

SHANDONG FENGXIANG CO., LTD.

Articles of Association

July 2024

CONTENTS

CHAPTER 1	GENERAL PROVISIONS	3
CHAPTER 2	OBJECTIVES AND SCOPE OF BUSINESS OF THE COMPANY ...	4
CHAPTER 3	SHARES AND REGISTERED CAPITAL	5
CHAPTER 4	INCREASE, DECREASE AND REPURCHASE OF SHARES	7
CHAPTER 5	FINANCIAL ASSISTANCE FOR PURCHASING THE COMPANY'S SHARES	9
CHAPTER 6	SHARE CERTIFICATES AND SHARE REGISTER	9
CHAPTER 7	RIGHTS AND OBLIGATIONS OF SHAREHOLDERS	13
CHAPTER 8	GENERAL MEETING	15
CHAPTER 9	BOARD OF DIRECTORS	24
SECTION 1	DIRECTORS	24
SECTION 2	BOARD OF DIRECTORS	26
SECTION 3	SPECIAL COMMITTEES UNDER THE BOARD OF DIRECTORS	30
CHAPTER 10	SECRETARY TO THE BOARD OF DIRECTORS OF THE COMPANY	31
CHAPTER 11	GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS	32
CHAPTER 12	BOARD OF SUPERVISORS	33
CHAPTER 13	QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS OF THE COMPANY	35
CHAPTER 14	FINANCIAL ACCOUNTING SYSTEM	36
CHAPTER 15	PROFIT DISTRIBUTION	37
CHAPTER 16	APPOINTMENT OF ACCOUNTING FIRM	39
CHAPTER 17	NOTICE	40
CHAPTER 18	MERGER AND DIVISION OF THE COMPANY	42
CHAPTER 19	DISSOLUTION AND LIQUIDATION OF THE COMPANY	43
CHAPTER 20	AMENDMENT TO THE ARTICLES OF ASSOCIATION	45
CHAPTER 21	SUPPLEMENTARY PROVISIONS	46

Articles of Association of Shandong Fengxiang Co., Ltd.

Chapter 1 General Provisions

Article 1 Shandong Fengxiang Co., Ltd. (hereinafter referred to as the “**Company**”) is a joint-stock limited company incorporated under the *Company Law of the People’s Republic of China* (hereinafter referred to as the “**Company Law**”), *Securities Law of the People’s Republic of China*, *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (hereinafter referred to as the “**Main Board Listing Rules**”) and other relevant State laws and administrative regulations.

The Company was established by way of promotion on 17 December 2010 and was registered with and obtained a business license from Liaocheng Administration for Industry and Commerce on 17 December 2010.

The unified social credit code of the Company is: 91371500723866545F.

The promoters of the Company are GMK Holdings Group Co., Ltd. and Shandong Fengxiang Investment Co., Ltd.

Article 2 Registered name of the Company:

Full name in Chinese: 山東鳳祥股份有限公司

Full name in English: Shandong Fengxiang Co., Ltd.

Article 3 Domicile of the Company: Liumiao Village, Anle Town, Yanggu County, Shandong Province

Postal code: 252325

Tel.: 0635-7136000

Fax: 0635-7136002

Article 4 The legal representative of the Company is the chairman of the Board of Directors of the Company.

Article 5 The business term of the Company is 30 years. The Company has the status of independent legal person. The Company shall bear liability for its debts with all its assets; shareholders of the Company bear their liabilities to the Company to the extent of the shares they subscribe for.

Article 6 The Articles of Association are norms of conduct for the Company, are adopted by the general meeting by special resolution, take effect when the resolutions are approved by the general meeting, and supersede the original articles of association filed with the market supervision and

management department. From the date on which the Articles of Association came into effect, the Articles of Association constitute a legally binding document regulating the organisation and activities of the Company, and the rights and obligations between the Company and each shareholder and among the shareholders themselves.

Article 7 The Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors, and senior management members, who shall have the right to make any claims and propositions regarding the Company's affairs based on the Articles of Association.

The shareholders of the Company may pursue actions against the Company in accordance with the Articles of Association, and the Company may pursue actions against its shareholders, directors, supervisors, and senior management members, in accordance with the Articles of Association; the shareholders of the Company may pursue actions against the Company's directors, supervisors and senior management members pursuant to the Articles of Association.

The actions, as referred to in the preceding paragraph, include the instituting of legal proceedings with a court or filing with an arbitral authority for arbitration.

Article 8 The Company may invest in other limited liability companies or joint-stock limited companies, and the Company's liability towards such invested entities shall be limited to the amount of its capital contribution to them.

Where the law stipulates that a company shall not be jointly and severally liable to such invested companies for their debts as their investor, such provision shall prevail.

Article 9 Other senior management members mentioned herein refer to deputy general manager, financial officer and secretary to the Board of Directors, and other persons appointed by the Board of Directors as senior management members of the Company.

Chapter 2 Objectives and Scope of Business of the Company

Article 10 The business objectives of the Company are to develop the Company into a world-class enterprise undertaking social responsibilities and giving back to the society, with an aim to create value for customers, provide job opportunities for employees and deliver satisfactory returns to shareholders.

Article 11 The business scope of the Company is: Licensed items: poultry breeding; poultry slaughtering; production of breeding livestock and poultry; operation of breeding livestock and poultry; food production; food sales; Internet sales of foods; feed production; veterinary drug operation; fertiliser production; animal carcass innocuous treatment; road transportation of goods (excluding dangerous goods). (For items required to be approved by law, operation may be conducted only with the approval of relevant departments, and specific licensed items should be determined by approval documentations or licenses issued by relevant government agencies) General items: grain purchase; import and export of foods; import and export of goods; import and export of technologies; import and export agency; sales of livestock and fishery feeds; sales of

agricultural by-products; sales of fertiliser; technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; Chinese herbal medicine cultivation (except for Chinese rare and unique precious fine varieties); purchase and sale of Chinese herbal medicine (excluding Chinese medicine decoction pieces) of the place of origin; conference and exhibition services; motor vehicle repair and maintenance. (Except for projects that are subject to approval in accordance with the laws, the business activities should be conducted independently with the business licence(s) in accordance with the laws) (All business scope does not involve the content of Administrative Measures (Negative List) for Foreign Investment Access).

The business scope referred to in the preceding paragraph shall be subject to review by the company registration authority.

The Company may adjust its business scope according to changes in domestic and overseas markets, business development and its capabilities and business needs, and shall register relevant changes with the relevant administration for industry and commerce.

Chapter 3 Shares and Registered Capital

Article 12 The Company shall have ordinary shares at all times; the ordinary shares issued by the Company include domestic shares and foreign shares. By registration/filing with the company approval authority authorised by the State Council of the People's Republic of China (“**China**”) (the “**State Council**”), the Company may create other classes of shares when needed.

If the Company creates other classes of shares, it shall specify the order of rights entitled to these different classes of shares in any distribution by dividend or other forms. If the share capital of the Company includes shares without voting rights, such shares shall be specified as “Without Voting Right”. If the share capital includes shares with different voting rights, each class of shares (except those with most preferential voting right) shall be specified as “Restricted Voting Right” or “Limited Voting Right”.

Article 13 The shares of the Company shall take the form of share certificates. All shares issued by the Company shall have par values, with each share having a par value of RMB1 (save as otherwise specified, yuan referred to herein is RMB).

RMB referred to in the preceding paragraph refers to the statutory currency of the People's Republic of China.

Article 14 Shares of the Company shall be issued in a fair and just manner. Shares of the same class shall have the same right.

All shares of the same class issued at the same time shall be issued under the same conditions and at the same price, and the same price shall be paid for each of the shares subscribed for by any entity or individual.

Domestic shares and foreign shares issued by the Company shall rank *pari passu* over any distribution by way of dividend or any other forms of distribution.

Article 15 The Company may issue its shares to both domestic and foreign investors by registration/filing with the securities regulatory authorities of the State Council.

Foreign investors as referred to in the preceding paragraph shall mean those investors in foreign countries and in Hong Kong Special Administrative Region, Macau Special Administrative Region or Taiwan, who subscribe for shares of the Company. Domestic investors shall mean those investors in the People's Republic of China, excluding the aforementioned regions, who subscribe for shares of the Company.

Article 16 Shares that the Company issues to domestic investors for subscription in RMB shall be referred to as domestic shares. Shares that the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares listed outside the PRC are referred to as overseas listed foreign shares.

Foreign currency referred to in the preceding paragraph means the statutory currency, other than RMB, of another country or region, which is recognised by the foreign exchange authority of the State and can be used to pay the share price to the Company.

Both holders of domestic shares and holders of foreign shares are holders of ordinary shares, and have and bear the same rights and obligations.

Article 17 Foreign shares issued by the Company which are listed on the Hong Kong Stock Exchange shall be called H shares. H shares are shares which have been admitted for listing on the 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 18 The Company, at the time of its establishment, issued 86,000,000 ordinary shares to its promoters, all of which are subscribed for and held by the promoters of the Company, among which:

Name of shareholder	Number of shares subscribed (10,000 shares)	Shareholding percentage (%)
GMK Holdings Group Co., Ltd.	5,160	60
Shandong Fengxiang Investment Co., Ltd.	<u>3,440</u>	<u>40</u>
Total	<u><u>8,600</u></u>	<u><u>100</u></u>

Article 19 The shareholding structure of the Company shall be as follows:

The total share capital will be 1,582,618,000 shares, of which 1,045,000,000 domestic shares account for approximately 66.03% of the total share capital and 537,618,000 overseas listed foreign shares account for approximately 33.97% of the total share capital.

Article 20 The registered capital of the Company is RMB1,582,618,000.

Article 21 The shares of the Company can be legally transferred. Transfer of overseas listed foreign shares listed in Hong Kong shall be registered with the Hong Kong-based share registry designated by the Company.

Chapter 4 Increase, Decrease and Repurchase of Shares

Article 22 In light of the demands of operation and development and based on laws, regulations and the Articles of Association, after obtaining special resolutions of the general meeting, the Company may increase its capital through the following ways:

- (I) public issuance of shares;
- (II) non-public issuance of shares;
- (III) offering bonus shares to existing shareholders;
- (IV) transferring capital reserve funds;
- (V) other methods provided by laws and administrative regulations or permitted by relevant regulatory authorities.

The Company's issuance of new shares to increase capital shall be handled in accordance with the procedures provided for in relevant State laws and administrative regulations after having been approved in accordance with the Articles of Association.

Article 23 The Company may reduce its registered capital in accordance with the provisions of the Articles of Association. The reduction of registered capital shall follow the procedures set forth in the *Company Law* and other relevant regulations and provisions of the Articles of Association.

