

# **Beijing Digital Telecom Co., Ltd.**

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

## **Articles of Association**

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# Beijing Digital Telecom Co., Ltd.

## Articles of Association

### Chapter 1 General Provisions

- Article 1 To safeguard the legitimate rights and interests of Beijing Digital Telecom Co., Ltd. (hereinafter referred to as the “Company”), its shareholders and creditors, and to regulate the organization and activities of the Company, the Company has formulated these Articles of Association (hereinafter referred to as the “Articles of Association” or the “Articles”) in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Trial Measures for Administration of Offshore Issuance and Listing of Securities by Domestic Enterprises, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”) and relevant requirements under other related laws, administrative regulations and regulatory documents, and with reference to the Guidelines for the Articles of Association of Listed Companies (Revised in 2023) (“Guidelines for the Articles of Association of Listed Companies”).
- Article 2 The Company is a joint stock company with limited liability established in China in accordance with the Company Law and other relevant laws and regulations of China. The establishment of the Company is approved by “Jing Shang Wu Zi Zi [2009] No. 758” issued by Beijing Municipal Commission of Commerce. It was registered with and granted a business licence by Beijing Administration Bureau of Industry and Commerce on 28 December 2009. The existing unified social credibility code of the Company’s business licence is 911100008029439243.
- The promoters of the Company are: Digital Science & Technology Group Limited, Beijing Di Er Tong Consulting Company Limited, Beijing Rong Feng Tai Management and Consulting Company Limited, 3i Infocomm Limited, CDH Mobile (HK) Limited and Crown Flame Investment Limited.
- Article 3 Registered Chinese name of the Company: 北京迪信通商貿股份有限公司
- English name: Beijing Digital Telecom Co., Ltd.
- Article 4 Registered Office of the Company: Room 24603, 46th Floor, -4 to 45th Floor 101, Building 1, No. 20 Courtyard, Lize Road, Fengtai District, Beijing
- PRC Postal code: 100073
- Article 5 The legal representative of the Company is the Chairman of the Board of the Company.
- Article 6 The Company is a joint stock company with limited liability and of permanent existence.

- Article 7           The Company is an independent enterprise legal person which shall enjoy the right to the entire independent property of the legal person and civil rights in accordance with laws and bear civil responsibilities, and all acts of the Company shall comply with the laws, regulations and regulatory documents of China and the legal rights of the shareholders shall be protected. The Company is under the jurisdiction and protection of the laws, regulations and regulatory documents of China.
- Article 8           In accordance with the relevant requirements of the Company Law and other national laws and administrative regulations, the Company convened a general meeting of shareholders to amend the original articles of association of the Company (hereinafter referred to as the “Original Articles of Association”) and formulated these Articles of Association. These Articles of Association shall not be effective without the approval by special resolution of shareholders at the Shareholders’ Meeting and shall take effect from the date of consideration and approval by the general meeting.
- These Articles of Association shall be a legally binding public document that regulates the Company’s organization and activities, the rights and obligations between the Company and its shareholders as well as among the shareholders once it goes into effect.
- Article 9           These Articles of Association shall be binding on the Company, its shareholders, Directors, Supervisors, President and other members of senior management.
- In accordance with these Articles of Association, Shareholders may institute legal proceedings against the Company; the Company may institute legal proceedings against its shareholders, the Company’s Directors, Supervisors, President and other members of senior management; shareholders may institute legal proceedings against other shareholders, Directors, Supervisors, President and other members of senior management as per these Articles of Association.
- Article 10          Within the scope permitted by laws and regulations, the Company may invest in other enterprises. If the law stipulates that the Company shall not become a contributor jointly and severally liable for the debts of the invested companies, such stipulation shall apply.
- Article 11          All the capital of the Company shall be divided into shares of equal value and shareholders’ liability shall be limited to their shares in the Company. The Company shall be liable for its debt with all of its assets.

## **Chapter 2 Business Objectives and Scope of Business**

Article 12 The purpose of the Company's operation is to offer best quality service to customers; generate long-term and steady profit; create a promising market by collaborating with business partners; train employees to become elites in their own posts; treat all employees in a fair and reasonable way; provide a 'harmonious, pleasant and open-minded' work place for employees, maintain flexibility in operations, and to protect the investment results of all shareholders as a whole in order to give them satisfactory return and create good social benefits.

Article 13 The business scope of the Company is subject to the scope approved by the company registration authority.

Scope of business: wholesale and retail of telecommunications devices and equipment, electronic products, metal materials, office equipment, computers and peripherals, software and ancillary equipment, labour protection gears, office supplies, instruments, daily necessities, household appliances, kitchen appliances, domestic appliances, timepieces, bags and suitcases, garment, shoes and hats, lighting equipment (with no physical store operation), gifts, cosmetics, infant products, toys, musical instruments, category-1, category-2 and category-3 medical equipment, healthcare products and food, computer installed, computer accessories, networking products, photographic and video recorders, digital accessories, stationery and consumables, stylistic devices, learning books, health and hygiene products, fabric bags and luggage, grocery food products, office furniture, tool equipment, hardware and decoration, building materials, automobile accessories; mobile phone repair services; technology consultancy, technical services, technology development and technology transfer, technology exchange and technology promotion; import and export of goods and technology; software development; solar power generation technology services; photovoltaic equipment and components sales; photovoltaic power generation equipment leasing; mechanical and electrical equipment sales; electronic special equipment sales; electronic special material sales; power electronic components sales; photoelectronic device sales; battery sales; new energy power equipment sales; transportation cargo packaging services; carbon emission reduction, carbon conversion, carbon capture, carbon sequestration technology research and development; environmental protection specialized equipment sales; installation, maintenance and testing of power transmission, supply and receiving facilities.

The Company may change its business scope and amend these Articles of Association in accordance with law upon registration of change with company registration authority and with the approval of shareholders at the Shareholders' Meeting.

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

- Article 14 The Company shall have ordinary shares at all times. Ordinary shares issued by the Company shall include domestic shares and foreign shares. The Company may create other classes of shares according to its needs upon approval by the vetting department authorized by the State Council.
- Article 15 Shares of the Company take means of stock. Shares issued by the Company all have a par value, of RMB1 per share (Unless otherwise specified, all amounts in these Articles of Association are stated in Renminbi).
- Article 16 The Company shall issue its shares in accordance with the principles of openness, fairness and justice such that every share of the same class shall rank pari passu with each other. Shares of the same class in the same issue shall be offered on the same terms and conditions and at the same price; and any entity or individual shall pay the same consideration per share for subscription of the shares.
- Article 17 Unlisted domestic shares issued within the territory by the Company shall be centrally deposited with China Securities Depository and Clearing Company Limited. Overseas-listed foreign shares issued by the Company in Hong Kong shall be deposited mainly with the Securities Depository and Clearing Company Limited in Hong Kong, and may also be held by shareholders in their names.
- Article 18 The Company may issue shares to both domestic and foreign investors subject to the approval by the China Securities Regulatory Commission in accordance with the law. The Company issuing shares to domestic investors and foreign investors shall fulfill the registration or filing procedures with the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) in accordance with the law.
- Foreign investors referred to in the preceding paragraph shall mean investors from foreign countries, Hong Kong, Macao and Taiwan who subscribe for shares issued by the Company; domestic investors shall mean investors from China except the foregoing regions who subscribe for shares issued by the Company.
- Domestic shares refer to the shares denominated in Renminbi issued by the Company to domestic investors. Foreign shares refer to the shares denominated in foreign currencies issued by the Company to overseas investors and the shares held by foreign investors.
- Article 19 The foreign currency referred to in the preceding paragraph refers to the legal currency of a country or region other than Renminbi, which is recognized by the competent department of foreign exchange of the State, and which can be used for payment of shares to the Company.

Article 20 Foreign shares issued and listed in Hong Kong by the Company shall be referred to as H shares, which refer to shares authorized by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) to be listed, with nominal value denominated in Renminbi, and to be subscribed and traded in Hong Kong dollars.

The Company’s unlisted shares may be converted into overseas listed foreign shares and listed and traded on overseas stock exchanges upon filing with the securities authorities of the State Council. Listing and trading on a foreign stock exchange shall also be subject to the regulatory procedures, regulations and requirements of the foreign stock exchange. There is no need to convene a shareholders’ meeting to vote on the conversion of unlisted shares into overseas listed foreign shares and their listing and trading on overseas stock exchanges.

Article 21 As approved by the competent authorities authorized by the State Council, the Company issued 500,000,000 ordinary shares to its promoters at its establishment.

The promoters made capital contributions to the Company using their equity interest in Beijing Digital Telecom Co., Ltd.. The audited net assets of Beijing Digital Telecom Co., Ltd. as at 30 June 2009 amounted to RMB513,484,982.56, of which RMB500,000,000 was paid as the consideration for the issue of 500,000,000 shares of the joint stock limited company with a par value of RMB1 each. The remaining net assets of RMB13,484,982.56 were transferred to the Company’s capital reserve. The shareholding structure of the Company following the share issue is as follows:

No.	Promoter Shareholders	Number of shares held (ten thousand shares)	Percentage of shares held
1	Digital Science & Technology Group Limited	21,140	42.28%
2	Beijing Di Er Tong Consulting Company Limited	10,130	20.26%
3	3i Infocomm Limited	8,710	17.42%
4	CDH Mobile (HK) Limited	7,125	14.25%
5	Beijing Rong Feng Tai Management and Consulting Company Limited	2,500	5.00%
6	Crown Flame Investment Limited	395	0.79%
	<b>Total</b>	<b>50,000</b>	<b>100%</b>

Article 22 The total number of ordinary shares issued by the Company is 886,460,400 shares, comprising 337,700,000 domestic shares and 548,760,400 foreign shares.

Article 23 The registered capital of the Company is RMB886,460,400.

