listed foreign invested shares on such shareholders' behalf.

Clause 140 of the  
Mandatory  
Provisions  
Clause 8 of the  
CSRC Letter

The receiving agents appointed by the Company shall meet the relevant requirements of the laws of the place at which the stock exchange on which the Company's shares are listed or the relevant regulations of such stock exchange. The receiving agents appointed for holders of the overseas-listed foreign invested shares listed on the Hong Kong Stock Exchange shall each be a company registered as a trust company under the *Trustee Ordinance* of Hong Kong.

Para 1(c) of App  
13D to the Listing  
Rules

As for the dividend warrants sent by mail to shareholders, the Company is entitled to cease sending such dividend warrants by mail only after two (2) consecutive failures of cashing after the posting of such dividend warrants. However, if the first dividend warrant fails to reach the shareholder and is returned undelivered, the Company is entitled to exercise such right.

Para 13(1) of App  
3 to the Listing  
Rules

The Company's right to sell the shares of untraceable shareholders shall not be exercised unless:

Para 13(2) of App  
3 to the Listing  
Rules

- (1) at least three (3) dividends in respect of the shares have been distributed in the past twelve (12) years and no such dividends have been claimed during such period; and

- (2) the Company has published an advertisement on newspapers upon expiry of the period of twelve (12) years, stating its intention to sell the shares, and has notified the same to the Hong Kong Stock Exchange.

**Article 162**

The Company shall establish an internal audit system designate full-time audit staff. The auditing department shall be accountable to the Board.

**Chapter 16 Engagement of Accounting Firms**

**Article 163**

The Company shall appoint an independent firm of accountants which is qualified under the relevant regulations of the State to audit the Company's annual financial report and review other financial reports of the Company.

Clause 141 of the  
Mandatory  
Provisions

The first accounting firm of the Company may be appointed by the founders' meeting before the first annual general meeting. The term of appointment of the accounting firm shall terminate at the end of the first annual general meeting.

If the founders' meeting does not exercise its functions and powers according to the aforesaid provisions, then the board of directors shall exercise its functions and powers.

**Article 164**

The term of appointment of the accounting firm appointed by the Company shall begin from the date of the close of the current annual general meeting and end on the date of the close of the next annual general meeting.

Clause 142 of the  
Mandatory  
Provisions

**Article 165**

The accounting firm appointed by the Company shall have the following rights:

Clause 143 of the  
Mandatory  
Provisions

- (1) inspecting the books, records and vouchers of the Company at any time, and requiring the directors, general manager or other senior management members of the Company to provide relevant information and explanations;
- (2) requiring the Company to adopt reasonable measures to obtain from its subsidiaries information and explanations that are required for the performance of duties; and

- (3) attending general meetings, receiving notices of general meetings or other information in relation to general meetings and giving statements at the meeting with regard to matters involving its duties as an accounting firm appointed by the Company.

**Article 166**

If a vacancy occurs on the post of accounting firm, the board of directors may appoint an accounting firm to fill such vacancy before convening a general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period during which a vacancy arises.

Clause 144 of the  
Mandatory  
Provisions

**Article 167**

The general meeting may decide to dismiss an accounting firm by adopting ordinary resolution before the expiration of the term of office of the accounting firm, regardless of the terms and conditions of the contract between the accounting firm and the Company. If the relevant accounting firm has the right to make claim to the Company due to its dismissal, such right shall not be affected.

Clause 145 of the  
Mandatory  
Provisions

**Article 168**

The compensation of the accounting firm or the method of determining the compensation shall be decided by the general meeting. The compensation of the accounting firm appointed by the board of directors shall be decided by the board of directors.

Clause 146 of the  
Mandatory  
Provisions

**Article 169**

The decision on engaging, dismissing or not renewing the engagement of an accounting firm shall be made by the general meeting, and reported to the securities regulatory authorities of the State Council for filing.