Article 24 When the Company is to reduce its registered capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days of adopting the resolution to reduce its registered capital at the general meeting and shall publish an announcement about the resolution in the newspapers or the National Enterprise Credit Information Publicity System within 30 days. Creditors shall, within 30 days since receiving a notice or within 45 days since the date of the announcement for those who have not received a notice, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee for repayment.

The reduced registered capital of the Company may not be less than the statutory minimum (if any).

Article 25 The Company may, in the following circumstance, repurchase its shares pursuant to laws, administrative regulations, *Main Board Listing Rules*, departmental rules and the Articles of Association and report to relevant national competent authorities for registration/filing (if necessary):

- (I) to reduce the registered capital of the Company;
- (II) to merge with other companies holding the shares of the Company;
- (III) to give the shares for employee stock ownership plan or stock ownership incentive;
- (IV) to be requested to repurchase the shares held by the shareholders who object to the resolutions adopted at the general meeting concerning consolidation and division of the Company;
- (V) to convert the shares to corporate bonds that are issued by the Company and convertible to stocks;
- (VI) to be necessary to safeguard the value of the Company and the interests of its shareholders.

Except for the above, the Company shall not purchase its own shares.

The purchase by the Company of its own shares for the reasons set forth in Items (I) and (II) above shall be subject to the resolutions adopted at the general meeting; the purchase of shares under Items (III), (V) and (VI) above, shall be subject to the resolutions adopted at the Board of Directors meeting where over two-thirds of the directors are present, in accordance with provisions of the Articles of Associations or the authorisation by the general meeting.

Where the laws, administrative regulations, departmental rules, the Articles of Association, and stock exchanges and securities regulatory authorities of the place where the Company's shares are listed have other requirements on the relevant matters involved in the aforementioned share repurchase, the provisions shall prevail.

Article 26 The Company may repurchase its shares through public and centralised trading or other methods as permitted by laws and regulations and the China Securities Regulatory Commission (the "CSRC"), including in any of the following manners:

- (I) making a repurchase offer to all shareholders in the same proportion;

- (II) repurchase through open transactions in a stock exchange;
- (III) repurchase by way of off-market agreement outside a stock exchange;
- (IV) other circumstances approved by laws, administrative regulations or regulatory authorities.

The purchase by the Company of its own shares under the circumstances stipulated in items (III), (V) and (VI) of Article 25 herein shall be made through open and centralised trading, provided that the Company shall not violate the provisions of laws, administrative regulations, the *Main Board Listing Rules*, departmental rules and the Articles of Association.

Article 27 Shares lawfully repurchased by the Company under Item (I) of Article 25 herein shall be cancelled within 10 days from the date of repurchase; shares repurchased under Items (II) and (IV) of Article 25 herein shall be transferred or cancelled within six months; and in the event of acquisition of the shares by the Company in accordance with Items (III), (V) and (VI) of Article 25 herein, the total shares held by the Company shall not exceed 10% of the total shares issued by the Company, and such shares shall be transferred or cancelled within three years.

After the Company lawfully cancelled such shares, the Company shall apply to the original company registration authority for registration of the change of its registered capital and make relevant announcement.

Article 28 The Company shall not accept objects pledged with shares of the Company.

Chapter 5 Financial Assistance for Purchasing the Company's Shares

Article 29 The Company shall not provide gifts, loans, guarantees and other financial assistance for others to acquire the shares of the Company or its parent company, except where the Company implements the employee stock ownership plan.

For the benefit of the Company, upon a resolution adopted at the general meeting or a resolution adopted by the Board of Directors in accordance with the Articles of Association or the authorisation by the general meeting, the Company may provide financial assistance for others to acquire the shares of the Company or its parent company, provided that the accumulative total amount of financial assistance shall not exceed 10% of the total issued share capital. A resolution made by the Board of Directors shall be approved by over two-thirds of all the directors.

If any violation of the preceding two paragraphs causes losses to the Company, the responsible directors, supervisors and senior management members shall be liable for compensation.

Chapter 6 Share Certificates and Share Register

Article 30 Share certificates of the Company shall be in registered form.

In addition to those provided in the *Company Law*, a share certificate of the Company shall also contain any other matters required to be specified by the stock exchange(s) on which the Company's shares are listed.

Article 31 The H shares of the Company may be transferred, donated, inherited and pledged in accordance with the relevant laws, administrative regulations and the Articles of Association. The instruments of transfer and other documents in relation to the ownership of shares shall be registered with the share registrar entrusted by the Company.

Article 32 The H share certificates shall be signed by the chairman of the Board of Directors. Where the stock exchange on which the Company's shares are listed requires the share certificates to be signed by other senior management members, the share certificates shall also be signed by such senior management members. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The share certificates shall be affixed or printed with the Company's seal under the authorisation of the Board of Directors. The signatures of the chairman of the Board of Directors of the Company or other relevant senior management members on the share certificates may also be in printed form.

Under the conditions of paperless issuance and transactions, other requirements stipulated by the securities regulatory authorities and stock exchanges of the place where the Company's shares are listed shall prevail.

Article 33 The Company shall keep a share register according to the certificates issued by the securities registration authority. The share register shall be the sufficient evidence for the shareholders' shareholding in the Company.

Article 34 Subject to the Articles of Association and all other applicable requirements and upon transfer of the Company's shares, the transferees of the shares will become the holders of such shares with their names (titles) being entered in the share register.

All instruments of transfer and other documents relating to or affecting the ownership of any H shares shall be registered. If any fees are charged in respect of such registration, such fees shall not exceed the highest fees as prescribed by the Hong Kong Stock Exchange.

Article 35 The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authorities of the State Council and overseas securities regulatory authorities, maintain its original register of holders of overseas listed foreign shares outside China and appoint overseas agent(s) to manage such register. The original register of holders of overseas listed foreign shares listed in Hong Kong shall be maintained in Hong Kong.

The Company shall maintain a duplicate of the register of holders of overseas listed foreign shares at the Company's domicile. The appointed overseas agent(s) shall ensure the consistency between the original and the duplicate registers of holders of overseas listed foreign shares at all times.

If there is any inconsistency between the original and the duplicate registers of holders of overseas listed foreign shares, the original version shall prevail.

Article 36 Transfer of any overseas listed foreign shares shall be executed with a written instrument of transfer with a common format or other format accepted by the Board of Directors (including the standard transfer format or transfer form specified from time to time by Hong Kong Stock Exchange), which instrument may be signed by hand or (if the transferor or transferee is a company) affixed with the corporate seal. If the transferor or transferee of the Company's shares is a recognised clearing house (hereinafter referred to as "**Recognised Clearing House**") or agent thereof defined in Hong Kong laws, the written instrument of transfer may be signed in printed form.

All overseas listed foreign shares listed in Hong Kong for which full payment has been made may be transferred freely in accordance with the Articles of Association; save under the following conditions, the Board of Directors may refuse to recognise any instrument of transfer without providing any reason:

- (I) The instrument of transfer and other documents relating to or affecting ownership of any shares shall be registered and a registration fee which shall not exceed the ceiling prescribed from time to time in the *Main Board Listing Rules* shall be paid to the Company as per the standard specified in the *Main Board Listing Rules*;
- (II) The instrument of transfer only involves overseas listed foreign shares listed in Hong Kong, i.e. H shares;
- (III) Stamp duty payable as required by Hong Kong laws has been paid for the instrument of transfer;
- (IV) It is required to provide relevant share certificates and evidence reasonably required by the Board of Directors to prove that the transferor has the right to transfer the said shares;
- (V) If the shares are transferred to joint holders, the number of joint holders shall not exceed four;
- (VI) The Relevant Shares are not subject to lien of any company; and
- (VII) No shares shall be transferred to any minors or mentally defective persons or any other legally incapacitated persons.

If the Board of Directors refuses to register the share transfer, the Company shall send the transferor and the transferee a notice of refusal to register the said share transfer within 2 months after the request for transfer is submitted.

All instruments of transfer shall be kept at the legal address of the Company or other place designated by the Board of Directors from time to time.

Article 37 Shares issued prior to the public offering of the Company shall not be transferred within one year from the date when the shares of the Company are listed and traded on the stock exchange. Where laws, administrative regulations or the securities regulatory authorities of the State Council have other provisions on the transfer of shares of the Company held by its shareholders or effective controllers, such provisions shall prevail.

Directors, supervisors and senior management members of the Company shall declare to the Company their shareholdings in the Company and any changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the Company every year. The shares of the Company held by the aforesaid persons shall not be transferred within one year from the date when the shares of the Company are listed and traded in a stock exchange. They shall not transfer the shares they hold in the Company within half a year after they leave their positions in the Company. If the transfer restrictions in this paragraph involve H shares, the said transfer shall comply with relevant provisions under the *Main Board Listing Rules*.

Where shares are pledged within the period of restriction on transfer prescribed by laws and administrative regulations, the pledgee shall not exercise the pledge right within the period of restriction on transfer.

Article 38 With the approval of the securities regulatory authorities of the State Council, holders of domestic shares of the Company may transfer all or part of their shares to overseas investors and list the said shares on an overseas stock exchange; all or part of the domestic shares may be converted into foreign shares, and the foreign shares so converted may be listed on an overseas stock exchange. Listing of the transferred or converted shares on an overseas stock exchange shall also comply with the regulatory procedure, regulations and requirements of the overseas stock market. No general meeting is required to be held to resolve on the listing of the transferred shares or foreign shares converted from domestic shares on an overseas stock exchange. After the domestic shares are converted into overseas listed foreign shares, the converted shares shall be the same class of shares as the original overseas listed foreign shares.

Article 39 Change of share register arising from share transfer shall not be registered within 20 days before convening of a general meeting or 5 days before the benchmark date on which the Company decides to distribute dividends. Where the listing rules or law and regulations of the place where the Company's shares are listed have special provisions, such provisions shall apply.

Article 40 If the Company convenes a general meeting, distributes dividends, conducts liquidation or executes any other act requiring recognition of shareholder's capacity, the Board of Directors or the convener of the meeting shall designate a certain date as equity determination date, at the end of which the registered shareholders shall be shareholders with the relevant entitlements.

Article 41 If any person objects to the share register and asks to have his/her name recorded in or deleted from the share register, the said person may apply to the court with jurisdiction to correct the share register.

Article 42 If any shareholder in the share register or any person requesting to have his/her name recorded in the share register has lost his/her share certificates, the said shareholder or person may apply to the Company to reissue new share certificates for the said shares.

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

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

Article 43 The Company has no obligation to compensate any person for any loss arising from deregistration of the original share certificates or reissue of new share certificates, unless the said person can prove that the Company has committed any fraud.

Chapter 7 Rights and Obligations of Shareholders

Article 44 The shareholders enjoy rights and fulfil obligations according to the class and number of their shares; holders of shares of the same class shall enjoy the same rights and bear the same obligations.