Article 24 The Company may increase its capital according to its business operation and development needs and in accordance with the provisions of laws and regulations. The Company may increase its capital upon separate resolution of the shareholders' meeting in the following manner:

- (1) offering of shares;
- (2) non-offering of shares;
- (3) issue bonus shares to existing shareholders;
- (4) increase the share capital by means of transfer of common reserve fund;
- (5) other means permitted under PRC laws, administrative regulations and by the CSRC.

The Company's increase of share capital by issuing new shares shall, after being approved in accordance with the provisions of these Articles of Association, be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations of the PRC as well as the securities regulatory authorities of the place where the shares of the Company are listed.

Article 25 Unless otherwise provided by laws, administrative regulations, these Articles of Association and the rules of Hong Kong Stock Exchange, shares of the Company shall be free from any restrictions on the right of transfer, grant, inherit and pledge, and shall be free from all liens.

Transfer of shares shall be registered with the Company's relevant share registrar.

Article 26 The Company or the Company's subsidiaries (including its affiliates) shall not give any assistance, in the form of gift, advance, guarantee, compensation or loan, to any person who purchases or proposes to purchase shares of the Company.

#### **Chapter 4 Capital Reduction and Repurchase of Shares**

Article 27 The Company may reduce its registered capital in accordance with the Articles. If the Company intends to reduce its registered capital, it shall follow the procedures stipulated by the Company Law, the Hong Kong Listing Rules and other relevant regulations and the Articles.

Article 28 The Company shall prepare a balance sheet and a list of assets when reducing its registered capital.



The Company shall notify its creditors within 10 days and make an announcement at least three times on a newspaper within 30 days as of the date of the Company's resolution for reduction of register capital. A creditor shall have the right to require the Company to pay off debts or provide an appropriate guarantee to pay off debts within 30 days as of the date of receipt of the notice from the Company or within 45 days as of the date of the first announcement if not receiving the notice.

The registered capital of the Company shall not be lower than the legally required minimum amount after the reduction of capital.

Article 29 The Company may not acquire shares in the Company. However, except under one of the following circumstances:

- (1) reducing the registered capital of the Company;
- (2) merging with other companies that hold shares in the Company;
- (3) using the shares for employee shareholding plans or for share incentives;
- (4) acquiring shares held by shareholders (upon their request) who vote against any resolution proposed in any shareholders' general meeting on the merger or division of the Company;
- (5) using the shares for converting the convertible bonds issued by the Company to stock;
- (6) necessary acts by the Company to protect its value while safeguarding the interests of shareholders;
- (7) other circumstances as permitted by laws and administrative regulations.

Article 30 The Company may repurchase its shares through public and centralised trading or other methods as permitted by laws, administrative regulations and the CSRC.

When the Company repurchases its shares in the circumstances as set out in (3), (5) and (6) of paragraph 1 of Article 29 of the Articles of Association, such repurchase shall be conducted by way of public and centralised trading.

Article 31 When the Company repurchases its shares in the circumstances as set out in (1) and (2) of paragraph 1 of Article 29 of the Articles, a resolution at the general meeting shall be obtained. When the Company repurchases its shares in the circumstances as set out in (3), (5) and (6) of paragraph 1 of Article 29 of the Articles, it may be resolved by more than two-thirds of directors present at a board meeting in accordance with the provisions of the Articles of Association or the authorisation of the general meeting.

The shares of the Company repurchased pursuant to (1) of paragraph 1 of Article 29 of the Articles shall be cancelled within ten days from the date of repurchase. In the event that the Company repurchases its shares in the circumstances as set forth in (2) and (4), the shares so acquired shall be transferred or cancelled within 6 months. In the event that the Company repurchases its shares in the circumstances as set forth in (3), (5) and (6), the shares in the Company held by the Company in aggregate shall not exceed 10% of the total number of the Company's shares in issue and the shares so repurchased shall be transferred or cancelled within three years.

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

Where the Company repurchases shares in the Company, it shall fulfill information disclosure obligations in accordance with the Securities Law, the Hong Kong Listing Rules and the relevant regulations of the CSRC and the Hong Kong Stock Exchange.

Article 32 After the Company repurchases shares in accordance with law, it shall cancel or transfer such shares within the period specified by laws and administrative regulations, and shall apply to company registration authority for change in registered capital or shareholding and make announcement accordingly.

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

## **Chapter 5 Transfer of Shares**

Article 33 The shares of the Company may be transferred in accordance with law.

The transfer of H shares listed in Hong Kong shall be registered by the share registrar in Hong Kong entrusted by the Company.

Article 34 The Company shall not accept its shares being held as security under a pledge.

Article 35 Shares held by the promoters in the Company shall not be transferred within one year from the date of incorporation of the Company. Shares issued by the Company before the share offering shall not be transferred within one year from the date on which the shares of the Company are listed on a stock exchange.

Directors, supervisors and senior management of the Company shall declare their shareholdings in the Company and the changes therein to the Company; and shall not transfer more than 25% of their shareholdings in the Company during their respective term of office or transfer their shares within one year from the date on which the shares of the Company are listed on a stock exchange. The aforesaid persons shall not transfer their shares in the Company within half a year after leaving their offices. If the restriction on transfer under this clause involves H shares, the Hong Kong Listing Rules must be complied with.

Article 36

In the event that any director, supervisor, senior management of the Company and any person who holds more than 5% of the shares in the Company disposes of the Company's shares within six months after acquisition of the same or repurchases the Company's shares within six months after disposal of the same, any proceeds arising therefrom shall be attributed to the Company and the Company's board of directors shall retrieve such proceeds. If the restriction on transfer under this clause involves H shares, the Hong Kong Listing Rules must be complied with. However, securities companies holding more than 5% shares of the Company as a result of taking up unsubscribed shares as an underwriter are free from the six-month restriction when disposing of such shares and other circumstances specified by the CSRC.

The shares or other securities with an equity nature held by any Director, Supervisor, senior management or natural person shareholder referred to in the preceding paragraph include the shares or other securities with an equity nature held by their spouses, parents, and children, and any of the above which is indirectly held in others' accounts.

In case the Board of Directors fails to comply with the requirements under the aforesaid clause, a shareholder shall have the right to request the Board of Directors to comply within thirty days. In case the Board of Directors fails to comply with the same within the specified period, such shareholder shall have the right to institute a legal proceeding directly with the court in its own name for the benefit of the Company.

In case the Board of Directors fails to comply with the requirements under the clause 1, the responsible directors shall assume joint liability according to the law.

## **Chapter 6 Shareholders and Shareholders' Meeting**

Article 37

The Company shall prepare a register of shareholders based on the evidence provided by share registrars, and the register of shareholders is a sufficient evidence to verify that a shareholder holds the Company's shares. Shareholders shall enjoy rights and assume obligations according to the class of shares held; holders of shares of the same class shall enjoy equal rights, undertake equal obligations.

Article 38 The share certificates of the Company shall be in registered forms.

In addition to the matters required by the Company Law, the share certificates of the Company shall also contain other matters required by the stock exchange(s) on which the shares are listed.

Article 39 In the circumstances of paperless issuance and trading of the shares of the Company, contrary provisions by local securities regulatory authorities and the stock exchange of the place in which shares of the Company are listed shall apply.

Article 40 The Company shall have a register of shareholders to record the following matters or register the shareholders in accordance with the laws, administrative regulations, departmental rules and the Hong Kong Listing Rules:

- (1) the name (title), address (residence);
- (2) the class and number of the shares of each holder;
- (3) the certificate numbers of the shares of each holder;
- (4) the date on which each holder is entered in the register as a shareholder of the Company.

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

Article 41 The Company shall maintain a complete register of shareholders.

The register of shareholders shall include:

- (1) the register of shareholders that is maintained at the Company's residence (other than those share registers described in Clause (2) and Clause (3) below);
- (2) the register of shareholders in respect of the holders of overseas-listed shares that is maintained in the same place as the overseas stock exchange on which the shares are listed;
- (3) the registers of shareholders that are maintained in such other places as the Board of Directors may consider necessary for the purpose of listing the Company's shares.

Article 42 In compliance with these Articles of Association and other applicable provisions, following share transfer, the name of the transferee shall be registered in the register of shareholders as holders of shares.

- Article 43 All issue or subsequent transfer of H shares shall be registered in the register of shareholders maintained in Hong Kong.
- Article 44 Any holders of overseas-listed shares may transfer by the standard form of transfer of the place of listing or the form of transfer signed or bearing machine printed signatures all or any part of his shares. Transfer of the shares held by holders of non-listed shares is subject to the applicable laws and regulations of China.
- Article 45 Where the laws, administrative regulations, departmental rules, normative documents and the relevant stock exchange or the regulatory body in the place where the shares of the Company are listed have provisions on the period of closure of register prior to a general meeting or the record date for determining entitlements to dividend distribution, such provisions shall prevail.
- Subject to the rules of the relevant stock exchange or regulatory body where the Company's shares are listed or other applicable laws and regulations, the Company may suspend the registration of transfer of all or any class of shares at the time and period specified by the Board of Directors from time to time, but the period of suspension of the registration of share transfers shall not exceed 30 days in each year (or such longer period as the shareholders may determine by ordinary resolution, but such longer period shall not be extended beyond 30 days).
- Article 46 When the Company calls for a Shareholders' Meeting, distributes its dividends, conducts liquidation or executes any other act requiring identification of shareholders, the Board or the convener of the Shareholders' Meeting shall fix the share registration date. Shareholders registered after the close of business on the shareholding registration date are shareholders of the Company who are entitled to the relevant rights and interests.
- Article 47 Any person who objects to the register of shareholders and claims to be entitled to have his name (title) entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for an amendment of the register.
- Article 48 For any person who is a registered shareholder or who claims to be entitled to have his name (title) entered in the register of shareholders in respect of shares in the Company, if his share certificate (hereinafter, "original share certificate") is lost, he may apply to the Company for a replacement share certificate in respect of such shares (hereinafter, the "Relevant Shares").
- Article 49 Applications for a replacement share certificate by shareholders of non-listed shares shall be addressed pursuant to relevant requirements of the Company Law.
- Article 50 Applications for a replacement share certificate by holders of overseas-listed shares shall be addressed pursuant to the laws, the rules of the stock exchange, or other relevant regulations of the jurisdiction in which the original register of shareholders for overseas-listed shares is maintained.