Clause 147 of the  
Mandatory  
Provisions

If the general meeting plans, by passing resolutions, to recruit a non-incumbent accounting firm to fill up any vacancy of the post of accounting firm, or renew the engagement of an accounting firm appointed by the board of directors to fill up the vacancy, or dismiss an accounting firm before the expiration of its term of office, the following provisions shall be satisfied:

Para 1(e)(i) of  
App 13D to the  
Listing Rules  
Clause 9 of the  
CSRC Letter

- (1) The relevant proposal on engagement or dismissal shall be sent to the accounting firm proposed to be engaged or proposing to leave the post or the firm which has left the post in the relevant accounting year before the issuance of the notice of general meeting. Leaving herein shall include leaving by dismissal, resignation and retirement.

- (2) If the accounting firm about to leave the post makes a written statement, and asks the Company to inform the shareholders of its statement, unless the time from the receipt of the written statement is too late, the Company shall adopt the following measures:
  1. stating in the notice issued for proposing a resolution that the accounting firm about to leave the post has made a statement; and
  2. sending a copy of the statement to each shareholder entitled to receive the notice of general meeting.
- (3) If the Company fails to send the statement of the relevant accounting firm according to the above provisions of item (2), the accounting firm may ask the statement be read at the general meeting and make further appeal.
- (4) An accounting firm about to leave the post shall have the right to attend the following meetings:
  1. general meeting at which its term of office shall expire;
  2. general meeting at which the vacancy due to its dismissal is to be filled up; and
  3. general meeting convened due to its resignation from its post.

The accounting firm about to leave the post shall have the right to receive all notices of the aforesaid meetings or other information in relation to the meetings and give speeches at the aforesaid meetings with regard to matters involving its duties as the previous accounting firm appointed by the Company.

#### **Article 170**

Prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. Such accounting firm shall have the right to make representations at the general meeting. Where the accounting firm resigns from its position, it shall make clear to the shareholders in a general meeting whether there has been any impropriety on the part of the Company.

Clause 148 of the  
Mandatory  
Provisions

An accounting firm may resign its office by depositing at the Company's registered office a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall contain the following statements:

Para 1(e)(ii) of App 13D to the Listing Rules  
Clause 10 of the CSRC Letter

1. a statement to the effect that there are no circumstances connected with its resignation which it considers shall be brought to the notice of the shareholders or creditors of the Company; or
2. a statement of any such circumstances.

The Company shall send copies of the aforesaid written notice to relevant supervisory authorities within fourteen (14) days from the date from the receipt of the aforesaid notice. If the notice contains the statement mentioned in item (2) under the second clause of Article 169, the Company shall also send a copy of the aforesaid statements to each shareholder who is entitled to receive the Company's financial report.

Para 1(e)(iii) of App 13D to the Listing Rules

If the resignation notice of an accounting firm contains any statement mentioned in item (2) under the second clause of this article, the accounting firm may ask the board of directors to convene an extraordinary general meeting to listen to its explanation on relevant circumstances of its resignation.

Para 1(e)(iv) of App 13D to the Listing Rules

## **Chapter 17 Merger and Division**

### **Article 171**

For a merger or division of the Company, the board of directors shall put forward a proposal, and the formalities for approval shall be handled according to laws after the proposal has been adopted according to procedures specified in the Company's Articles. Shareholders who oppose the Company's merger or division plans shall have the right to ask the Company or the shareholders who approve the merger or division plans to purchase their shares at a fair price. The content of the resolution on the merger or division of the Company shall be made into special document, which shall be available for shareholders.

Clause 149 of the Mandatory Provisions

With regard to holders of overseas-listed foreign invested shares listed in Hong Kong, the aforesaid documents shall also be sent out by mail.

**Article 172**

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

Clause 150 of the  
Mandatory  
Provisions

In the case of a merger of the Company, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall issue a notice to its creditors within ten (10) days from the date on which the Company's merger resolution is passed and shall make an announcement in newspaper at least three (3) times within thirty (30) days of the date of the Company's merger resolution. The creditors are entitled to require the Company to settle the loans or to provide corresponding guarantees within thirty (30) days of the receipt of the written notification, or in the event that no such notification is received, within forty five (45) days of the date of the announcement.

Rule 173 of the  
Company Law

After the merger of the Company, the claims and debts of the parties to the merger shall be assumed by the surviving company or the newly established company.

**Article 173**

In the case of a division of the Company, its assets shall be divided accordingly.