All shareholders of the Company share the same rights over dividends or any distribution in other forms. If any shareholder of the Company is a legal person, its legal representative or proxy thereof exercise its rights on its behalf.

Article 45 A controlled subsidiary of the Company shall not acquire shares of the Company. Where a controlled subsidiary of the Company holds shares of the Company due to a merger of the Company or the exercise of the right of pledge, it shall not exercise the voting right corresponding to the shares held and shall dispose of the relevant shares of the Company in a timely manner.

Article 46 Holders of shares of the Company shall enjoy rights as follows:

- (I) collect dividends and other forms of interests distributed based on the number of shares held by them;
- (II) Legally request, convene, preside over, attend or entrust a proxy to attend and speak at shareholders' meetings and exercise relevant voting right as per their shareholdings;
- (III) supervise and administrate the business operation of the Company, and make suggestions or enquiries accordingly;
- (IV) transfer, donate or pledge shares held by the shareholders in compliance with laws, administrative regulations and the Articles of Association. Shareholders holding 5% or more of the Company's shares with voting rights pledge the said shares shall submit a written report to the Company within 3 business days after the pledge occurs;

- (V) inspect and copy the Articles of Association, the share register, minutes of general meetings, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors and financial reports; if a shareholder individually or in aggregate holding 3% or more of the Company's shares for more than 180 consecutive days requests to inspect the Company's accounting books and accounting vouchers, he or she shall submit a written request to the Company stating the purpose. If the Company has reasonable grounds to believe that the shareholder's inspection of the accounting books and accounting vouchers is for an improper purpose and may harm the lawful interests of the Company, the Company may refuse to provide such inspection and shall reply to the shareholder in writing within 15 days from the date of the written request from the shareholder, stating the reasons for the refusal;
- (VI) participate in the distribution of the Company's remaining assets based on the number of shares held by the shareholders when the Company is terminated or liquidated;
- (VII) request the Company to purchase their shares if the shareholders object to the resolutions adopted by the general meeting on merger or division of the Company;
- (VIII) other rights conferred by laws, administrative regulations, departmental rules or the Articles of Association.

Article 47 Holders of shares of the Company shall undertake the following obligations:

- (I) abide by laws, administrative regulations and the Articles of Association;
- (II) contribute share capital according to the shares subscribed by them and the methods of subscription;
- (III) not exit shares unless otherwise stipulated by laws and regulations;
- (IV) not abuse shareholders' rights to damage the interests of the Company or other shareholders or abuse the independent legal person status of the Company and limited liability of the shareholders to damage the interests of the creditors of the Company. Shareholders of the Company who abuse their shareholders' rights and cause damages to the Company or other shareholders shall bear compensation liability in accordance with the law. Shareholders of the Company who abuse the independent legal person status of the Company and limited liability of shareholders to evade debts and seriously damage the interests of the creditors of the Company shall bear joint and several liability for the Company's debts.
- (V) other obligations imposed by laws, administrative regulations and the Articles of Association.

Article 48 The controlling shareholder(s) or the de facto controller(s) shall not use their connected relationship to prejudice the interests of the Company. In violation of such provisions, he/she shall be liable to compensate the Company for the losses thereof.

The controlling shareholder(s) and the de facto controller(s) of the Company have the duty to act in good faith towards the Company and public shareholders of the Company. The controlling shareholder(s) shall strictly exercise their rights as a capital contributor in accordance with laws and shall not take advantage of profit distribution, asset restructuring, external investment, capital appropriation and loan guarantee to the detriment of the legal interests of the Company and public shareholders. Nor shall they take the advantage of their controlling position to the detriment of the Company and public shareholders.

Article 49 The term “controlling shareholder” in the Articles of Association shall refer to the shareholder satisfying any of the following conditions:

- (I) when acting alone or acting in concert with others, such shareholder has the power to decide the selection of more than half of members of the Company’s Board through actually controlling the voting rights of the Company’s shares;
- (II) when acting alone or acting in concert with others, such shareholder has the power to exercise or control the exercise of more than 30% (inclusive) of the Company’s voting rights;
- (III) when acting alone or acting in concert with others, such shareholder holds more than 50% (inclusive) of outstanding shares of the Company, unless there is evidence to the contrary;
- (IV) when acting alone or acting in concert with others, such shareholder has control of adequate voting rights to exert influential power on resolutions of general meetings of the Company;
- (V) when acting alone or acting in concert with others, such shareholder has control of or determine matters including major decisions on operation and important appointments;
- (VI) other circumstances as considered by the securities regulatory authorities of the place of listing of the Company’s shares.

“Acting in concert” mentioned herein means that two or more persons reach an agreement (verbal or written) whereby any of them obtains the voting rights over the Company in order to control or consolidate the control over the Company.

Chapter 8 General Meeting

Article 50 The general meeting is the organ of authority of the Company, which exercises its functions and powers in accordance with the law.

Article 51 The general meeting may exercise the following functions and powers:

- (I) to elect and replace the directors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors;
- (II) to elect and replace supervisors who are representatives of shareholders and to decide on matters relating to the remuneration of supervisors;

- (III) to review and approve the reports of the Board of Directors;
- (IV) to review and approve the reports of the Board of Supervisors;
- (V) to review and approve the Company's profit distribution proposals and loss recovery proposals;
- (VI) to decide on any increase or reduction of the Company's registered capital;
- (VII) to decide on the issue of corporate bonds;
- (VIII) to decide on the merger, division, change of corporate form, dissolution and liquidation of the Company;
- (IX) to amend the Company's Articles of Association;
- (X) to decide on the appointment, removal or non-reappointment of an accounting firm;
- (XI) to review proposals raised by the shareholder(s) who individually or jointly represent(s) more than 1% of the total shares of the Company;
- (XII) to consider and approve external guarantees as provided in Article 52;
- (XIII) to review the Company's loan (both within the annual budget and extra-annual budget), external investment, sale of assets, acquisition, lease, mortgage, pledge or any other matters in relation to asset disposal and guarantee with an amount of more than 30% of the Company's audited total assets for the latest period;
- (XIV) to consider and approve matters relating to changes in the use of proceeds;
- (XV) to review equity incentive scheme and employee incentive scheme involving the issue of new shares;
- (XVI) to review other matters which, in accordance with the laws, regulations and Articles of Association of the Company, must be approved by a general meeting;
- (XVII) to decide on other matters required by the listing rules of the stock exchange of the place where the Company's shares are listed;
- (XVIII) the annual general meeting of the Company may grant the Board of Directors a mandate to decide on issuing shares not more than 20% of the total issued shares (or class shares, where applicable) of the Company for the time being to particular subjects, and the mandate shall elapse on the date of the next annual general meeting subject to relevant laws and regulations, normative documents and relevant requirements of the securities regulatory authorities of the place where the shares of the Company are listed.

The general meeting can authorise or entrust the Board of Directors to handle the matters authorised or entrusted thereby not in violation of laws and regulations and mandatory provisions under relevant laws and regulations of the listing place.

Article 52 The following external guarantees of the Company shall be considered and approved by the shareholders' general meeting:

- (I) any guarantee provided after the total amount of external guarantees of the Company and its controlled subsidiaries exceeds 50% of the Company's most recent audited net assets;
- (II) any guarantee provided after the total amount of external guarantees of the Company exceeds 30% of the most recent audited total assets;
- (III) guarantees of the Company with an amount exceeding 30% of the Company's most recent audited total assets;
- (IV) guarantees provided to subjects with an asset-liability ratio of over 70%;
- (V) any single guarantee with an amount exceeding 10% of the most recent audited net assets;
- (VI) guarantee provided to shareholders, de facto controllers and their related parties.

When the general meeting is considering a proposal to provide guarantee for any shareholder or de facto controller, the said shareholder or the shareholders controlled by the said de facto controller shall not participate in the voting on the said proposal, and the said proposal shall be subject to adoption by other attending shareholders holding more than half of the voting rights.

If any director, general manager or other senior management member violates the examination and approval right and consideration procedure concerning external guarantee specified in the laws, administrative regulations or the Articles of Association of the Company, the aforesaid person shall be liable for compensating the Company for any loss incurred thereto, and the Company may pursue action against the said person pursuant to law.

Article 53 Save that the Company is under exceptional circumstances such as crisis, the Company may not enter into any contract with anyone other than a director, general manager and other senior management members to assign all or a significant part of the management of the Company's business to the said person, unless with being approved by way of special resolution at a general meeting.

Article 54 There are two types of general meetings: the annual general meetings and the extraordinary general meetings. Annual general meeting shall be held once every year within six months after the end of the last accounting year.

Extraordinary general meeting shall be held when it is required. The Company shall hold an extraordinary general meeting within two months after the date on which any of the following circumstances occur:

- (I) the number of directors is less than the number stipulated by the *Company Law* or less than two-thirds of the number specified in the Articles of Association;
- (II) the outstanding losses of the Company amounted to one-third of the Company's total share capital;
- (III) shareholders individually or in aggregate holding more than 10% (inclusive) of the Company's shares request in writing that an extraordinary general meeting is convened;
- (IV) the Board of Directors deems necessary or the Board of Supervisors proposes that the meeting be convened;
- (V) other situations, as stipulated in laws, administrative regulations, departmental rules, listing rules of the stock exchange of the place where the Company's shares are listed or the Articles of Association.

In the event of the aforesaid (III) and (IV), the topics of the meeting proposed by the requester shall be included in the agenda of the meeting.

Article 55 If shareholders require convening an extraordinary general meeting, the following procedure shall be followed:

- (I) Shareholder(s) holding more than 10% of the Company's shares, individually or jointly, shall have the right to request the Board of Directors in writing to convene an extraordinary general meeting. The Board of Directors shall provide its written feedback on agreeing or disagreeing to convene an extraordinary general meeting within 10 days after receiving the proposal in accordance with the provisions of laws, administrative regulations and the Articles of Association.
- (II) If the Board of Directors agrees to convene an extraordinary general meeting, a notice of general meeting shall be issued within 5 days after the resolution of the Board of Directors meeting is made. The changes to the original proposal in the notice shall be subject to consent of the shareholders who make the said proposal.
- (III) If the Board of Directors disagrees to convene an extraordinary general meeting or fails to make any feedback within 10 days after receiving the proposal, shareholder(s) holding more than 10% of the Company's shares, individually or jointly, shall have the right to request the Board of Supervisors in writing to convene an extraordinary general meeting.
- (IV) If the Board of Supervisors agrees to convene an extraordinary general meeting, a notice of general meeting shall be issued within 5 days. The changes to the original proposal in the notice shall be subject to consent of the shareholders who make the said proposal.