Article 51 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the said person claiming damage proves that the Company has committed a fraud.

## **Chapter 7 Rights and Obligations of Shareholders**

Article 52 The Company's shareholders shall enjoy the following rights:

- (1) the right to receive dividends and other distributions proportional to the number of shares held;
- (2) the right to make a request to, convene, preside over and attend Shareholders' Meeting either in person or by proxy and speak and vote at the meeting, unless required by the Hong Kong Listing Rules to abstain from voting on specific issues;
- (3) the right to supervise, advise or inquire the operation of the Company;
- (4) the right to transfer, grant or pledge the shares he/she holds according to laws and regulations and these Articles of Association;
- (5) access to the Articles of Association, register of members, counterfoils of corporate bonds, minutes of shareholders' meetings, resolutions of the Board, resolutions of the Board of Supervisors and financial and accounting reports disclosed publicly;
- (6) the right to receive distribution of the remaining assets proportional to the number of shares held when the Company dissolves or liquidates;
- (7) those shareholders who object to a resolution made at a shareholders' meeting on the merger or division of the Company request that the Company purchase their shares;
- (8) other rights required by the laws and regulations, departmental rules, the Hong Kong Listing Rules or these Articles of Association.

The shareholder who asks to review the information mentioned in the preceding Article or make a request for information, he or she shall submit to the Company written documents proving the class and number of the shares that he or she holds in the Company. The Company shall provide the information as requested by the shareholder after authenticating his or her identity.

Article 53 The shareholders of the Company shall assume the following obligations:

- (1) to observe the laws, administrative regulations, Hong Kong Listing Rules and the Articles;

- (2) to effect payment for the subscription of shares according to the number of shares subscribed and the method of contribution;
- (3) may not withdraw equity shares unless provided by laws or regulations;
- (4) may not abuse the rights of a shareholder to prejudice the interests of the Company or other shareholders; may not abuse the Company's independent status of legal person and shareholders' limited liability to prejudice the interests of the Company's creditors;
- (5) to assume other obligations as the laws and regulations and these Articles of Association require.

In the event that a shareholder abuses his/her rights, thus causing losses to the Company or other shareholders, he/she shall be liable for compensation in accordance with the laws. In the event that a shareholder of the Company abuses the Company's independent status of legal person and shareholders' limited liability to evade debts, thus seriously prejudicing the interests of the Company's creditors, he/she shall be jointly and severally liable for the Company's debts.

#### Article 54

The "controlling shareholder", de facto controllers of the Company shall not prejudice the Company's interests by taking advantage of their connections. They shall be liable for compensation for losses caused to the Company as a result of their violation.

The controlling shareholders and de facto controllers of the Company shall have an obligation of good faith towards the Company and public shareholders. The controlling shareholders shall exercise the rights of an investor in strict compliance with the law. They may not prejudice the legitimate rights and interests of the Company and public shareholders by means of distribution of profits, restructuring of assets, foreign investment, appropriation of funds, loan guarantees and other means, and they may not prejudice the interests of the Company and public shareholders by taking advantage of their controlling position.

#### Article 55

In the event that the particulars of a resolution passed at a shareholders' meeting or a Board meeting are in violation of laws or administrative regulations, the shareholders shall have the right to petition a court to establish such particulars as invalid.

In the event that the procedures for convening a shareholders' meeting or a Board meeting, or the voting methods thereof are in violation of laws, administrative regulations or the Articles, or the particulars of a resolution are in violation hereof, the shareholders shall have the right to petition a court to make revocation within 60 days from the date of the resolution.

Article 56 In the event that a director or a senior management officer violates laws, administrative regulations or the Articles when performing his/her duties for the Company, thus causing losses to the Company, the shareholders who either alone or jointly having been holding more than 1% of shares of the Company for 180 consecutive days or more shall have the right to request in writing the Board of Supervisors to lodge legal actions with the People's Court. In the event that the Board of Supervisors violates laws, administrative regulations or the Articles when executing its duties for the Company, thus causing losses to the Company, shareholders may request in writing the Board to lodge legal actions with the People's Court.

In the event that the Board of Supervisors or the Board refuses to take legal action upon receipt of the request in writing from the shareholders as prescribed in the preceding paragraph, or does not take legal action within 30 days of receiving such a request, or any emergency or failure to take immediate legal action will cause irreparable damage to the interests of the Company, the shareholders prescribed in the preceding paragraph shall have the right to lodge legal actions with the People's Court in their own names in the interests of the Company.

In the event that some other persons infringe the legitimate rights and interests of the Company, thus causing losses to the Company, the shareholders prescribed in the first paragraph of this Article may lodge legal actions with the People's Court in accordance with the provisions of the preceding two paragraphs.

Article 57 In the event that a director or a senior management officer violates laws, administrative regulations or the Articles, thus causing damage to the interests of shareholders, the shareholders may lodge legal actions with the People's Court.

In the event that a shareholder holding more than 5% of the voting shares of the Company pledges the shares he/she holds, he/she shall report to the Company in writing on the date of making the pledge.

## **Chapter 8 Shareholders' Meeting**

Article 58 Shareholders' Meeting shall be the authoritative body of the Company and shall exercise its functions and powers in accordance with the law.

Shareholders' Meeting shall possess the following functions and powers:

- (1) to decide on the Company's operational policies and its investment plans;
- (2) to elect and replace Directors who are not employee representatives and to decide on the matters relating to the remuneration of Directors;
- (3) to elect and replace Supervisors who are not employee representatives, and decide on matters relating the remuneration of the relevant Supervisors;
- (4) to examine and approve reports of the Board of Directors;



- (5) to examine and approve reports of the Board of Supervisors;
- (6) to examine and approve the Company's proposed annual preliminary and final financial budgets;
- (7) to examine and approve the Company's profit distribution and loss recovery plans;
- (8) to decide on the increase or reduction of the Company's registered capital;
- (9) to decide on such matters as merger, division, dissolution, liquidation or change in the form of the Company;
- (10) to decide on the issuance of debentures by the Company;
- (11) to decide on the engagement, dismissal or non-reappointment of the Company's accounting firm;
- (12) to amend these Articles of Association;
- (13) to consider and approve matters relating to changes in the use of proceeds;
- (14) to consider share incentive plans and employees' stock plans;
- (15) to consider matters relating to the purchases and disposals of material assets, which are more than 30% of the latest audited total assets of the Company, within one (1) year;
- (16) to consider and approve the guarantee issues by the Shareholders' Meeting as prescribed in the Articles;
- (17) to consider on any other matters as the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles specify.

Provided that there is no violation of the laws, regulations and the mandatory provisions of the listing rules of the place where the shares of the Company are listed, the Shareholders' Meeting may authorize the Board to handle or to delegate to the Board such matters as the Shareholders' Meeting so authorizes and delegates.

Article 59 Except in exceptional circumstances, such as when the Company is in crisis, the Company shall not conclude an agreement to transfer the management of all or important parts of its business to others except Directors, Supervisors, President and other members of senior management without prior approval at the Shareholders' Meeting.

Article 60 The candidates for the directors and supervisors shall submit to the shareholders' general meeting for voting by way of resolutions.

Article 61 When the motions is being considered at the general meeting, no amendment to the motion shall be made, otherwise such amendment shall be considered as a new motion which cannot be voted in the general meeting of that time.

Article 62 The same voting right may only be exercised at either an on-site, on the network or in another voting method. In the event that the same voting right is repeated, the result of the first vote shall prevail.

Article 63 The following external guarantees by the Company shall be considered and approved by the Shareholders' Meeting:

- (1) any guarantee provided after the total amount of external guarantees by the Company and its holding subsidiaries exceeds 50% of the latest audited net assets;
- (2) any guarantee provided after the total amount of external guarantees by the Company exceeds 30% of the latest audited total assets;
- (3) guarantee provided by the Company in excess of 30% of its latest audited total assets within one year;
- (4) guarantee provided to the guarantee objective whose asset liability ratio exceeds 70%;
- (5) value of a single guarantee exceeds 10% of the latest audited net assets;
- (6) guarantee provided to shareholders, de facto controllers and their connected parties;
- (7) other guarantees required to be consider by the Shareholders' Meeting as the laws and regulations, regulatory documents, the Hong Kong Listing Rules and the Articles specify.

The board of directors shall review and approve guarantee to third parties not being required to be approved by a Shareholders' Meeting. When considering the resolution of providing guarantee for shareholders, de facto controllers and their connected parties at the Shareholders' Meeting, such shareholders or shareholders who are controlled by the de facto controllers shall abstain from voting on such resolution. The resolution shall be approved by more than half of the voting rights held by other shareholders present at the Shareholders' Meeting.

Article 64 The Shareholders' Meeting shall include annual general meetings and extraordinary general meetings. Annual general meetings shall be called by the Board of Directors and held once every year, and within 6 months of the end of the preceding financial year.

The Company shall convene an extraordinary general meeting within 2 months from the date of occurrence of any of the following circumstances:

- (1) when the number of directors is less than that required by the Company Law or is less than two thirds of the numbers required by these Articles of Association;
- (2) when the Company fails to recover the loss amounting to over one third of the share capital;
- (3) when any Shareholder severally or jointly holding 10% or more of the shares of the Company requests;
- (4) when deemed necessary by the Board of Directors;
- (5) the Board of Supervisors propose to convene such meeting;
- (6) any other circumstances stipulated in the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles.

Article 65      The place for holding the general meeting of shareholders is: the place of domicile of the Company, the position in which the Company produces and operates or other place as determine by other meeting. The general meeting shall have a venue and be held on-site. The Company shall also provide online voting. Shareholders who participate in a general meeting in the aforesaid manners shall be deemed present at the meeting.

Directors, supervisors, and external certified public accountants who participate in a general meeting in person via electronic means including telephone or video conferencing shall be deemed present at the meeting.