Clause 151 of the  
Mandatory  
Provisions  
Rule 175 of the  
Company Law

In the case of a division of the Company, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days from the date of the Company's division resolution which is passed and shall publish a public notice in newspaper at least three (3) times within thirty (30) days of the date of the Company's merger resolution.

Debts of the Company prior to the division shall be assumed by the companies which exist after the division in accordance with the agreements which have been reached.

**Article 174**

Where a merger or division of the Company involves changes in registered items, such changes shall be registered according to laws with the company registration authority; if the Company is dissolved, cancellation registration of the bank shall be carried out according to laws; where a new company is incorporated, the registration of the incorporation of the company shall be carried out according to laws.

Clause 152 of the  
Mandatory  
Provisions



## Chapter 18 Dissolution and Liquidation

### Article 175

The Company shall be dissolved and liquidated according to laws upon the occurrence of any of the following events:

Clause 153 of the  
Mandatory  
Provisions

- (1) expiry of the Company's term of business operations;
- (2) a resolution regarding the dissolution is passed by the general meeting;
- (3) dissolution is necessary due to a merger or division of the Company;
- (4) the Company is legally declared insolvent due to its failure to repay debts as they become due;
- (5) the Company is legally ordered to close or its business license is suspended or revoked;
- (6) the Company is dissolved by the People's Court according to Rule 183 of the Company Law.

Rule 180 of the  
Company Law

### Article 176

The Company may continue to exist by amending these Articles in the event of the circumstance as set forth in item (1) of Article 175.

Rule 181 of the  
Company Law

The amendment to these Articles according to the preceding article shall be passed by two-thirds (2/3) of the voting rights held by shareholders present at the shareholders' general meeting.

### Article 177

In the case of dissolution of the Company under items (1), (2), (5) and (6) of Article 175, a liquidation committee shall be formed within fifteen (15) days thereafter and the members of the liquidation committee shall be determined by general meeting through ordinary resolution. Where a liquidation committee is not established according to schedule, the creditors may apply to the people's court to organize the relevant personnel to establish a liquidation committee to proceed with the liquidation.

Clause 154 of the  
Mandatory  
Provisions  
Rule 183 of the  
Company Law

In the case of dissolution of the Company under item (4) of the preceding article, the people's court shall, according to relevant legal provisions, organize the shareholders, relevant departments and professionals to form a liquidation committee to carry out liquidation.

**Article 178**

If the board of directors decides the Company shall carry out liquidation (except for liquidation resulting from the Bank's declaration of bankruptcy), it shall state in the notice of general meeting convened for this purpose that the board of directors has conducted comprehensive investigation on the Company's conditions and believes that the Company is able to pay off all its debts within twelve (12) months following the commencement of liquidation.

Clause 155 of the  
Mandatory  
Provisions

The functions and powers of the board of directors of the Company shall terminate immediately when the general meeting adopts the resolution on liquidation.

The liquidation committee shall follow the directions of the general meeting to report on its income and expenditures, the Company's business and progress of liquidation at least once a year to the general meeting and make a final report to the general meeting at the end of liquidation.

**Article 179**

The liquidation committee shall inform the creditors within ten (10) days following its establishment, and shall publish a public notice in newspaper at least three (3) times within sixty (60) days. The creditors shall report their rights to the liquidation committee within thirty (30) days of the receipt of the written notification, or in the event that no such notification is received, within forty-five (45) days of the date of the announcement.

Clause 156 of the  
Mandatory  
Provisions  
Rule 185 of the  
Company Law

When the creditors report their rights, they shall make clear relevant matters regarding the rights and provide supporting evidence. The liquidation committee shall register the creditors' rights.

The liquidation committee shall not make repayments to such creditors during the period of such creditors' claims.

**Article 180**

The liquidation committee shall exercise the following functions and powers during the period of liquidation:

Clause 157 of the  
Mandatory  
Provisions

- (1) to categorize the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify the creditors or to publish public announcements;

- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay all outstanding taxes and any tax that arises during the liquidation process;
- (5) to settle claims and debts;
- (6) to deal with the residual assets remaining after repayment by the Company of its debts; and
- (7) to represent the Company in any civil proceedings.

**Article 181**

After the liquidation committee has sorted the Company's assets and prepared a balance sheet and an inventory of assets, it shall prepare a liquidation plan and submit it to the general meeting or the relevant competent authority for confirmation.