(V) If the Board of Supervisors fails to issue a notice of general meeting within a specified period, it shall be deemed that the Board of Supervisors shall not convene and preside over the general meeting, the shareholder(s) individually or jointly holding 10% or more of the shares of the Company for more than 90 consecutive days may convene and preside over the meeting by himself/herself/themselves.

The Board of Supervisors or shareholders convene a general meeting because the Board of Directors fails to convene the meeting upon the aforementioned request, the reasonable expenses incurred shall be borne by the Company.

Where the Board of Supervisors or shareholders decide(s) to convene a general meeting by itself/themselves, it/they shall notify the Board of Directors in writing. Prior to the announcement of the resolution of the general meeting, the percentage of shares held by the convening shareholders shall not be less than 10%.

Article 56 When the Company convenes a general meeting, shareholders individually or jointly holding more than 1% of the shares of the Company may submit an interim proposal in writing to the Board of Directors ten days before the general meeting is held. The Board of Directors shall notify other shareholders within two days upon receipt of the proposal, and submit the said interim proposal to the general meeting for deliberation. The contents of the interim proposal shall not violate the provisions of the laws, administrative regulations or the Articles of Association of the Company and shall fall within the functions and powers of the general meeting, and the proposal shall have a clear topic and specific matters on which resolutions are to be made.

Article 57 When the Company convenes an annual general meeting, the date and venue of the meeting and the matters to be considered at the meeting shall be notified to all shareholders 20 days before the meeting; the holding of an extraordinary general meeting shall be notified to all shareholders 15 days prior to the meeting. When calculating the starting period, the day on which the general meeting is convened by the Company shall be excluded.

The notice of the general meeting shall be delivered to the shareholders (whether or not entitled to vote at the general meeting) by the means of notice as provided in the Articles of Association or other means as permitted by the stock exchange(s) where the shares of the Company are listed.

The notice of the general meeting issued to holders of overseas listed foreign shares may be published through the website designated by Hong Kong Stock Exchange and the Company's website, and once the notice is published, all holders of overseas listed foreign shares shall be deemed to have received the notice of the relevant general meeting.

Article 58 The general meeting shall not resolve on matters not covered in the notice specified in Articles 56 and 57 of the Articles of Association.

Article 59 The notice of a general meeting shall include the following:

(I) the time, place and duration of the meeting;

- (II) matters and proposals to be considered at the meeting;
- (III) it shall contain a conspicuous written statement that all holders of ordinary shares are entitled to attend the general meeting and have the right to appoint one or more proxies in writing to attend and vote on their behalf and that such proxy is not required to be a shareholder; and
- (IV) the shareholding record date of the shareholders entitled to attend the general meeting.

Once a notice of general meeting is issued, the meeting shall not be postponed or cancelled and the resolutions contained in the notice shall not be withdrawn without proper reasons. In the event of postponement or cancellation, the convener shall announce and explain the reasons within two working days before the original date of meeting.

Article 60 The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by any person entitled to receive such notice, shall not invalidate the meeting or the resolutions adopted thereat.

Article 61 Where the election of directors and supervisors will be discussed at a general meeting, the notice of the general meeting shall, contain the details of the proposed directors and supervisors, including at least the following particulars:

- (I) personal particulars such as education background, working experience and concurrent positions;
- (II) whether there is any connected relationship with the Company or the controlling shareholder and de facto controller of the Company;
- (III) shareholding in the Company; and
- (IV) whether they have been subject to any penalties by the CSRC and other relevant departments.

Article 62 If an individual shareholder attends the meeting in person, such shareholder shall present his/her identity card and other valid certificates or evidence or stock account card which can be used to substantiate his/her identity. If a proxy is appointed to attend the meeting, the proxy shall present his/her valid identity card and proxy form issued by the shareholder.

With respect to a corporate shareholder, its legal representative or a proxy appointed by the legal representative shall attend the meeting. If the legal representative attends the meeting, he/she shall present his/her own identity card, valid proof evidencing his/her qualification of serving as the legal representative. If a proxy is appointed to attend the meeting, the proxy shall present his/her own identity card and the written proxy form issued in accordance with law by the legal representative of the corporate shareholder.

Article 63 Where such a power of attorney for voting is signed by a person authorised by the appointer, the power of attorney authorising signature or other authorisation documents shall be notarised. The notarised power of attorney or other authorisation documents shall, together with the power of attorney for voting, be deposited at the Company's domicile or at such other place as specified in the notice of meeting.

Where the appointer is a legal person, its legal representative or a person authorised by the Board of Directors or other decision-making body shall attend the general meeting of the Company as a representative.

If the shareholder is a Recognised Clearing House (or agent thereof) meeting the definitions in the relevant Hong Kong ordinances formulated from time to time, the said shareholder may authorise one or more persons as he/she deems appropriate to act as his/her proxy at any general meeting; however, where several persons are thus authorised, the power of attorney shall clearly state the number and class of the shares represented by each of the persons thus authorised. The power of attorney shall be signed by the persons authorised by the Recognised Clearing House. The person thus authorised may represent the Recognised Clearing House (or agent thereof) in exercising its rights at any meeting (without being required to present share certificate, certified power of attorney and/or further evidence of due authorisation) as if that person is an individual shareholder of the Company.

Article 64 The power of attorney shall specify that in the absence of instructions from the shareholder, whether or not the proxy may vote as he/she thinks fit.

Save as provided above, the aforesaid power of attorney shall also specify (I) the name of the proxy; (II) whether or not the proxy has any voting right(s); (III) the respective instructions on voting in favour of, against or abstention from voting in respect of each item of businesses on the agenda of the general meeting of shareholders; (IV) the date of issue and validity period; (V) the signature (or seal) of the proxy. In case the proxy is a corporate shareholder, the proxy form shall be affixed with the corporate's seal thereon.

Article 65 General meetings shall be convened and presided over by the chairman. Where the chairman cannot or does not fulfil the duty thereof, the meeting shall be presided over by a director selected by more than half of directors.

A general meeting convened by the Board of Supervisors itself shall be presided over by the chairman of the Board of Supervisors. Where the chairman of the Board of Supervisors cannot or does not fulfil the duty thereof, more than half of the supervisors may jointly elect a supervisor to preside over the meeting.

A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener.

Where a general meeting is held and the chairman of the meeting violates the rules of procedure which makes it difficult for the general meeting to continue, a person may be elected at the general meeting to act as chairman, subject to the approval of more than half of the attending shareholders having the voting rights. If for any reason the shareholders cannot elect a person to preside over the meeting, the shareholder (including proxies thereof) holding the most voting shares among the attending shareholders shall preside over the meeting.

Article 66 Resolutions of a general meeting are divided into ordinary resolutions and special resolutions.

Ordinary resolutions shall be passed by votes representing more than half of the voting rights held by shareholders (including proxies thereof) attending the general meeting.

Special resolutions shall be passed by votes representing more than two thirds of voting rights held by shareholders (including proxies thereof) attending the general meeting.

The attending shareholders (including proxies thereof) shall declare their affirmative, negative or abstention votes on every issue to be voted on.

Article 67 Shareholders (including proxies thereof) who vote at a general meeting shall exercise their voting rights in proportion to the amount of voting shares they represent. Each share carries the right to one vote. However, the Company has no voting right for the shares it holds, and such part of shares shall be excluded from the total number of voting shares represented by the shareholders attending the general meeting.

According to applicable laws and regulations and the *Main Board Listing Rules*, where any shareholder is required to waive his/her voting rights or is restricted to cast only affirmative or negative vote on a certain resolution, any vote cast by the said shareholder or proxy thereof in violation of the relevant provisions or restrictions shall not be counted into the voting results.

Article 68 Voting at general meetings shall be conducted by show of hands unless otherwise specified in the applicable listing rules of the place where the stocks of the Company are listed or other securities laws and regulations requiring voting by ballot.

Article 69 If the issue required to be voted by ballot relates to election of chairman or termination of meeting, voting by ballot shall be conducted immediately; in respect of other issues required to be voted by ballot, the chairman may decide the time of voting by ballot, and the meeting may proceed to consider other issues, and the voting results shall be deemed as resolutions passed at the said meeting.

Article 70 On a poll, a shareholder (including proxy thereof) entitled to two or more votes needs not cast all his/her votes in the same way of pros, cons or abstention.

Article 71 In case of an equality of votes, the chairman of the meeting shall be entitled to an additional vote.

Article 72 The following matters shall be approved by ordinary resolutions at a general meeting:

- (I) working reports of the Board of Directors and the Board of Supervisors;
- (II) profit distribution proposals and loss recovery proposals formulated by the Board of Directors;
- (III) appointment and removal of members of the Board of Directors and the Board of Supervisors (excluding employee representative supervisors), their remunerations and methods of payment;
- (IV) annual reports of the Company; and
- (V) other matters than those that should be passed by special resolutions pursuant to the laws, administrative regulations or the Articles of Association.

Article 73 The following matters shall be approved by special resolutions at a general meeting:

- (I) increase or reduction of the Company's share capital or issuance of any class of shares, warrants and other similar securities;
- (II) division, merger, dissolution and liquidation of the Company;
- (III) change of corporate form;
- (IV) loan (both within the annual budget and extra-annual budget), external investment, sale of assets, acquisition, lease, mortgage, pledge or any other matters in relation to asset disposal and guarantee with an amount of more than 30% of the Company's audited total assets for the latest period;
- (V) amendment to the Articles of Association and consideration and approval of the articles of association formulated by the Board of Directors;
- (VI) consideration and implementation of the equity incentive scheme;
- (VII) any other matter specified in the laws, administrative regulations or the Articles of Association and confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by special resolutions.
- (VIII) other matters requiring adoption by special resolutions pursuant to the *Main Board Listing Rules*.

Article 74 When convening a general meeting, all the directors, supervisors, and secretary of the Board of Directors shall attend the meeting, and the general manager and senior management members of the Company shall be present at the meeting. The directors, supervisors, general manager and other senior management members shall answer or explain inquiries made by shareholders.

Article 75 The chairman of the meeting shall be responsible for determining whether a resolution has been passed pursuant to voting results. His/her decision, shall be announced at the meeting and recorded in the minutes.

Article 76 The method and procedure for nomination of directors and supervisors (excluding employee representative supervisors) to be elected at a general meeting are as follows:

- (I) shareholder(s) severally or jointly holding more than 1% of the outstanding voting shares of the Company may propose in writing director candidates or supervisor candidates who are not employee representatives to the general meeting, but the number of nominees shall comply with the Articles of Association and shall not exceed the number of directors or supervisors to be elected.
- (II) directors or supervisors may propose a list of director or supervisor candidates as per the number specified in the Articles of Association and the number of the directors or supervisors to be elected and submit it to the Board of Directors and the Board of Supervisors for examination respectively. After the Board of Directors or the Board of Supervisors examined the list and resolved on the candidates of directors or supervisors, they shall submit the results to the general meeting through written proposal.
- (III) the director or supervisor candidates other than directors and supervisors selected on a cumulative voting system shall be voted on separately at the general meeting.
- (IV) in the event of a temporary vacancy of director or supervisor, the Board of Directors or the Board of Supervisors shall propose to elect or replace one at the general meeting.