Article 66      Independent non-executive directors shall be entitled to make a proposal to the Board of Directors on holding an extraordinary general meeting. For such a proposal, the Board of Directors shall give a written reply on whether to agree or not to hold an extraordinary general meeting within 10 days upon receipt of the proposal in accordance with the laws, administrative regulations and the Articles.

Where the Board of Directors agrees to hold an extraordinary general meeting, a notice of general meeting shall be given within 5 days after the resolution of the Board of Directors is made. Where the Board of Directors does not agree to hold such a meeting, its reasons shall be given in a written way.

Article 67      The Board of Supervisors shall be entitled to make a proposal to the Board of Directors on holding an extraordinary general meeting and shall make such a proposal in written form. The Board of Directors shall give a written reply on whether to agree or not to hold an extraordinary general meeting within 10 days upon receipt of the proposal in accordance with the laws, administrative regulations and the Articles.

Where the Board of Directors agrees to hold an extraordinary general meeting, a notice of general meeting shall be given within 5 days after the resolution of the Board of Directors is made. Any change to the original proposal in the notice shall be subject to the approval from the Board of Supervisors.

Where the Board of Directors does not agree to hold such meeting or fails to give a written reply within ten days upon receipt of the proposal, it shall be deemed that the Board of Directors is unable or fails to perform its duty of convening a general meeting. In such a case, the Board of Supervisors may convene and preside over the meeting on its own.

Article 68

Shareholder(s) of shares who individually or jointly hold more than 10% of the shares of the Company shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and a written request shall be made to the Board of Directors. The Board of Directors shall give a written reply as to whether it agrees or disagrees to the convening of an extraordinary general meeting within ten days after receiving the request(s) according to the laws, administrative regulations and the Articles.

If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of general meeting within five days after passing the board resolution. Any changes to the original proposal in the notice shall be approved by the relevant shareholders.

If the Board of Directors does not agree to convene an extraordinary general meeting or it does not reply within ten days after receiving the request(s), shareholder(s) of shares who individually and jointly hold more than 10% of the shares of the Company shall have the right to propose to the Board of Supervisors to convene an extraordinary general meeting and a written request shall be made to the Board of Supervisors.

If the Board of Supervisors agrees to convene an extraordinary general meeting, it shall issue a notice of general meeting within five days after receiving the request. Any changes to the original request in the notice shall be approved by the relevant shareholders.

If the Board of Supervisors fails to give the notice of the general meeting within the specified time limit, it shall be deemed that the Board of Supervisors is not convening or presiding over the meeting, in which case, the shareholders of shares who individually or jointly holding more than 10% of the shares of the Company for more than 90 consecutive days may convene and preside over the meeting on their own.

Article 69

Where the Board of Supervisors or shareholders decide to convene a general meeting on its/their own, it/they shall give a written notice to the Board of Directors.

Prior to the announcement of the resolution of the general meeting, the shareholding held by the shareholders who convene the meeting shall be not less than 10%.

Article 70 With respect to a general meeting convened by the Board of Supervisors or shareholders, the Board of Directors and the Secretary of the Board shall give cooperation. The Board of Directors will provide the register of members with the record date of shareholding.

Article 71 The expenses required for a general meeting convened by the Board of Supervisors or shareholders shall be borne out by the Company.

Article 72 When the Company convenes the annual general meeting, written notices of the meeting shall be provided in no less than 21 days prior to the date of the meeting; when the Company convenes the extraordinary general meeting, written notices of the meeting shall be provided in no less than 15 days prior to the date of the meeting to notify all the shareholders registered in the register of shares with respect to the matters to be considered, and the date and the place of the meeting.

The notice of convening the general meeting of the Company shall be made in form of an announcement.

The announcement referred to in the preceding paragraph shall mean the media/ website recognized by the stock exchange where the Company's shares are listed as designated by the Company to publish announcements of the Company and other media where information is required to be disclosed. Where a notice of the Company is made via announcement, the date on which the announcement is published for the first time shall be deemed as the date of delivery. Once the announcement is made, all relevant parties shall be deemed to have been notified.

Article 73 At the Shareholders' Meeting held by the Company, the Board of Directors, the Board of Supervisors and shareholders severally or jointly holding 3% or more of the total voting shares of the Company are entitled to propose new resolutions in writing to the Company.

Shareholders(s) who individually or jointly hold 3% or more of the shares of the Company, and if any such shares carry voting rights of the Company, is/are entitled to propose additional resolutions in writing to the convener before the shareholders' meeting is held. The convener shall issue a supplemental notice of meeting within two days after receiving such proposal specifying the contents of such proposal.

The contents of a proposal shall be within the terms of reference of the general meeting of shareholders, and have definite agenda and specific matters for resolution, and shall comply with the relevant provisions of the laws, administrative regulations and the Articles.

Article 74 Unless in the circumstance hereinabove, the convener may not, after publishing the notice of the general meeting, make any change to the motions set forth in such notice or add any new motions. No motion shall be passed at a general meeting on any matter not specified in the notice of general meeting or in a supplementary notice or is not in accordance with the provisions of the Articles.

Article 75 The notice of the general meeting shall include the following:

- (1) the time, place and duration of the meeting;
- (2) matters and motions to be considered at the meeting;
- (3) state clearly: that all ordinary shareholders (including preference shareholders with restored voting rights) are entitled to attend the general meeting, and a shareholder may appoint proxies to attend the meeting and vote on his behalf, and that a proxy is not necessarily be a shareholder;
- (4) share record date for the right to attend the general meeting;
- (5) the contact person and telephone number for the meeting;
- (6) voting time and voting procedure of voting via internet or by other ways (if the meeting is held through network or by other means).

Details of all proposals as well as all information or explanations required for shareholders to make sound judgment of the matters to be discussed shall be fully and completely disclosed in the notice of the general meeting and its supplementary notice. In the event that independent non-executive directors are required to express their opinions on the matters to be discussed, a notice of general meeting or a supplementary notice shall, when given, also disclose the opinions and reasons of the independent non-executive directors.

Article 76 In the event that the election of directors and supervisors is to be discussed at a general meeting, the notice of the general meeting shall fully disclose details of candidates for the directors and supervisors, and shall at least include the following particulars:

- (1) their educational background, work experience, concurrent positions and other personal details;
- (2) whether or not they have any related relationship with the Company or its controlling shareholder(s) and actual controller(s);
- (3) number of shares of the Company they hold;
- (4) whether or not they have been penalized by the CSRC and other relevant departments, and disciplined by the stock exchange.

A single proposal on each of the candidates for directors and supervisors shall be submitted.

Unless otherwise provided in Articles, notice of general meeting of shareholders shall be served on each shareholder (whether or not entitled to vote at the meeting) in the form of notice as provided in Chapter 18 of the Articles on an optional basis. For domestic shareholders, notices of the general meeting may also be issued by way of public announcements, and the announcement to domestic shareholders shall be published in a media that meets the conditions prescribed by the CSRC. Once the announcement is made, it shall be deemed that all domestic shareholders have received the notice of the relevant shareholders' meeting.

Article 77 In respect of H shareholders, the notice of general meeting of shareholders shall be given to the H shareholders of the Company by sending them in electronic form or providing them with notice of general meetings by other means or by posting them on the Company's website as well as on the website of the Hong Kong Stock Exchange, and, subject to the fulfillment of the conditions set out in the laws and administrative regulations, the Hong Kong Listing Rules and the Articles, all H shareholders shall be deemed to have received notice of the relevant shareholders' meeting once the announcement has been made.

Article 78 Once the notice of the general meeting is issued, such meeting shall not be postponed or cancelled, nor any proposal listed on the notice be canceled without a legitimate reason. In the case of a postpone or cancellation, the convener shall, at least two business days prior to originally scheduled date for the meeting, publish the announcement and explain the reason.

Article 79 An accidental failure to serve notice of a meeting on, or the non-receipt of such notice by, any person entitled to receive such notice shall not invalidate the meeting or the resolutions passed.

Article 80 Any shareholder entitled to attend and vote at the Shareholders' Meeting shall be entitled to appoint to entrust one or several persons (whether a shareholder or otherwise) as his proxy/proxies to attend and vote on his behalf. Where the shareholder is a legal entity, it is entitled to appoint a person to represent such legal entity to attend and vote. A proxy (including a proxy of an individual shareholder and a legal entity shareholder) so appointed shall have:

- (1) the right to speak at the meeting;
- (2) the right to demand or join in demand for a poll;
- (3) the right to vote by hand or on a poll unless otherwise provided by relevant laws and administrative regulations and relevant provisions of the securities regulatory authority of the place where the Shares of the Company are listed. Where more than one proxy is appointed, the proxies may only exercise the voting right on a poll.

The proxy form shall be in writing, either to be executed by the appointer or by power of attorney. Should the appointer be a legal entity, then such proxy form shall be executed with the company seal or by its Directors or the legal representative. Such instrument shall specify the number of shares represented by each proxy.

Article 81

The proxy form shall be maintained at the residence of the Company or at such other locations as specified for that purpose in the notice regarding the convening of the meeting in no less than 24 hours prior to the time of the meeting at which the proxy proposes to vote or attend, or the time appointed for voting. In the event that such instrument is signed by another person authorized by the appointer, the authorization or other authorization instrument shall be notarized, and such notarized authorization or other instrument shall be maintained at the residence of the Company or at such other locations as specified for that purpose in the notice regarding the convening of the meeting at the same time. In the event that an appointer is a legal entity, its legal representative or such person as authorized by a resolution of its Board of Directors or other governing body may attend the Company's general meeting in the capacity of a representative. For the purpose of these Articles of Association, the attending of and voting at such meeting by the appointed proxy shall be deemed to be done by the appointer (as the case may be).