Clause 158 of the  
Mandatory  
Provisions  
Rule 186 of the  
Company Law

The Company's assets, after having paid the liquidation expense, shall be used to pay off its debts in the following order: (i) the Company's employee salary and labor insurance costs and statutory compensation; (ii) outstanding taxes; and (iii) bank loans, the Company's debentures and other debts of the Company.

Any residual assets of the Company remaining after its debts have been repaid in accordance with the provisions of the preceding article shall be distributed to its shareholders according to the class of shares and the proportion of shares held.

The Company shall not conduct any new business activity or any business activity which is not related to the liquidation during the period of liquidation. Before the Company's debts have been fully repaid in accordance with the provisions of this article, no assets of the Company shall be distributed to its shareholders.

**Article 182** In the case of liquidation as a result of dissolution of the Company, if the liquidation committee, having sorted the Company's assets and prepared the balance sheet and an inventory of assets, discovers that there are insufficient assets in the Company to pay off its debts, it shall apply to the people's court immediately for a declaration of bankruptcy of the Company.

Clause 159 of the  
Mandatory  
Provisions

Upon the declaration of bankruptcy of the Company by the people's court, the liquidation committee shall hand over the liquidation matters to the people's court.

**Article 183** Upon the completion of liquidation, the liquidation committee shall prepare a liquidation report and an income and expenditure statement and financial account for the period of liquidation and, after they are certified by a Chinese certified public accountant, submit them to the general meeting or the relevant competent authority for confirmation.

Clause 160 of the  
Mandatory  
Provisions

The liquidation committee shall, within thirty (30) days from the confirmation of the relevant competent authority, submit the aforesaid documents to the company registration authority for cancellation of the Company's registration and announce the Company's termination.

## **Chapter 19 Procedures for Amendment of the Company's Articles**

**Article 184** The Company may make amendments to these Articles in accordance with the requirements of laws, administrative regulations and the Company's Articles.

Clause 161 of the  
Mandatory  
Provisions

**Article 185** The Company shall amend these Articles under one of the following circumstances:

- (1) the provisions in these Articles contravene any revised laws or administrative rules after any amendments to the Company Law or other relevant laws and administrative rules;
- (2) the changes in the Company is not in conformity with the proceedings prescribed in these Articles;
- (3) amendments to these Articles being determined by a shareholders' general meeting.

**Article 186**

he board of directors may be authorized by an ordinary resolution of a shareholders' general meeting: (1) in the event that the Company increase its registered capital, to amend these Articles of Association of the Company in respect of the registered capital of the Company according to specific situations; and (2) if any chronological variation of the wordings or numbering of the articles contained in these Articles of Association of the Company is necessary upon application to the companies examination and approval authority authorized by the State Council for examination and approval, the board of directors is authorized to make corresponding amendments to these Articles of Association as required by such security regulatory authorities under the State Council.

Clause 12 of the CSRC Letter

The board of directors shall amend these Articles in accordance with the resolutions of the shareholders' general meeting and the opinion of the approving authorities.

**Article 187**

Amendment of these Articles involving the contents of the *Mandatory Provisions* shall become effective upon receipt of approvals from the competent departments authorized by the State Council and China Securities Regulatory Commission; and shall be submitted to the original supervisory authorities for approval, if needed; amendment of these Articles involving the registered particulars of the Company shall be made for change in registration in accordance with law.

Clause 162 of the Mandatory Provisions

**Article 188**

Where disclosure of the revision of these Articles is required under laws and provisions, it shall be announced in accordance with the relevant provisions.

**Chapter 20 Notices**

**Article 189**

Notices of the Company (including but not limited to notice of a shareholders' general meeting), communications or other written materials shall be sent by the following means:

Para 7(1) of App 3 to the Listing Rules

- (1) by hand;
- (2) by post;
- (3) by fax or email;

- (4) by publishing on the websites designated by the Company and the Hong Kong Stock Exchange in accordance with laws, administrative regulations and the Listing Rules;
- (5) by announcement;
- (6) by other means agreed by the Company and the recipients in advance or approved by the recipients after receipt of the notices;
- (7) by other means acceptable to the regulatory authorities of the place where the Company is listed or provided by this articles of Association;
- (8) in the case where the listing rules of the place where the Company is listed require the Company to send, mail, dispatch, issue, publish or otherwise provide the relevant documents of the Company in both the English version and the Chinese version, if the Company has made appropriate arrangements to confirm whether its shareholders wish to receive the English version only or the Chinese version only, the Company may, to the extent permitted under and in accordance with the applicable laws and regulations, only send the English version or the Chinese version of such documents to the relevant shareholder (in accordance with the intention expressed by the shareholder).