Article 77 If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote, he/she may have the ballots counted. If the chairman of the meeting has not counted the ballots, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the voting result, demand that the ballots be counted and the chairman of the meeting shall have the ballots counted immediately.

Article 78 The minutes together with the attendance record of shareholders and the powers of attorney of the proxies shall be kept at the domicile of the Company.

Chapter 9 Board of Directors

Section 1 Directors

Article 79 Directors shall be elected or replaced by the general meeting and serve a term of office of three years. A director may serve consecutive terms if re-elected upon the expiration of his/her term. However, the successive terms of independent non-executive directors shall not exceed nine years. Where the listing rules or law and regulations of the place where the Company's shares are listed have special provisions, such provisions shall apply.

The term of a director shall start from the date on which the said director assumes office to the expiry of the current Board. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office.

Article 80 A director may resign before his/her term of office expires. In resigning his/her duties, a director shall tender a written resignation to the Board of Directors. The Board of Directors will disclose relevant information as soon as possible. If any director resigns so that the membership of the Board of Directors falls short of the quorum, the said director shall continue fulfilling the duties as director pursuant to the laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected.

Save as provided in the preceding paragraph, a director's resignation shall be effective when his/her resignation is served to the Board of Directors.

Article 81 If resignation of a director takes effect or if his/her term of office expires, the said director shall go through all handover formalities with the Board of Directors. His/her honesty obligation to the Company and shareholders thereof shall not terminate automatically within two years after the end of his/her term of office but shall still be valid.

Article 82 If any director fails to attend Board of Directors meetings in person or by proxy for two consecutive times, the said director shall be deemed incapable of performing his/her duties, and the Board of Directors shall suggest that the general meeting dismiss the said director.

Article 83 The Company shall have independent non-executive directors. Unless otherwise specified in this section, the provisions on the qualifications and obligations of directors in Chapter 13 of the Articles of Association shall apply to independent non-executive directors. At least one independent non-executive director of the Company shall be an accounting professional. Independent non-executive directors shall honestly fulfil their duties and protect the interests of the Company, in particular the legitimate rights and interests of public shareholders, to ensure the sufficient representation of the interests of all shareholders.

Article 84 If any director leaves his/her office without authorisation or violates the laws, administrative regulations, departmental rules or the Articles of Association in fulfilling his/her duties before his/her term of office expires, thereby incurring any loss to the Company, the said director shall be liable for compensation.

Article 85 Save as specified in the Articles of Association or properly authorised by the Board of Directors, no director shall act on behalf of the Company or the Board of Directors in his/her personal name. If a director acts in his/her own name but a third party may reasonably think the said director is acting on behalf of the Company or the Board of Directors, the said director shall make a prior statement of his/her standpoint and capacity.

Section 2 Board of Directors

Article 86 The Company shall establish a Board of Directors, which shall comprise of six to nine directors. The number of independent non-executive directors, at any time, shall be at least 3, and shall represent more than one third of members of the Board of Directors.

Independent non-executive directors may directly report to the general meeting, the securities regulatory authorities of the State Council and other relevant authorities.

A director may serve concurrently as general manager or other senior management member, but the directors serving concurrently as such and employee representative holding the office of director shall not be more than half of the directors of the Company.

The Board of Directors shall have one chairman. The chairman shall be elected or removed by more than half of all the directors, shall serve a term of three years, and is eligible for re-election.

An independent non-executive director shall serve a term of three years and is eligible for re-election but no more than nine years. Where the listing rules or law and regulations of the place where the Company's shares are listed have special provisions, such provisions shall apply.

Article 87 The Board of Directors shall be accountable to the general meeting and exercise the following functions and powers:

- (I) to convene general meetings, make proposals or motions to the general meeting, propose relevant matters to the general meetings for adoption and report on its work to the general meeting;
- (II) to implement the resolutions of the general meetings;
- (III) to decide on the Company's operational plans and investment proposals;
- (IV) to formulate proposals for the Company's annual financial budgets and final accounts;
- (V) to formulate the Company's profit distribution proposals and loss recovery proposals;
- (VI) to formulate proposals for the increase or reduction of the Company's registered capital, the issue of shares, corporate bonds or other securities, and the listing;
- (VII) to formulate proposals for acquisition and disposal of the Company's material assets, repurchase of shares of the Company, or merger, division, dissolution and change of corporate form;
- (VIII) to decide on the setup of the Company's internal management organs;
- (IX) to appoint or dismiss the Company's general manager or secretary to the Board of Directors and, based on the general manager's nomination, to appoint or dismiss the Company's deputy general manager, financial officer and other senior management members;

- (X) to decide on the remunerations of and rewards and punishments for the aforesaid senior management members;
- (XI) to formulate the Company's basic management system;
- (XII) to formulate proposals for any amendment to the Articles of Association and formulate the articles of association;
- (XIII) to consider matters including investment, acquisition or disposal of assets, financing, connected transactions which should be resolved on by the Board of Directors pursuant to the Listing Rules of the Hong Kong Stock Exchange;
- (XIV) to propose to the general meeting to appoint or replace the accounting firm which audits the Company's accounts;
- (XV) to hear the work report of the general manager of the Company and examine on the general manager's work;
- (XVI) to decide on the loan (both within the annual budget and extra-annual budget), external investment, sale of assets, acquisition, lease, mortgage, pledge or any other matters in relation to asset disposal and guarantee with an amount of more than 10% but less than 30% of the Company's audited total assets for the latest period;
- (XVII) to resolve on the important issues of the Company other than those which should be resolved at general meetings pursuant to the *Company Law* and the Articles of Association;
- (XVIII) to exercise other functions and powers conferred by the laws and regulations, the Listing Rules of the Hong Kong Stock Exchange, the Articles of Association or the general meeting.

The Board of Directors shall also be responsible for the following issues:

- (I) to formulate the Company's corporate governance system and review and improve its corporate governance;
- (II) to review and supervise the training for and continuous professional development of the directors and senior management members;
- (III) to review and supervise the systems formulated and observation thereof by the Company and make relevant disclosures as per the laws and relevant provisions of the securities regulatory authority of the place where the Company's shares are listed;
- (IV) to work out the Company's code of conduct and relevant compliance manual for its employees and directors, and review and supervise their behaviors.

The Board of Directors shall be responsible for the above corporate governance functions and may also assign its responsibilities to one or more special committees under it.

Resolutions made by the Board of Directors in relation to connected transactions shall not be valid unless signed by the independent non-executive directors.

Article 88 The chairman shall exercise the following functions and powers:

- (I) to preside over general meetings, and convene and preside over Board of Directors meetings;
- (II) to supervise and examine the implementation of the resolutions of the Board of Directors;
- (III) to sign the shares, corporate bonds and other securities issued by the Company;
- (IV) to sign important documents of the Board of Directors and other documents that should be signed by the legal representative of the Company, and exercise functions and powers of the legal representative;
- (V) in case of force majeure or major emergency in which a Board of Directors meeting cannot be held in time, to exercise the special right of disposal in respect of the business of the Company in compliance with laws and in the interests of the Company, and report to the Board of Directors afterwards;
- (VI) to organise formulation of regulations on the operation of the Board of Directors, and coordinate the operation of the Board of Directors;
- (VII) to listen to regular or irregular work reports of the senior management members of the Company, and propose guiding opinions on implementation of the resolutions of the Board of Directors;
- (VIII) to nominate candidates for the general manager of the Company and secretary to the Board of Directors;
- (IX) to handle external affairs on behalf of the Company and sign economic contracts concerning investments, cooperative operations, joint ventures and loans;
- (X) to exercise other functions and powers specified in relevant laws, regulations or the Articles of Association and granted by the Board of Directors.

Where the chairman cannot fulfill his functions and powers, more than half of the directors may jointly elect a director to preside over the meeting.

Where necessary, the Board of Directors may authorise the chairman to exercise part of the functions and powers of the Board of Directors while the Board of Directors is not in session.

Article 89 The Board of Directors shall meet regularly and Board of Directors meetings shall be held at least four times a year, and shall be convened by the chairman. A written notice shall be sent to all the directors and supervisors at least 14 days prior to the convening of the meeting.

In the event of any of the following, the chairman shall convene and preside over a provisional Board of Directors meeting within 10 days after receipt of the proposal:

- (I) It is proposed by shareholders representing more than one tenth of the voting rights;
- (II) It is jointly proposed by more than one third of the directors;
- (III) It is proposed by the Board of Supervisors;
- (IV) If any other circumstance as specified in the Articles of Association or relevant laws and regulations occurs.

Article 90 A regular meeting of the Board of Directors shall be notified to all the directors, supervisors and general manager 14 days prior to the convening of the meeting, and an interim meeting shall be notified to all the directors, supervisors and general manager five days prior to the convening of the meeting. The responsible organ of the Company shall submit a written notice of the meeting to all the directors, supervisors and general manager by direct service, fax, express mail or other means of electronic communication. Where the notice is not served by direct delivery, telephone acknowledgement and relevant records shall be made.

Where a provisional Board of Directors meeting needs to be convened as soon as possible in emergency, the notice of meeting may be sent by telephone or by other verbal means at any time, but the convener shall make explanations at the meeting.

Article 91 A Board of Directors meeting shall be attended by more than half of the directors.

Every director shall have the right to one vote. Resolutions made by the Board of Directors shall be approved by more than half of all the directors, save as otherwise specified by laws, administrative regulations and the Articles of Association.

Article 92 Directors shall attend Board of Directors meetings in person. Where any director cannot attend the meeting for any reason, he/she may appoint another director in writing to attend the meeting on his/her behalf, with the form of proxy containing the name of the proxy, the matters delegated, the scope of authorisation and the validity period of such authorisation, and being signed or stamped by the appointer.

The director attending the meeting on behalf of another director shall exercise rights within the range authorised. Where a director is not present at a Board of Directors meeting and also fails to appoint a proxy to act on his/her behalf, the said director shall be deemed to have waived his/her rights to vote at the meeting.

Article 93 In respect of any important issue to be decided by the Board of Directors of the Company, a notice and adequate information shall be sent to all the directors before the deadline specified in the Articles of Association, in strict accordance with the specified procedure. The director may request additional information. Where more than one fourth of the attending directors or more than two independent non-executive directors think they cannot make judgments on

relevant issues due to inadequate information or other reasons, they can jointly propose to adjourn the Board of Directors meeting or suspend discussing some topics considered at the said meeting, and the Board of Directors shall approve such proposal.