If a shareholder is a Recognized Clearing House (or its nominee), it may, as it sees fit, appoint one or more persons as its proxy(ies) to attend and vote at any Shareholders' Meeting or creditors meeting. However, if more than one person is appointed, the proxy form shall specify the number and class of the shares relating to each such proxy. Such proxy may exercise the rights of the Recognized Clearing House (or its nominee) which shall be equivalent to the rights enjoyed by other shareholders, including the right to speak and vote, as if it is an individual shareholder of the Company.

Article 82

Any form issued to a shareholder by the Board of Directors for the appointment of a proxy by the shareholder for attendance and voting at a meeting shall enable the shareholder to instruct the proxy to vote for or against each resolution with respect to businesses transacted at the meeting. Such forms shall contain a statement which states that, in the absence of instructions by the shareholder, the proxy may vote in the proxy's own discretion.

Save as provided above, the aforesaid proxy form shall also contain the following: the number of shares represented by and name of the proxy; whether voting power is granted to the proxy; whether the proxy is entitled to vote for any temporary resolution proposed at any shareholders' general meeting; instruction of how to vote if voting power is granted; and date of appointing a proxy and the effective period for such appointment. Where a shareholder appoints more than one proxy, he shall specify the number of shares represented by each proxy in the proxy form.



- Article 83 A vote provided in according to the instruments in such proxy forms shall be valid, notwithstanding the previous death or loss of capacity of the appointer or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares with respect to which the proxy is given, provided that no notice in writing of such matters shall have been received by the Company prior to the commencement of the meeting at which the proxy is used.
- Article 84 A proxy who attends a Shareholders' Meeting on behalf of a shareholder shall produce his identification document. If a shareholder who is a legal person appoints its legal representative to attend the meeting, the legal representative shall produce his identification document and a notarially certified copy of the resolution or form of proxy of the Board of Directors or other governing body of the legal person (other than a Recognized Clearing House or its nominee) authorizing the legal representative.
- Article 85 During the general meeting of shareholders, all directors, supervisors and the secretary of the board of directors should attend the meeting, and the President and other members of senior management shall also be present at the meeting. The directors, supervisors, senior management personnel shall provide explanation and clarification to the inquiries and suggestions raised by the shareholders at the general meeting.
- Article 86 At the annual general meeting, the Board of Directors and the Board of Supervisors shall provide a report of the previous year's business to the general meeting. Each independent director shall also report his duties.
- Article 87 The chairman of the meeting shall, before voting begins, announce the number of attending shareholders and proxies and the total number of their voting shares according to the register of the meeting.
- Article 88 There are 2 kinds of resolutions made at the Shareholders' Meeting, ordinary resolutions and special resolutions.
- An ordinary resolution must be approved by votes representing more than one-half of the voting rights of the shareholders (including proxies) present at the meeting.
- A special resolution must be approved by the votes representing more than two thirds of the voting rights of the shareholders (including proxies) present at the meeting.
- The Company's shares which also held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.
- Article 89 A shareholder (including proxy), when voting at a Shareholders' Meeting, shall exercise voting rights in accordance with the number of his shares carrying the voting rights and each share shall have one vote.

All shareholders shall have the right to speak and vote at the general meetings, except if any shareholder should waive his/her voting right on a particular matter, or is restricted to vote only for or against the matter, in accordance with the Hong Kong Listing Rules, in which case such shareholder should waive his/her voting right or abstain from voting in accordance with the provisions therein; any vote casted by or on behalf of any shareholder in violation of such provisions or restriction shall not be counted into the poll result.

Article 90 At a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes in the same manner.

Article 91 The following matters shall be resolved by ordinary resolutions at the Shareholders' Meeting:

- (1) reports of the Board of Directors and the Board of Supervisors;
- (2) any plans for the distribution of profits and for recovering losses formulated by the Board of Directors;
- (3) appointment and removal of the members of the Board of Directors and Supervisors on behalf of shareholders, and decision on their remuneration and methods of payment;
- (4) preliminary and final annual budgets;
- (5) annual report of the Company;
- (6) other matters other than those required by laws, administrative regulations, or by Hong Kong Listing Rules or by the Articles to be approved by a special resolution.

Article 92 The following matters shall be resolved by special resolutions at the Shareholders' Meeting:

- (1) the increase or reduction of an registered capital of the Company;
- (2) the division, spin-off, merger, dissolution, liquidation;
- (3) the amendments to the Articles of Association;
- (4) the Company's acquisition or disposal of major assets or providing guarantees within 1 year with the transaction amount exceeding 30% of total audited assets of the Company for the latest period;
- (5) any share incentive scheme;

- (6) other matters which laws, administrative regulations, the Hong Kong Listing Rules or the Articles require to be adopted by special resolution or which the general meeting considers will have a material impact on the Company and therefore require, by an ordinary resolution, to be adopted by special resolution.

Article 93

In the event the matters of connected transactions are considered at a shareholders' general meeting, connected shareholders shall abstain from voting upon such connected transactions and the number of voting shares represented by such shareholders shall not be counted in the total number of valid votes. The announcement of the resolution of such meeting shall fully disclose the votes of the non-connected shareholders.

Prior to the completion of consideration and voting on the connected transactions at the general meeting, the connected shareholders shall submit a request of recuse to the presiding officer of the meeting, and the presiding officer of the meeting shall announce it to the general meeting. During the voting on the connected transactions, the connected shareholders shall not be allowed to vote on such matters and shall be supervised by the supervisors attending the meeting.

Before the completion of review and voting on the connected transactions at the general meeting, the non-connected shareholders (including proxies) and the supervisors attending the meeting shall have the right to request the presiding officer to recuse the connected shareholders from voting on such matters and explain the reasons therefor, and the connected shareholders requested to recuse themselves from voting shall not be allowed to cast their votes during the voting on the said matters if they have no objection on the request to recuse themselves from voting on such matters. If the shareholder requested to be recused considers that he/she is not a connected shareholder and does not need to fulfil the recusal procedure, he/she shall explain the reasons at the general meeting, and if the shareholder requested to be recused is determined to be a connected shareholder, he/she shall not vote on the matter at the meeting. In the event of any of the above circumstances, the person taking the minutes of the general meeting shall record the above circumstances in detail in the minutes of the meeting.

Article 94

The Chairman of the Board of Directors shall preside over the Shareholders' Meeting. If the Chairman of the Board is unable to attend the meeting for any reason, the meeting shall be chaired by the Vice Chairman of the Board. Where the Vice Chairman fails to perform his duties, a Director jointly elected by not less than half members of the Board shall perform the duties of the Chairman.

In a Shareholder's meeting convened by the Board of Supervisors, the chairman of the Board of Supervisors serves as the chairman of the meeting. If the chairman of the Board of Supervisors is unable or fails to perform his or her duties, a supervisor jointly elected by at least one half of the supervisors shall preside over the meeting.

A representative elected by the convener shall preside over the general meeting convened by the shareholders.

Where a general meeting is held and the chairman of the meeting violates the rules of procedure which makes it impossible for the general meeting to continue, a person may be elected at the general meeting to act as chairman and continue the meeting, subject to the approval of more than half of the attending shareholders having the voting rights.

Article 95 At any general meeting, voting shall be conducted by open poll.

Article 96 When proposals are voted on at the general meeting, two shareholders' representatives shall be appointed to count, and monitor counting of, the votes. Where any shareholder has interests in any issue considered, the said shareholder or proxy thereof shall not participate in counting and monitoring of ballots.

Article 97 When votes are cast on proposals at the general meeting, attorneys, representatives of the shareholders and the representative of Supervisors shall be jointly responsible for scrutinizing and counting votes and shall announce the voting results at the meeting. The voting result shall be recorded in the meeting minutes. Where the laws, administrative regulations and other regulatory documents and the Hong Kong Listing Rules provide otherwise for the manner of vote counting and scrutinizing, such provisions shall apply.

Prior to the formal announcement of voting results, the relevant parties from the company, the persons responsible for counting votes and scrutinizing the conduct of the relevant poll, the major shareholders, relevant internet service provider involved in relation to voting at the general meeting, and by other means, shall be obliged to keep the status of voting confidential.

Article 98 A shareholder attending a general meeting shall express one of the following opinions on any proposal to be voted on: for, against or abstention. If a poll is blank, marked erroneously, illegible or has not been cast, the voter shall be deemed to have waived his or her right to vote and the voting results for the number of shares that he or she holds shall be recorded as "abstained".

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

- Article 99 In the event that the chairman of the meeting has any doubt as to the voting result of any resolution at Shareholders' Meeting, the chairman shall have the power to have the votes counted. In the event that the chairman of the meeting does not have the votes counted, any shareholder present in person or by proxy, who objects to the result announced by the chairman of the meeting, may immediately following the declaration of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.
- Article 100 The resolution of the general meeting shall be promptly announced. The announcement shall state the number of attending shareholders and proxies, their number of voting shares and their percentages to the total number of the voting shares in the Company, the voting method or methods, the voting result for each proposal, and the details of each resolution passed in the meeting.
- Article 101 Where a proposal has not been passed or the resolutions of the preceding general meeting have been changed at the current general meeting, special mention shall be made in the announcement of the resolutions of the general meeting.
- Article 102 Where a resolution on the election of Directors or Supervisors is passed at the general meeting, the term of office of the newly-elected Director or Supervisor shall commence on the day that relevant election resolution is passed at the general meeting.
- Article 103 Where a proposed resolution in relation to the payment of cash dividends, the issue of bonus shares or the capitalization of capital reserves has been passed at a general meeting, the Company shall implement the specific plans within two months after the conclusion of the general meeting.
- Article 104 If the votes are counted at the Shareholders' Meeting, the counting result shall be recorded in the meeting minutes.
- Article 105 Minutes shall be kept in respect of all resolutions passed at a Shareholders' Meeting and kept by the secretary of the Board of Directors.

The minutes shall state the following contents:

- (1) time, venue and agenda of the meeting and names of the convener;
- (2) the chairman of the meeting, the names of the Directors, supervisors, managers and other senior managements;
- (3) the number of attending shareholders and proxies, and the total number of their voting shares and percentages to the total number of shares of the Company;
- (4) the process of review and discussion, summary of any speech, and voting results of each proposal;

- (5) the shareholders' questions, opinions, suggestions and corresponding answers or explanations;
- (6) the names of the attorney, vote counters and counting Supervisors;
- (7) other information to be entered into the minutes pursuant to the Articles of Association.