**Article 190**

Unless otherwise required by the context, the term “announcement” as mentioned herein, in respect of the announcement sent to holders of domestic Shares or required to be sent in the PRC pursuant to relevant regulations and these Articles, refers to announcement published on the newspapers and periodicals in the PRC, which newspapers and periodicals shall be in compliance with relevant provisions of the PRC laws and administrative regulations or specified or proposed by the relevant securities regulatory authorities; in respect of the announcement sent to holders of foreign Shares or required to be sent to holders of overseas foreign listed Shares in Hong Kong or other countries or regions pursuant to the relevant regulations and these Articles, the announcement must be published on the designated websites or newspapers and periodicals as provided under the laws and regulations of the countries or regions.

Para 7(1) of App  
3 to the Listing  
Rules

**Article 191** As to the notices to be issued by the Company to the holder of domestic Shares, the Company may publish an announcement on any newspaper in the PRC as designated by the relevant securities authority; once the announcement is published, the holder of domestic Shares shall be deemed to receive the relevant notice.

**Article 192** Notice sent by personal delivery, receiver shall sign (or seal) on reply slip with the receiving date as the delivery date; for notice sent by mail, the posting date is the delivery date; for notices sent by fax or email or published on websites, the date of sending is the delivery date; for notice notified by announcement, the first publishing date is the delivery date.

## **Chapter 21 Settlement of Disputes**

**Article 193** The Company shall follow the following dispute settlement rules:

Clause 163 of the  
Mandatory  
Provisions  
Clause 11 of the  
CSRC Letter

- (1) If any dispute or claim concerning the Company's business on the basis of rights and obligations provided in the Company's Articles, the Company Law or other relevant laws or administrative regulations arises between a shareholder of overseas-listed foreign invested shares and the Company, between a shareholder of overseas-listed foreign invested shares and a director, supervisor, general manager or other senior management members of the Company or between a shareholder of overseas-listed foreign invested shares and a shareholder of domestic-invested shares, the parties concerned shall submit the dispute or claim for arbitration.

When a dispute or claim as described above is submitted for arbitration, such dispute or claim shall be in its entirety, and all persons, being the Company or the shareholder, director, supervisor, general manager or other senior management members of the Company, that have a cause of action due to the same facts or whose participation is necessary for the settlement of such dispute or claim shall abide by arbitration.

Disputes concerning the definition of shareholders and the register of shareholders shall not be required to be settled by means of arbitration.

- (2) An arbitration applicant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its arbitration

rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. After the arbitration applicant submits the dispute or claim for arbitration, the arbitration shall be carried out in the arbitration institution selected by the applicant.

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

- (3) Unless otherwise provided by laws or administrative regulations, laws of the PRC shall apply to the settlement by means of arbitration of disputes or claims referred to in item (1) of this article.
- (4) The award of the arbitration institution shall be final and binding upon each party.

## **Chapter 22 Supplementary Provisions**

**Article 194** Upon the listing of the H shares in issue of the Company on the Hong Kong Stock Exchange, these Articles shall comply with the provisions of the Listing Rules and other applicable Hong Kong laws and regulations, as amended from time to time. If these Articles are not consistent with, contravene or in conflict with any applicable laws, regulations or the Listing Rules, the strictest requirements shall be followed.

**Article 195** These Articles are written in Chinese.

**Article 196** In these Articles, the words of “under” , “above” , “below” and “more than” do not include its underlying number.

**Article 197** The right to interpret these Articles vests with the board of directors of the Company and the right to amend these Articles vests with the general meeting.

**Article 198** The term “accounting firm” referred to in these Articles shall have the same meaning as “auditors” .

Article 165 of the  
Mandatory  
Provisions