Article 94 The Board of Directors shall file resolutions of the meeting as minutes, which shall be signed by the attending directors and the minutes recorder. The directors shall be responsible for the resolutions passed at the Board of Directors meeting. Where a resolution of the Board of Directors violates any law, administrative regulation or the Articles of Association, the resolution of general meeting, thereby causing serious losses to the Company, the directors participating in the resolution shall be liable for compensation to the Company; however, the director may be exempted from liability if it is proved that he/she expressed his/her objection at the time of voting, which is recorded in the minutes of the meeting. Any attending director shall be entitled to have an explanatory note made in the minutes regarding his/her speech at the meeting. The minutes of Board of Directors meetings shall be kept as archives of the Company by the secretary to the Board of Directors for 10 years.

Section 3 Special Committees under the Board of Directors

Article 95 The Board of Directors shall have three special committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee. The composition and rules of procedure of the special committees shall be separately agreed upon by the Board of Directors. Where necessary, the Board of Directors may set up other special committees. The special committees are ad hoc committees under the Board of Directors which provide suggestions or advisory opinions for the Board of Directors on important decisions. A special committee may not make any resolution on behalf of the Board of Directors, but may exercise decision-making power on matters authorised by the Board of Directors under its special authority.

The Audit Committee shall consist of at least three directors, all of whom shall be non-executive directors and the majority shall be independent non-executive directors, and at least one of the directors shall be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required by the *Main Board Listing Rules*. The Audit Committee is primarily responsible for overseeing, examining and evaluating the Company's internal control, financial information, internal audit and other matters, and maintaining an appropriate relationship with the external auditors of the Company, and shall be accountable to the Board of Directors.

The Nomination Committee shall consist of three directors, and independent non-executive directors shall account for more than half of the committee members. The Nomination Committee is primarily responsible for selecting and making recommendations on the candidates, selection criteria and procedures for the Company's directors and senior management members.

The Remuneration Committee shall consist of three directors, and independent directors shall account for more than half. The Remuneration Committee formulates remuneration plans, performance appraisal systems and incentive plans for directors and senior management members within the scope of its duties and makes recommendations to the Board of Directors. The

Remuneration Committee evaluates the performance of directors and senior management members by the following procedure: (1) the directors and senior management members of the Company report their work and make self-evaluation to the Remuneration Committee of the Board of Directors; (2) the Remuneration Committee evaluates directors and senior management members in accordance with the performance evaluation standards and procedures; (3) propose the remuneration amount and reward method for directors and senior management members based on the performance evaluation results and remuneration policy, and report to the Board of Directors after approval by voting.

The Board of Directors formulates separate rules of procedure for the special committees regarding their duties and rules of procedure to standardise the operation of the special committees.

Chapter 10 Secretary to the Board of Directors of the Company

Article 96 The Company shall have one secretary to the Board of Directors. The Secretary to the Board of Directors shall be a member of the senior management of the Company.

Article 97 The secretary to the Board of Directors of the Company shall be a natural person who has the requisite professional knowledge and experience, and shall be nominated by the chairman, appointed or dismissed by the Board of Directors. His main duties include:

- (I) ensure that the Company has complete organisation documents and records; keep and manage the information of shareholders; help directors with the daily work of the Board of Directors;
- (II) organise and arrange for Board of Directors meetings and general meetings; prepare meeting materials, handle relevant meeting affairs; make minutes of the meetings and ensure their accuracy; prepare and maintain the documents and records of the meeting and take the initiative in the implementation of the relevant resolutions. report and make recommendations to the Board of Directors on important issues in implementation;
- (III) act as the liaison officer of the Company with the securities regulatory authorities, be responsible for organising preparation and timely submission of the reports and documents required by the regulatory authorities as well as accepting and organising the implementation of any assignment from the regulatory authorities;
- (IV) coordinate and organise the Company's information disclosure; establish and improve the information disclosure system; attend all of the Company's meetings involving information disclosure; and keep informed of the Company's material operation decisions and relevant information;
- (V) ensure that the share register of the Company is established appropriately and that the persons who have the right of access to the relevant records and documents of the Company obtain the same in due time;

- (VI) be responsible for addressing information disclosure of the Company, lead the formulation and execution of the information disclosure management system and the internal reporting system of important information, and urge the Company and relevant parties to fulfill the information disclosure obligation according to laws;
- (VII) handle and coordinate public relations between the Company and relevant regulatory agencies, intermediaries and the media;
- (VIII) perform other functions and powers as conferred by the Board of Directors as well as other functions and powers as required by the laws, regulations and the stock exchange of the place where the Company's shares are listed.

Article 98 A director or other senior management members of the Company may serve concurrently as secretary to the Board of Directors. The accountants of the accounting firm engaged by the Company and management personnel of controlling shareholders shall not serve concurrently as secretary to the Board of Directors.

Chapter 11 General Manager and Other Senior Management Members

Article 99 The Company shall have one general manager, who shall be nominated by the chairman and appointed or dismissed by the Board of Directors. A director may serve concurrently as general manager, deputy general manager or other senior management member, but the number of directors serving concurrently as such and directors who are employee representatives shall not be more than half of the directors of the Company.

Article 100 The general manager may serve a term of three years and may serve consecutive terms upon reappointment.

Article 101 The general manager shall be accountable to the Board and exercise the following functions and powers:

- (I) manage the business operations of the Company and report to the Board of Directors;
- (II) organise the implementation of resolutions of the Board of Directors, annual business plans and investment plans of the Company;
- (III) draft the Company's basic management system and plans for the establishment of the internal management structure of the Company;
- (IV) formulate the specific rules of the Company;
- (V) propose to the Board of Directors to appoint or dismiss the deputy general manager, financial officer and other senior management members of the Company;

- (VI) appoint or dismiss management personnel and general staff other than those that should be appointed or dismissed by the Board of Directors, propose policies on the salaries, welfares, rewards and penalties related to the employees of the Company;
- (VII) propose the convening of a provisional Board of Directors meeting;
- (VIII) decide on other issues of the Company within the authority granted by the Board of Directors;
- (IX) decide on the loan (both within the annual budget and extra-annual budget), external investment, purchase or sale of assets, acquisition, lease, mortgage, pledge or any other matters in relation to asset disposal and guarantee with an amount of less than 10% of the Company's audited total assets for the latest period;
- (X) exercise other functions and powers conferred in the Articles of Association and by the Board of Directors. The senior management members other than the general manager shall assist the general manager in his work and may exercise part of his/her functions and powers upon his/her entrustment.

Article 102 The general manager shall attend Board of Directors meetings, and if he/she is not a director, he/she shall not have any voting right at Board of Directors meetings.

Article 103 In exercising functions and powers, the general manager of the Company shall fulfil the obligation of honesty and diligence in accordance with laws, administrative regulations and the Articles of Association.

Article 104 The Company shall have one financial officer, who shall be appointed or dismissed by the Board of Directors, and shall be accountable to the Board of Directors and the general manager.

Chapter 12 Board of Supervisors

Article 105 The Company shall have a Board of Supervisors, which shall perform supervisory functions according to laws, administrative regulations and the Articles of Association.

Article 106 The Board of Supervisors shall comprise three supervisors, one of whom shall be the chairman of the Board of Supervisors. Each supervisor shall serve a term of three years, which is renewable upon re-election and re-appointment.

The chairman shall be appointed or dismissed by more than half of the members of the Board of Supervisors.

Article 107 The Board of Supervisors shall comprise two shareholder representatives and one employee representative. In particular, shareholder representative supervisors shall be elected and dismissed at general meetings, and the employee representative supervisor shall be elected democratically at the employee representatives' meetings, employees' meetings or in other forms.

Article 108 Directors, general manager and other senior management members of the Company shall not serve as supervisors concurrently.

Article 109 The Board of Supervisors shall be accountable to the general meeting and shall exercise the following functions and powers in accordance with the law:

- (I) to review and issue written review comments on the regular reports of the Company prepared by the Board of Directors;
- (II) to supervise the actions of directors, general manager and other senior management members during the performance of their functions, and to propose removal of directors and senior management members who have violated laws, administrative regulations, the Articles of Association or the resolutions of the general meetings;
- (III) to require directors and senior management members to make corrections if their conduct has damaged the interests of the Company;
- (IV) to review the financial position of the Company;
- (V) to verify the financial information such as the financial report, business report and profit distribution proposal to be submitted by the Board of Directors to the general meetings and to appoint, in the name of the Company, certified public accountants and practicing auditors to assist in the re-examination of such information should any doubt arise in respect thereof;
- (VI) to propose the convening of extraordinary general meetings and, in case the Board of Directors does not perform the obligations to convene and preside over the general meetings in accordance with Company Law, to convene and preside the general meetings;
- (VII) to submit proposals to the general meeting;
- (VIII) to propose the convening of a provisional Board of Directors meeting;
- (XI) to initiate legal proceedings against directors and senior management members in accordance with the Company Law;
- (X) to exercise other functions and powers stipulated by laws, administrative regulations and the Articles of Association.

Supervisors shall attend Board of Directors meetings.

Article 110 Meetings of the Board of Supervisors shall be held at least once every six months, and shall be convened by the chairman of the Board of Supervisors. The notice of the meeting shall be served on all the supervisors in writing ten days prior to the convening of the meeting. Where the chairman of the Board of Supervisors cannot or does not fulfill the duties thereof, more than half of the supervisors may elect a supervisor to convene and preside over the meetings of the Board of Supervisors.

Supervisors may propose to convene a provisional meeting of the Board of Supervisors. Where the Board of Supervisors holds regular or temporary meetings, the staff of the Board of Supervisors shall, within a reasonable period of time in advance, submit a written notice of the meeting to all supervisors by direct service, fax, e-mail or other means.

Where the notice is not served by direct delivery, telephone acknowledgement and relevant records shall be made. Where a provisional meeting of the Board of Supervisors needs to be convened in emergency, the notice of the meeting may be sent at any time by telephone or by other verbal means, but the convener shall make explanations at the meeting.

Article 111 Rules of procedure: At meetings of the Board of Supervisors, each attendant shall cast one vote, by open ballot or in writing.

Voting procedure: the voting intention of a supervisor may be pro, con or abstention. Every attending supervisor shall choose one of the aforesaid intentions. If any supervisor doesn't make any choice or chooses two or more intentions at the same time, the chairman of the meeting shall require the said supervisor to make a choice again, if he/she refuses to do so, he/she shall be deemed as having abstained from voting; any supervisor who has left the meeting midway without coming back and making any choice shall be deemed as having abstained from voting.