Article 106 The convener shall ensure that the contents of the minutes are true, accurate and complete. The directors, the supervisors, the secretary of the Board of Directors, the convener or representative thereof, and the chairman of the general meeting shall sign on the minutes of the meeting. The minutes shall be kept for 10 years, together with the book of signatures of the attending shareholders, the power of attorney for shareholders that attend the meeting by proxy, and effective information concerning voting online or by other such means.

## **Chapter 9 Board of Directors**

Article 107 The Company shall establish the Board of Directors which is accountable to the general meeting and composed of nine Directors, including one Chairman, two Vice Chairmen and three independent non-executive Directors who are independent of the shareholders of the Company and do not hold any positions in the Company.

At the re-election of the Board of Directors, external Directors, being Directors who do not hold any positions in the Company, shall account for more than half of the total number of Directors. There shall be no less than one third of the Directors being independent non-executive Directors in the Board of Directors.

The Board of Directors may set up special committees including the audit committee, the remuneration and assessment committee, the nomination committee and the strategy committee to assist the Board of Directors to perform its duties, or to provide recommendations or advisory opinions on decisions to be made by the Board of Directors. The composition and terms of reference of the committees shall be determined by the Board of Directors.

Article 108 Directors shall be elected or be changed at the Shareholders' Meeting, and may be removed from office by the General Meeting before the expiration of their terms of office. The term of office is three years. Upon expiry of the term of office, Directors are eligible for re-election.

A Director does not need to hold any shares in the Company.

Subject to laws and administrative regulations, shareholders may remove by ordinary resolution at a Shareholders' Meeting any Director whose term of office has not expired, without prejudice to any claims as may be brought in accordance with any agreement.

Independent non-executive directors among the directors shall meet the following requirements:

- (1) independent of shareholders of the Company;
- (2) not in office within the Company;
- (3) one of the independent non-executive directors shall possess appropriate professional qualifications and expertise in accounting or financial management in compliance with the Hong Kong Listing Rules;
- (4) other conditions as stipulated in other laws and regulations, regulatory documents, the Hong Kong Listing Rules and the Articles.

External directors shall have sufficient time and requisite expertise to perform their duties. The Company shall provide the necessary information to enable the external directors to perform their duties.

Directors other than external directors and independent non-executive directors may hold office of other senior management of the Company (except supervisors). However, the total number of directors serving the office of manager or other senior management personnel concurrently and labour union representative holding the office of director shall not exceed half of the total number of directors of the Company.

Article 109 Directors shall follow the laws, administrative regulations and the Articles and bear following faithful obligations to the Company:

- (1) Directors are not allowed to abuse their authorities to accept bribes or other illegal income, and may not encroach on the Company's property;
- (2) Directors are not allowed to misappropriate the property of the Company;
- (3) Directors are not allowed to deposit the assets of the Company into an account in their own names or in any other individual's name;
- (4) Directors are not allowed to lend the funds of the Company to other people or provide guarantees for other people with the assets of the Company in violation of regulations of the Articles or without consent of the Shareholders' Meeting or the Board of Directors;
- (5) Directors are not allowed to execute any contract or engage in any transaction with the Company in violation of the Articles or without consent of the Shareholders' Meeting;

- (6) Without consent of the Shareholders' Meeting, directors shall not, taking advantage of their positions, seek for commercial opportunity which shall belong to the Company and engage in the same business as the Company in which he serves either for his own account or for any other person's account;
- (7) Directors are not allowed to possess the commission obtained from the transaction between others and the Company;
- (8) Directors are not allowed to disclose confidential information of the Company;
- (9) Directors shall not make use of the associated relationship to damage the interest of the Company;
- (10) Other faithful obligations specified by the laws, administrative regulations, department rules, the Hong Kong Listing Rules and the Articles.

Any income of directors by violating this Article shall belong to the Company; if losses are caused to the Company, such directors shall bear the liability for compensation.

#### Article 110

Directors shall follow laws, administrative regulations and the Articles and bear following assiduous obligations to the Company:

- (1) Directors shall exercise their rights restrainedly, carefully and assiduously to ensure that the commercial activities of the Company are in accordance with laws, administrative regulations and the requirements of various national economic policies and do not exceed the Company's scope of business as regulated by the business license;
- (2) Directors shall treat all shareholders equally;
- (3) Directors shall timely know the business operation and management condition of the Company;
- (4) Directors shall subscribe on the periodic report with written confirmation opinions to ensure the truth, accuracy and integrity of the information disclosed by the Company;
- (5) Directors shall submit relevant conditions and materials to the Board of Supervisors according to the facts and shall not interfere the Board of Supervisors or supervisors to exercise authorities;
- (6) Other assiduous obligations specified by laws, administrative regulations, department rules, the Hong Kong Listing Rules and the Articles.



- Article 111 If a director fails to attend in person twice in succession, and hasn't authorized other director to attend the Board meeting, such director shall be regarded as failure to fulfill his obligations, and the Board of Directors shall suggest the Shareholders' Meeting for dismissal and replacement.
- Article 112 Directors may resign before expiration of the term of office. The directors who ask for resignation shall submit a written resignation report to the Board of Directors.
- If the resignation of directors leads to the number of the Board of Directors below the minimum quorum, before the accession of the re-elected director, the original directors shall fulfill their obligations according to laws, administrative regulations, department rules and the Articles.
- Except for the preceding paragraph, the resignation of directors shall take effect after the resignation report is submitted to the Board of Directors.
- Article 113 If the resignation of a director takes effect or the term of office expires, such director shall complete all turnover procedures with the Board of Directors and his faithful obligations to the Company and the shareholders shall not be released after the term of office expires, which shall still be effective within the reasonable duration specified by the Articles.
- Article 114 Unless specified in the Articles or legal authorization by the Board of Directors, any director shall not take an action in his own name on behalf of the Company or the Board of Directors. The director shall state his position and identity when taking an action in his own name, provided the third party may consider it reasonable when such director takes an action on behalf of the Company or the Board of Directors.
- Article 115 Directors shall bear the liability for compensation if losses are caused to the Company due to violation of the laws, administrative regulations, department rules, the Hong Kong Listing Rules and the Articles during the implementation of duties.
- Article 116 Independent directors shall have the duty to act in good faith and conduct due diligence for the Company and all its shareholders. Independent directors shall perform their duties independently in accordance with relevant laws and regulations, the Hong Kong Listing Rules and the requirements of the Articles, and not be affected by the Company's substantial shareholders or other entities or individuals that is interested in the Company to protect the interests of the Company as a whole, especially protecting the legal interests of minority shareholders.
- Article 117 The Board of Directors, the Board of Supervisors, and the shareholders holding, alone or in an aggregate, 1% or more of the issued shares of the Company are entitled to propose a candidate for election as an independent director at the shareholders general meeting.

Article 118

The Board of Directors shall be accountable to the shareholders at general meetings, and shall perform the following functions and exercise the following powers:

- (1) to be responsible for the convening of and reporting to the Shareholders' Meeting;
- (2) to implement the resolutions passed by the Shareholders' Meeting;
- (3) to determine the Company's business plans and investment proposals;
- (4) to formulate the Company's preliminary and final annual financial budgets;
- (5) to formulate the Company's profit distribution proposal and loss recovery proposal;
- (6) to make plans for the Company's increasing or decreasing its registered capital, issuing bonds or other securities and the listing thereof;
- (7) to formulate plans for the Company's material acquisitions, purchase of shares of the Company or merger, division, dissolution and transformation;
- (8) deciding on external investment, acquisition and disposal of assets, pledge of assets, external guarantee, entrusted financial management, connected transactions, external donations and other matters under the authority granted by the general meeting;
- (9) to decide on the Company's internal management structure;
- (10) to decide the appointment or removal of the Company's President and to engage or remove the Company's executive president and other members of the senior management, and to decide on their remuneration and payment method, rewards and penalties;
- (11) to formulate the Company's basic management system;
- (12) to formulate proposals for any amendment to the Company's Articles of Association;
- (13) to manage information disclosure of the Company;
- (14) to propose to the shareholders' general meeting to appoint or change the accounting firm that provides audit services for the Company;
- (15) to listen to the work report and inspect the work of the manager;
- (16) to perform any other functions and exercise any other powers conferred upon by laws, regulations, regulatory documents, the Hong Kong Listing Rules, the Articles or the Shareholders' Meeting of the Company.

On the premise of complying with relevant laws and regulations as well as the mandatory provisions of the listing rules of the place where the shares of the Company are listed, any person appointed by the Board of Directors as a Director to fill a casual vacancy on or as an addition to the Board of Directors shall hold office until the first annual general meeting after appointment, and shall then be eligible for re-election.

Article 119 The Board shall explain to the general meeting regarding the non-standard auditors' advice given by certified accountant in relation to the financial report of the Company.

Article 120 The Board of Directors shall formulate the rules of procedure for meetings of the Board of Directors in compliance with laws, administrative regulations and requirements of the relevant competent authority, to ensure the implementation by the Board of Directors of the resolutions of the general meeting, higher efficiency and scientific decision-making.

The rules of procedure for Board meetings shall specify the procedures for the convening of and voting at the Board Meetings and be annexed to the Articles of Association and shall be prepared by the Board and implemented upon approval by the general meeting.

Article 121 The Board of Directors shall, in accordance with the rules of the stock exchange on which the shares of the Company are listed, determine the authority for external investments, purchase and sale of assets, mortgages, external guarantee, entrustment of financial services, connected transactions and external donations, and establish stringent procedures for review and decision-making. Major investment projects shall be assessed by experts and professionals and reported to the general meeting for approval in accordance with laws, administrative regulations, departmental rules and the Hong Kong Listing Rules.