Resolutions of the Board of Supervisors shall be approved by more than half of the members of the Board of Supervisor. The Board of Supervisors shall take minutes of the decisions on the matters discussed, and the supervisors present at the meeting shall sign their names in the minutes. Any supervisor shall be entitled to have an explanatory note made in the minutes regarding his/her speech at the meeting. The minutes of the meetings of the Board of Supervisors shall be kept as corporate documents for at least ten years.

Article 112 If the Board of Supervisors finds the Company's operations are abnormal, it may conduct an investigation; if necessary, it may employ such professionals as lawyers and accounting firms to assist it in its work, and the reasonable expenses for such expenses shall be borne by the Company.

Article 113 Supervisors shall honestly fulfil the supervisory duty in accordance with laws, administrative regulations and the Articles of Association.

Chapter 13 Qualifications and Obligations of Directors, Supervisors and Senior Management Members of the Company

Article 114 In any of the following circumstances, a person shall not serve as director, supervisor, general manager or other senior management member of the Company:

- (I) a person without or with limited capacity for civil conduct;

- (II) a person who is sentenced to criminal punishment for corruption, bribery, embezzlement of property, misappropriation of property or disruption of the order of the socialist market economy, where less than 5 years have elapsed since the sentence was served; or who has been deprived of his/her political rights for committing a crime, where less than 5 years have elapsed since the sentence was served; or who has been placed on probation, where less than 2 years have elapsed since the date of the completion of the probation period;
- (III) a person who is a director or plant manager or manager of a company or enterprise in bankruptcy liquidation and is personally held responsible for the bankruptcy of such company or enterprise, where less than 3 years have lapsed from the date of completion of the bankruptcy liquidation of the said company or enterprise;
- (IV) a person who is the legal representative of a company or enterprise whose business license has been revoked or which has been ordered to close down due to violation of laws and is personally held responsible for such circumstance, where less than 3 years have lapsed from the date on which the business license of the company or enterprise has been revoked or ordered to close;
- (V) a person who is listed as a dishonest person subject to enforcement by a people's court since his large amount of outstanding debts have become overdue;
- (VI) a person who, according to relevant laws and administrative regulations, cannot act as a leader of an enterprise;
- (VII) a person who are subject to the CSRC's punishment which prohibits he/she from entering into the securities market for a period which has not yet expired;
- (VIII) other circumstances specified in relevant laws and regulations of the place where the Company's shares are listed.

Article 115 The fiduciary duties of a director, supervisor, general manager and other senior management members of the Company do not necessarily cease upon termination of their tenure. The duty of confidentiality in respect to trade secrets of the Company survives the termination of their tenures. The duration of other obligations shall be determined on the basis of equitable principles, depending on the length of time between the occurrence of the event and departure, and on the circumstances and conditions under which the relationship with the Company ends.

Chapter 14 Financial Accounting System

Article 116 The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions stipulated by the relevant authorities of the State.

Article 117 The fiscal year of the Company is Gregorian calendar year, i.e. from 1 January to 31 December every year.

At the end of each fiscal year, the Company shall prepare a financial report which shall be audited and verified according to law. The financial statements of the Company shall be prepared in accordance with the requirements of China Accounting Standards for Business Enterprises and applicable laws and regulations.

Article 118 The Board of Directors of the Company shall make available before the shareholders at every annual general meeting such financial reports prepared by the Company in accordance with the relevant laws, administrative regulations and regulatory documents promulgated by the local government and the competent authorities.

Article 119 The Company shall not maintain books of accounts other than those provided for by law. The Company's assets shall not be deposited in an account maintained in the name of any individual.

Article 120 The Company's financial reports shall include directors' report, balance sheet (including documents to be attached in accordance with PRC laws, other laws, and administrative regulations), profit and loss statement (income statement), statement of income and expenditure (cash flow statement) or (under condition of not violating PRC laws) financial highlights approved by Hong Kong Stock Exchange.

The Company shall, at least 21 days before convening of the annual general meeting, provide the aforesaid financial reports (including each document to be attached to the balance sheet as prescribed by law) to the shareholders. The Company may also do the same by announcement (including through the Company's website) in accordance with the laws, administrative regulations, department rules and relevant regulations of the securities regulatory authority of the place where the Company's shares are listed.

Article 121 The Company shall publish its financial reports twice every fiscal year. The interim financial report shall be published within 3 months after the first 6 months of each fiscal year and the annual financial report shall be published within 4 months after each fiscal year.

Chapter 15 Profit Distribution

Article 122 After being adjusted in accordance with relevant regulations of the State, the Company shall distribute profits in the following order:

- (I) Pay income tax according to law;
- (II) Make up for losses of previous years;
- (III) Withdraw as statutory common reserve fund;
- (IV) Withdraw discretionary common reserve fund subject to resolutions of the general meeting;
- (V) Withdraw various employee welfare funds that should be undertaken by enterprises according to law;

(V) Pay dividends to shareholders.

Such withdrawal may be stopped when the statutory common reserve fund of the Company has accumulated to at least 50% of the registered capital of the Company. After withdrawal of statutory common reserve fund, the general meeting may decide whether to withdraw discretionary common reserve fund. The Company shall not distribute any profit to shareholders before making up for its losses and withdrawing statutory common reserve fund. The Company's shares held by the Company are not entitled to any profit distribution.

Where the Company distributes profits to shareholders in violation of the provisions of the preceding paragraph, the shareholders shall return the profits distributed in violation of the provisions to the Company; if any loss is caused to the Company, the shareholders and the responsible directors, supervisors and senior managers shall be liable for compensation.

Article 123 Capital reserve fund includes the following items:

- (I) Premium received when shares are issued at a premium to their par value;
- (II) The amount of proceeds from the issue of shares without par value not included in the registered capital;
- (III) Any other items required by the finance regulatory department of the State Council to be included in the capital reserve fund.

Article 124 The common reserve fund of the Company shall be used to make up for its losses, to expand its production operation or to increase its registered capital. To make up for the Company's losses, the Company shall first use the discretionary common reserve fund and the statutory common reserve fund; if it still cannot be made up, the capital reserve fund may be used in accordance with regulations. Where the Company, upon adoption of a resolution by the general meeting, is to convert the common reserve fund into capital stock, new shares shall be distributed to the shareholders in proportion to their original shareholdings. Where the statutory common reserve fund is converted into capital stock, the balance of the reserve fund shall not fall below 25% of the Company's registered capital prior to such conversion.

Article 125 The Company may distribute dividends in either (both) of the following forms:

- (I) Cash;
- (II) Shares.

Article 126 The Company shall appoint collection agents for holders of overseas listed foreign shares. The collection agents shall, on behalf of the related shareholders, collect dividends and other payables distributed by the Company for the overseas listed foreign shares, and keep the said monies for payment to the said shareholders.

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

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

Provided that the relevant PRC laws and regulations are observed, the Company may exercise the right to seize dividends not collected, but the said right shall not be exercised before expiry of the applicable validity period.

If the Company ceases sending dividend warrants to holders of overseas listed foreign shares by post, it shall be stipulated that such dividend warrants haven't been cashed and that the Company shall not exercise such right until such dividend warrants have been so left uncashed on two consecutive occasions. The Company may also, however, exercise such power where such dividend warrants are sent back due to the initial failure of service to the addressee.

Regarding the right to issue warrants to unregistered holders, no new warrants may be issued in place of the lost ones unless the Company confirms, beyond all reasonable doubts, the original warrants have been destroyed. The Company is entitled to sell the share certificates of uncontactable holders of overseas listed foreign shares in a manner the Board of Directors deems fit, subject to the following terms:

- (I) Dividends have been distributed for the said shares for at least three times in a period of 12 years, but are not claimed in the said period; and
- (II) Upon expiry of the 12-year period, the Company publishes an announcement on one newspaper or more newspapers in the place where the Company's shares are listed, stating its intention to dispose of the shares, and notifies Hong Kong Stock Exchange of such intention.

Article 127 Cash dividends and other monies paid by the Company to holders of domestic shares shall be paid in RMB. Cash dividends and other monies paid by the Company to holders of overseas listed foreign shares shall be stated and announced in RMB and paid in HKD. Foreign currency needed by the Company to pay cash dividends and other monies to holders of overseas listed foreign shares shall be obtained pursuant to relevant State regulations on foreign exchange.

Article 128 Save as otherwise specified in relevant laws and administrative regulations, if the cash dividends and other monies are paid in HKD, the exchange rate shall be the average selling rate of foreign exchange issued by People's Bank of China one Gregorian week before announcement of the dividends and other monies.

Chapter 16 Appointment of Accounting Firm

Article 129 The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit its financial statements, verify its net assets and other relevant consultancy services for a term of one year which is subject to renewal.

The appointment of the accounting firm of the Company shall be decided at a general meeting, and the Board shall not appoint the accounting firm prior to obtaining approval at the general meeting. The audit fees payable to the accounting firm shall be decided at the general meeting.

Article 130 The term of appointment of the accounting firm for the Company shall be from conclusion of one annual general meeting to conclusion of the next annual general meeting.

Article 131 The accounting firm appointed by the Company shall have the following rights:

- (I) To access the account books, records and vouchers of the Company at any time, and to ask a director, general manager or other senior management member to provide relevant documents and explanations;
- (II) To require the Company to take all reasonable measures to obtain from its subsidiaries such information and explanation as are necessary for the fulfilment of its duties;
- (III) To attend general meetings and to receive all notices of, and other information relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the accounting firm of the Company.

The Company shall provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

Article 132 If there is a vacancy in the position of the accounting firm, the Board of Directors may appoint an accounting firm to fill such vacancy before the convening of the general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period of vacancy.

Article 133 The appointment, removal or non-reappointment of the accounting firm, the remuneration of the accounting firm or the manner in which such firm is to be remunerated shall be determined by the general meeting. Regardless of the terms in the contract concluded between the accounting firm and the Company, the general meeting may, through an ordinary resolution, dismiss the said accounting firm before expiry of the term thereof. In the event of any rights claimed by the accounting firm against the Company, the said rights shall not be affected.

Article 134 Where the Company dismisses or does not continue appointing the accounting firm, prior notice shall be given to the accounting firm, and the accounting firm shall be entitled to state its opinions to the general meeting. Where the accounting firm tenders its resignation, it shall state to the general meeting whether the Company has anything inappropriate.

Chapter 17 Notice

Article 135 The notice of the Company may be served as follows:

- (I) by personal delivery;

- (II) by post;
- (III) by fax or email;
- (IV) by publication on the website designated by the Company and the Hong Kong Stock Exchange in accordance with the laws, administrative regulations and the listing rules of the stock exchange of the place where the Company's shares are listed;
- (V) by announcement;
- (VI) by other means agreed upon by the Company or the recipient in advance or approved by the recipient after receipt of the notice;
- (VII) by other means approved by the relevant regulatory authority of the place where the Company's shares are listed or stipulated in the Articles of Association.