Article 122 The Board shall have one chairman, and may have one or more vice chairman. The chairman and vice chairman shall be appointed by more than 50% of all the Directors by election.

Article 123 The Chairman of the Board shall exercise the following powers and functions:

- (1) to preside over Shareholders' Meeting and to convene and preside over meetings of the Board of Directors;
- (2) to supervise and inspect the implementation of resolutions passed by the Directors at the meetings of the Board of Directors;
- (3) to exercise other powers and functions conferred upon by the Board.

Article 124 The vice chairman of the Company shall assist the chairman. Where the chairman is unable to or does not perform the duty, the vice chairman shall perform the duty (if there are two or more vice chairmen, the one elected by more than one half of the directors shall preside), where the vice chairman is unable to or does not perform the duty, a director nominated by more than half of the directors shall perform the duty.

Article 125 The Board of Directors shall at least hold four regular meetings each year, the Board of Directors' meetings shall be convened by the chairman, and written notice of the meeting shall be served on all Directors and Supervisors 14 days before the date of the meeting. An extraordinary board meeting may be held by request of shareholders representing more than 10% of the voting rights or by request of more than one-third directors or supervisors. The chairman shall convene and preside over a board meeting within 10 days after receipt of the proposal.

The Board of Directors shall notify all Directors and Supervisors in writing or by telephone three days prior to the convening of a special Board meeting; in case of emergency, the foregoing time limit for notice may be waived.

Article 126 A notice of Board meeting shall contain the following contents:

- (1) date and place of the meeting;
- (2) duration of the meeting;
- (3) agenda, particulars, subjects and relevant information;
- (4) issue date of notice.

Article 127 Notice of statutory period shall be given to all Directors for all significant matters requiring the decision-making of the Board of Directors, and sufficient information shall also be provided. When more than one quarter of the Directors or two or more external Directors consider that there is insufficient information or that arguments proposed are imprecise, they may jointly propose that the Board meeting be postponed or that some of the matters to be discussed at the Board meeting be discussed at a later time. Under such circumstances, the Board of Directors shall accept the proposal.

If a substantial shareholder or a Director is deemed to have material conflict of interests in the matter to be considered by the Board of Directors, the matter shall be dealt with in a Board meeting rather than by a written resolution. Only the independent non-executive Directors who and whose associates have no material interest in the transaction shall be present at that Board meeting.

Article 128 Written notices of Board meetings or special Board meetings shall be given by personal delivery, facsimile, express mail or registered airmail or other electronic means of communication, etc.

Article 129 Should a Director attend a meeting, and has not stated his non-receipt of the meeting notice prior to arriving at the onset of the meeting or at the meeting, the said notice of the meeting shall be deemed to have been served.

Article 130 Any regular or extraordinary meeting of the Board of Directors may be held by electronic communication so long as all Directors participating in the meeting can clearly hear and communicate with each other. All such Directors shall be deemed to be personally present at the meeting.

Article 131 Meetings of the Board of Directors shall be held only if more than half of the Directors (including the proxies) are present.

Article 132 Each Director shall have one vote. Unless otherwise provided in these Articles of Association, a resolution of the Board of Directors must be passed by the majority of the Directors of the Company.

Article 133 Directors shall attend Board meetings in person.

Where a Director is unable to attend a Board meeting for any reason, he may by a written power of attorney appoint another Director to attend the meeting on his behalf. The power of attorney shall state the name of the proxy, the relevant matter to be entrusted, scope of authorization and validity period and shall be signed or sealed by the appointor. A Director appointed as the representative of another Director to attend the meeting shall exercise the rights of a Director within the scope of authority conferred by the appointing Director. Where a Director is unable to attend a Board meeting and has not appointed a proxy to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

Where a Director or any of his associates (as defined in the Hong Kong Listing Rules) is interested in a matter to be considered by the Board of Directors, he shall abstain from voting on such matter at the Boarding meeting. In deciding whether there is quorum for the Board meeting, such Directors shall not be counted.

Article 134 In respect of the matters examined on a special Board meeting, if the Board has delivered in written form the proposal to be voted to all Directors, and the number of the Directors who give their signatures and consent has constituted the quorum required for making a decision pursuant to the Articles, this proposal shall be taken as a written resolution of the Board, without the need to hold the Board meeting. Such written resolution shall be deemed to have the same legal effect as a resolution passed at a Board meeting held in accordance with the procedures set out in the relevant provisions of these Articles of Association.

Article 135 The Board of Directors shall maintain minutes of resolutions passed at meetings of the Board of Directors. Minutes of meetings shall be signed by all the Directors present at the meeting and the Secretary to the Board of Directors (being the person who recorded the minutes). The minutes of a Board meeting shall include the following contents:

(1) date and place of the meeting and name of the convener and the presider;

- (2) names of the directors attending the meeting, names of the directors (proxies) appointed by others to attend the Board meeting and names of the proxies;
- (3) agenda of the meeting;
- (4) main points of directors' speeches, including any concerns raised by Directors or dissenting views expressed (where a meeting is held by way of a written motion, the written feedback from the directors shall prevail);
- (5) method and results of the voting for each proposal (the voting result should specify the number of votes for and against the proposal or abstention);
- (6) signatures of the directors.

Minutes of the Board meeting shall be kept as the Company's record for a period of ten years.

Article 136 The Directors shall assume liability for any resolutions of the Board of Directors. In the event that a resolution of the Board of Directors violates laws, administrative regulations or these Articles of Association resulting in the Company suffering serious loss, the directors who voted in favor of such a resolution shall compensate the Company for such loss. Notwithstanding the foregoing provision, in the event that it can be proven that a Director has expressly objected to such resolution in voting, and that such objection was recorded in the minutes of the meeting, such Director shall be duly released from such liability.

Article 137 The opinions expressed by independent non-executive Directors shall be included in the minutes of the Board of Directors. The resolution(s) regarding connected transaction(s) of the Company shall not be effective without the signature of at least two independent non-executive Directors.

Article 138 A director who is related to an enterprise involved in a resolution of a Board Meeting shall not vote on the resolution, nor may he exercise his voting rights as a proxy for other directors, and the number of votes held by him shall not be counted in the total number of valid votes cast, and a resolution of a Board Meeting shall be approved by more than one half of the non-connected Directors; a resolution of a Board Meeting shall be made in a manner that adequately discloses the votes of the non-connected directors. Resolutions of the Board Meeting shall fully disclose the voting status of the non-connected Directors. If the number of non-connected Directors presenting at a Board Meeting is less than three, the matter shall be submitted to the general meeting for consideration.

## **Chapter 10 Secretary to the Board of Directors**

Article 139 The Company shall have a Secretary to the Board of Directors, who shall be appointed or removed by the Board of Directors. The Secretary to the Board of Directors shall be a member of the senior management of the Company.

Article 140 The secretary to the Company's Board of Directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board of Directors. His primary functions shall include:

- (1) to keep the Company's organizational documents and records intact;
- (2) to ensure the Company prepares and submits reports and documents as required by relevant authorities according to laws;
- (3) to maintain the register of shareholders of the Company and ensure the persons entitled to access the Company's records and documents receive the same in time;
- (4) to be responsible for the preparation of the general meeting of the Company and the meetings of the Board, document storage and management of shareholders' data of the Company;
- (5) information disclosure;
- (6) other duties stipulated by laws, rules and regulations, Hong Kong Listing Rules and the Articles.

Article 141 A Director or senior management of the Company may be appointed as the Secretary to the Board of Directors. The accountant of the Accounting firm appointed by the Company cannot serve concurrently as the Secretary to the Board of Directors.

In the event that the office of secretary is held concurrently by a Director, and an action is required to be conducted separately by a Director and a Secretary, the person who holds the offices of Director and Secretary shall not perform such action in dual capacity.

## **Chapter 11 President**

Article 142 The Company shall have one President, who shall be appointed or removed by the Board of Directors.

The president shall serve for a term of 3 years and may serve consecutive terms if reappointed.

Article 143 The President shall be held accountable to the Board of Directors and exercise the following functions and powers:

- (1) to operate and manage the Company as well as implement resolutions of the Board and report to the Board of Directors;
- (2) to implementing the Company's annual operation and investment plan;
- (3) to make plans for the structuring of the Company's internal management departments;
- (4) to formulate the Company's basic management system;
- (5) to formulate specific regulations for the Company;
- (6) to propose to the Board of Directors to appoint or remove executive president and other members of the senior management;
- (7) to decide to to appoint or remove management staff except those that shall be appointed or removed by the Board;
- (8) to exercise other functions and powers conferred upon by these Articles of Association and the Board.

Article 144 The President may attend meetings of the Board of Directors. However, the President has no voting rights at the meetings unless he is also a Director.

Article 145 The President shall exercise his functions and powers in accordance with the laws and regulations and these Articles of Association on a basis of honesty and diligence.

## **Chapter 12 Board of Supervisors**

Article 146 The Company shall establish a Board of Supervisors. The Board of Supervisors shall supervise the Board of Directors, Directors, President and other members of the senior management of the Company and shall prevent them from abusing powers, infringing interests of the shareholders, the Company and its employees.

Article 147 The Board of Supervisors shall consists of 3 Supervisors, one of whom shall be appointed as the Chairman of the Board of Supervisors.



The term of office for a Supervisor is 3 years, and the Supervisor may be reappointed at the expiry of the term of office. The appointment and removal of the Chairman of Board of Supervisors shall be by votes of two thirds or more of the Supervisors. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the Articles until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of the supervisor results in the number of supervisors being less than the quorum.

Article 148 The Board of Supervisors shall consist of 2 shareholder representatives and 1 employee representative of the Company. The shareholder representatives shall be elected and removed by the Shareholders' Meeting and the employee representative shall be elected and removed by employees of the Company in a democratic way.

Article 149 Directors, President or other members of the senior management of the Company shall not be appointed as Supervisors.

Article 150 The Board of Supervisors shall hold at least one meeting every six months, which may be proposed to convene an interim meeting of the Board of Supervisors by a Supervisor.