Save as otherwise specified in the context, the "announcement" as mentioned herein, if the Company sends the notice to the holders of overseas listed foreign shares by announcement, an electronic version for immediate publication shall be submitted on the same day to the Hong Kong Stock Exchange via the electronic publication system of the Hong Kong Stock Exchange pursuant to the local listing rules for publication on the website of the Hong Kong Stock Exchange. The announcement shall also be published on the website of the Company.

Regarding the means used by the Company to provide and/or send its corporate communications to the shareholders according to the requirements of the *Main Board Listing Rules*, it may send or provide the corporate communications to shareholders of the Company by electronic means, via publication on website of the Company or by post according to relevant laws and regulations and the *Main Board Listing Rules* amended from time to time. Corporate communication of the Company includes but is not limited to circulars, annual reports, interim reports, quarterly reports, notices of general meetings and other corporate communications listed in the *Main Board Listing Rules*.

Holders of the Company's overseas listed foreign shares may choose in writing to receive printed copies of the above corporate communication by post.

Article 136 Save as otherwise specified in the Articles of Association, the means of service of notice specified in the preceding article shall apply to notices of general meetings, Board of Directors meetings and Board of Supervisors meetings held by the Company.

Article 137 If the notice of the Company is sent by personal delivery, the recipient shall affix signature (or seal) to the Return on Service and the signing date shall be the date of service; if the notice of the Company is sent by post, the day 48 hours after handover to the post office shall be the date of service; if the notice of the Company is sent by fax, email or publication on the website, the sending date shall be the date of service; if the notice of the Company is sent by announcement, the date of first announcement shall be the date of service. The relevant announcement shall be published on the designated information disclosure media.

Article 138 If the listing rules of the stock exchange of the place where the Company's shares are listed stipulate that the Company send, post, distribute, send, announce or otherwise provide relevant documents of the Company in English and Chinese, if the Company has made appropriate arrangements to confirm whether the shareholders hope to receive only the English version or the Chinese version, the Company may (as per the intent stated by the shareholders) send only the English version or the Chinese version to the related shareholders within the range allowed by the applicable laws and regulations and pursuant to the applicable laws and regulations.

Chapter 18 Merger and Division of the Company

Article 139 The merger of the Company with a company in which the Company holds more than 90% equities shall not require a resolution of general meeting of the merged company. However, the Company shall notify other shareholders, who have the right to request the Company to purchase their shares at a reasonable price.

No resolution of the general meeting is required if the consideration for the merger does not exceed 10% of the net assets of the Company, unless otherwise provided by the Articles of Association or the stock exchange where the Company's shares are listed or securities regulatory authorities have other provisions.

If the merger does not require a resolution of the general meeting according to the preceding two paragraphs, it shall be resolved by the Board of Directors. In respect of the merger or division of the Company, the Board of Directors of the Company shall propose a plan and have it adopted following the procedure specified in the Articles of Association, and go through relevant examination and approval formalities pursuant to laws. Any shareholder objecting to the merger or division of the Company shall have the right to require the Company to purchase his/her shares at a reasonable price. Resolution on merger or division of the Company shall be archived as document for reference by the shareholders.

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

Article 140 Merger of the Company may be in two forms: merger by absorption and merger by consolidation. In the event of merger of the Company, the parties concerned shall conclude a merger agreement and prepare a balance sheet and a property inventory. The Company shall notify its creditors within 10 days after the adoption of the merger resolution and shall publish announcements in newspapers or the National Enterprise Credit Information Publicity System within 30 days. The creditors may require the Company to repay debts or provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors haven't received the notice.

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

Article 141 Where the Company is divided, its properties shall be divided accordingly.

Where the Company is divided, a balance sheet and a property inventory shall be prepared. The Company shall notify its creditors within 10 days after the adoption of the merger resolution and shall publish announcements in newspapers or the National Enterprise Credit Information Publicity System within 30 days.

The companies after division shall bear joint liability for the debts of the Company before division as per the agreements concluded, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before division.

Article 142 Change in registered particulars arising from a merger or division of the Company shall be registered with the company registration authority according to laws. If the Company is dissolved, it shall be deregistered according to laws. If a new company is established, such establishment shall be registered according to laws.

Chapter 19 Dissolution and Liquidation of the Company

Article 143 The Company dissolves for the following reasons:

- (I) the operation period expires;
- (II) the general meeting resolves to do so;
- (III) merger or division of the Company entails dissolution;
- (IV) the business license is revoked according to laws, or the Company is ordered to close or is cancelled;
- (V) if the Company gets into serious trouble in operations and management and continuation may incur material losses of interests to the shareholders, and no solution can be found through any other channel, the shareholders holding more than 10% of the total voting rights of the Company may request the people's court to dissolve the Company according to laws.

If the Company has any cause for dissolution specified in the preceding paragraphs, it shall make public the cause of dissolution through the National Enterprise Credit Information Publicity System within 10 days.

Article 144 If the Company falls under the circumstances specified in (I) or (II) of Article 143 of the Articles of Association, and has not distributed property to shareholders, it may continue to exist by amending the Articles of Association or by resolution of the general meeting. According to the preceding paragraph, amending the Articles of Association or obtaining a resolution of the general meeting requires the approval of more than two-thirds of the voting rights held by the shareholders present at the general meeting.

Where the Company is dissolved pursuant to Items (I), (II), (IV) or (V) of Article 143 of the Articles of Association, it shall be liquidated. The directors shall be the liquidation obligors of the Company and shall establish a liquidation committee for liquidation within 15 days after the dissolution circumstance arises. The members of the liquidation committee shall be determined by directors or the general meeting. If the liquidation obligors fail to perform the liquidation obligation in time and cause losses to the Company or creditors, they shall be liable for compensation. If the liquidation committee is not duly set up or fails to liquidate after its establishment, the stakeholders may request the people's court to designate related persons to form a liquidation committee to carry out liquidation.

Article 145 If the Board of Directors decides to liquidate the Company (save for liquidation when the Company is declared bankrupt), the notice of general meeting to be held therefor shall contain a statement that the Board of Directors has made thorough investigation on the conditions of the Company and that the Company may repay all the debts of the Company within 12 months after commencement of liquidation.

After the resolution on liquidation by a special resolution is adopted at the general meeting, the functions and powers of the Board of Directors shall be terminated immediately.

Article 146 The liquidation committee shall exercise the following functions and powers during the period of liquidation:

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

Article 147 The liquidation committee shall notify all creditors within 10 days after its establishment and shall make announcements in newspapers or the National Enterprise Credit Information Publicity System within 60 days. The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after announcement if the creditors haven't received the notice. The creditors shall explain matters relating to their rights and Provide relevant evidential documents. The liquidation committee shall register the creditor's rights.

The liquidation committee shall not pay off any debts to any creditors during the period of declaration of creditor's rights.

Article 148 After the liquidation committee has examined and taken possession of the assets of the Company and has prepared a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit such proposal to the general meeting or relevant competent authority for confirmation.

The assets of the Company shall be liquidated in the following order of priority: liquidation expenses; salaries, labour insurance premiums and statutory compensations for the employees of the Company; outstanding taxes; and other debts of the Company.

The remaining assets of the Company after repayment as specified in the preceding paragraph shall be distributed to the shareholders of the Company as per their shareholding percentages.

The Company shall continue to exist during the liquidation period, although it cannot engage in business activities that are not related to the liquidation.

Article 149 After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the people's court for bankruptcy liquidation of the Company.

After the people's court accepts an application for bankruptcy, the liquidation committee shall transfer to bankruptcy administrator appointed by the people's court all matters relating to the liquidation.

Article 150 After completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report, which shall be submitted to the general meeting or the people's court for confirmation and be submitted to the company registration authority, and apply to cancel registration of the Company.

Chapter 20 Amendment to the Articles of Association

Article 151 The Company may amend the Articles of Association pursuant to laws, administrative regulations and the Articles of Association.

The Company shall amend the Articles of Association in any of the following circumstances:

- (I) After amendments are made to the *Company Law* or other relevant laws and administrative regulations, the Articles of Association run counter to the said amendments;
- (II) The Company's conditions have changed, and such change is not covered in the Articles of Association;
- (III) The general meeting has resolved to amend the Articles of Association.

Article 152 Unless otherwise provided in laws, regulations or the Articles of Association, the Articles of Association shall be amended as per the following procedures:

- (I) The Board of Directors first approves the resolution on amendment to the Articles of Association and drafts a proposal on amendment to the Articles of Association;
- (II) The Board of Directors holds a general meeting and the proposal on amendment to the Articles of Association is voted on by the general meeting;
- (III) The general meeting approves the proposal on amendment to the Articles of Association via special resolutions;
- (IV) The Company submits the amended Articles of Association to the company registration authority for filing.

Article 153 If the amendment to the Articles of Association shall be subject to approval by competent authorities, the Articles of Association shall be submitted to the authorities for approval; if the amendment involves registration of the Company, the involved change shall be registered pursuant to laws.

Chapter 21 Supplementary Provisions

Article 154 The meaning of the “accounting firm” mentioned in the Articles of Association is the same as that of “auditors”.

An “effective controller” mentioned in the Articles of Association refers to a person who can effectively control the Company through investment, agreement or other arrangements.

The phrases “above”, “within” and “below” as referred to in the Articles of Association are inclusive while “exceed” and “other than” are exclusive.

The “general meeting” mentioned in the Articles of Association is the same as that of “shareholders’ meeting” of a joint stock company with limited liability as prescribed in the Company Law.

The “connected relationship” mentioned in the Articles of Association means the relationship between the Company’s controlling shareholder, effective controller, directors, supervisors, senior management members and the enterprise that they control directly or indirectly, and other relationships that may cause the transfer of interest of the Company. However, state-controlled enterprises shall not be deemed as connected relationship merely because they are controlled by the State.

“Connected transactions” as referred to in the Articles of Association shall be as defined in the *Listing Rules* of the Hong Kong Stock Exchange.

Article 155 The Articles of Association shall be executed in Chinese. Where the articles of association in any other language disagree with the Articles of Association, the Chinese version of Articles of Association shall prevail.

Article 156 Unless otherwise provided in laws, regulations or the Articles of Association, after adoption at the general meeting, the Articles of Association shall take effect in accordance with the resolution of the general meeting.

Article 157 The Articles of Association shall be subject to the interpretation of the Board of Directors of the Company.

Article 158 The Board may formulate the articles of association pursuant to the Articles of Association and submit the same to the general meeting for approval by a special resolution. The articles of association shall not conflict with the Articles of Association.