A resolution of the Board of Supervisors must be approved by more than half of the Supervisors.

The chairman of the Board of Supervisors is responsible for convening the meetings of the Board of Supervisors. The Board of Supervisors shall notify all Supervisors in writing 3 days prior to the convening of an extraordinary Board of Supervisors meeting. In case of emergency, the Supervisors may propose to convene an extraordinary Board of Supervisors meeting at any time without being subject to the restriction on the notification of the Board of Supervisors mentioned above.

Article 151 The Board of Supervisors shall be held accountable to the Shareholders' Meeting and perform the following functions and exercise its powers in accordance with the laws:

- (1) to review the periodic reports of the Company prepared by the Board of Directors and express its written opinion;
- (2) to review the Company's financial affairs;
- (3) to supervise the work of the Directors, President and other members of the senior management who have violated laws, administrative regulations, the Hong Kong Listing Rules, these Articles of Association or remove proposal proposed by the directors of the Shareholder's General Meeting, chairman and other senior management personnel;

- (4) to demand redress from Directors, President or any other members of the senior management should their acts be deemed against the Company's interests;
- (5) 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 over the general meetings;
- (6) to bring forward proposals at shareholders' general meetings;
- (7) to initiate legal proceedings against Directors and the senior management according to the provisions of article 151 of the Company Law;
- (8) to conduct investigation if there is any doubt or any unusual circumstances in the Company's operations; and if necessary, to engage an accounting firm, law firm or other professional institutions to assist in their work at the expenses of the Company;
- (9) to perform and exercise other functions and powers designated by shareholders at Shareholders' Meetings.

A supervisor may attend board meetings as a non-voting attendee and raise questions or suggestions on the matters to be decided by the Board of Directors.

Article 152 All reasonable fees incurred in the retaining of such professionals as lawyers, certified public accountants or chartered auditors by the Board of Supervisors in the exercise of its functions and powers shall be borne by the Company.

Article 153 The Board of Supervisors shall formulate procedural rules to be followed at meetings of the Board of Supervisors, specify the method for discussions and the voting procedures of the Board of Supervisors, so as to ensure the working efficiency and scientific decision making of the Board of Supervisors. The rules of procedure for the Board of Supervisors shall be prepared by the Board of Supervisors and approved by the general meeting as an appendix to the Articles.

Article 154 The Board of Supervisors shall record decision on matters discussed in the minutes for the meeting. Supervisors who attended the meeting shall sign on the minutes for the meeting.

A supervisor is entitled to request for some descriptive record to be made with regard to his/her speech in the meeting. The minutes of the Board of Supervisors meeting shall be kept for at least 10 years as document of the Company.

Article 155 Notice of the meeting of the Board of Supervisors shall include:

- (I) the date, place and duration of the meeting;
- (II) cause and topic;
- (III) date of notice.

Article 156 Supervisors shall observe the laws, administrative regulations and these Articles of Association, and perform their supervisory duties faithfully.

### **Chapter 13 Qualifications and Obligations of Directors, Supervisors, President and Other Senior Management**

Article 157 A person may not serve as Director, Supervisor, President or a member of the senior management of the Company if:

- (1) he does not possess civil capacity or possess limited civil capacity;
- (2) due to corruption, bribery, infringement of property or misappropriation of property or other offences which disrupted the social economic order of the socialist market economy, in which less than a period of 5 years has lapsed since the sentence was served, or he has been deprived of his political rights and less than a period of 5 year has lapsed since the sentence was served;
- (3) he is a former Director, factory manager or manager of a company or an enterprise which has been dissolved or liquidated and is personally liable for the dissolution or liquidation of such company or enterprise, where a period of less than 3 years has lapsed since the date of completion of the dissolution or liquidation of such Company or enterprise;
- (4) he is a former legal representative of a company or an enterprise the business license of which was revoked as a result of violation of laws and is personally liable for such revocation, where a period of less than 3 years has lapsed since the date of revocation of said business license;
- (5) he has a relatively substantial amount of debts which have become overdue;
- (6) the person is currently being prohibited from participating in securities market by the CSRC and such barring period has not elapsed;
- (7) other circumstances specified by the laws, administrative regulations, departmental rules and Hong Kong Listing Rules.

Article 158 In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which the Company's shares are listed, each of the Company's Directors, Supervisors, President and other senior management owe the following duties to each shareholder in the exercise of the functions and powers of the Company:

- (1) not to cause the Company to exceed the scope of business stipulated in its business license;
- (2) to act honestly in the best interests of the Company;
- (3) not to expropriate the Company's property in any manner, including (but not limited to) usurpation of beneficial opportunities to the Company;
- (4) not to expropriate the individual rights of shareholders, including (but not limited to) voting rights and distribution rights, except pursuant to a restructuring of the Company which has been submitted to the Shareholders' Meeting for approval in accordance with these Articles of Association.

Article 159 Each Director, Supervisor, President and other senior management of the Company shall, in the exercise of his powers and in the discharge of his duties, exercise the care, diligence and skill(s) that a reasonably prudent person would exercise under comparable circumstances.

Article 160 Each Director, Supervisor, President and other senior management of the Company shall exercise his power or perform his duties in accordance with the principles of fiduciary duty, and shall avoid conflict of interests. These principles include (but not limited to) the following obligations:

- (1) to act honestly in the best interest of the Company;
- (2) to act within the scope of his powers and not to exceed such powers;
- (3) to exercise discretion in person without being subject to the directions of other individuals, and not to transfer such power to other individuals unless otherwise permitted by laws or administrative regulations or approved by the shareholders based on an informed decision at the Shareholders' Meeting;
- (4) to treat shareholders of the same class with equality, and to treat different classes with fairness;
- (5) not to execute any contracts or transactions or make arrangements with the Company unless otherwise provided by these Articles of Association or approved by the shareholders based on an informed decision at the Shareholders' Meeting;

- (6) not to pursue his own benefit in any way using the Company's assets unless approved by the shareholders based on an informed decision at the Shareholders' Meeting;
- (7) not to accept any bribery or other illegal income through his powers and position, and not to seize the Company's assets in any manner, including (but not limited to) beneficial opportunities to the Company;
- (8) not to accept any commission with respect to the Company transactions without the approval granted by the shareholders based on an informed decision at the Shareholders' Meeting;
- (9) to comply with these Articles of Association, to perform his duties honestly and faithfully, to protect the Company's interests, and not to pursue personal gains by taking advantage of his powers and position at the Company;
- (10) not to compete with the Company in any manner unless approved by the shareholders based on an informed decision made at the Shareholders' Meeting;
- (11) not to misappropriate the funds of the Company or make loans to others out of the funds of the Company, not to deposit the assets of the Company into accounts under his name or any other name, and not to use assets of the Company as security for debts to shareholders of the Company or other individuals;
- (12) not to divulge any confidential information concerning the Company that has been obtained during his term of office, unless approved by the shareholders based on an informed decision at the Shareholders' Meeting; and not to utilize such information unless for the purpose of benefiting the interests of the Company; notwithstanding the foregoing provisions, they are allowed to disclose such information to a court of law or other competent government authorities under the following circumstances:
  - (i) as prescribed by laws;
  - (ii) as required for the purpose of public interest;
  - (iii) as required for the interest of the Directors, Supervisors, President or other members of the senior management.

Article 161 A Director, Supervisor, President and other senior management of the Company shall not direct the following persons or organizations (hereinafter referred to as “connected parties”) to do what he is prohibited from doing:

- (1) spouses or minor children of that Director, Supervisor, President or other members of senior management of the Company;
- (2) the trustees of those Directors, Supervisors, President or other members of senior management of the Company or trustees of those as described in Clause (1) above;
- (3) the partners of those Directors, Supervisors, President or other members of senior management of the Company or partners of those as described in Clause (1) and Clause (2) above;
- (4) a company (or companies) under the exclusive control of those Directors, Supervisors, President or other members of senior management of the Company or under joint control of any person as described in Clause (1), Clause (2), Clause (3) of this Article or other Directors, Supervisors, President or other members of senior management of the Company;
- (5) the Directors, Supervisors, President or other members of senior management of the controlled companies as described in Clause (4) above.

Article 162 The fiduciary duty of a Director, Supervisor, President and other senior management of the Company may not necessarily cease upon the conclusion of his term, and their obligations to keep the commercial secrets of the Company shall survive beyond the conclusion of his term. The duration of other obligations and duties shall be determined in accordance with the principle of fairness, taking into account the lapse between the time when a Director, Supervisor, President and other members of senior management of the Company leaves the office and the occurrence of the relevant event, and the situation and the circumstances under which his relation with the Company was ceased.

Article 163 A Director, Supervisor, President and other members of senior management of the Company who directly or indirectly has many material interests in any contracts, transactions, or arrangements executed or proposed to be executed with the Company (except for contracts of service between the Directors, Supervisors, President and other members of senior management and the Company), shall, as soon as possible, disclose to the Board of Directors, the nature and extent of his interest, regardless of whether or not such matters require the approval of the Board of Directors under the normal circumstance.

Unless the interested Directors, Supervisors, President and other members of senior management of the Company have made such disclosure to the Board of Directors as required by the preceding paragraph of this Article, and the relevant matter has been approved by the Board of Directors at the Board meeting in which such Directors, Supervisors, President and other members of senior management have not been counted into the quorum and voted at the meeting, the Company shall be entitled to rescind such contracts, transactions, or arrangements, except as to any other party which is deemed a bona fide party without knowledge of the violation of duties on the part of such Directors, Supervisors, President and other members of senior management.

Where any connected party of any Directors, Supervisors, President and other members of senior management of the Company possess interest in any contracts, transactions or arrangements, such Directors, Supervisors, President and other members of senior management shall also be deemed to be interested.

Article 164 In the event that, prior to the Company's initial consideration of such contracts, transactions, or arrangements referred to by the preceding Article, and a Director, Supervisor, President or other senior management of the Company has delivered a written notice to the Board of Directors, stating his interests in such future contracts, transactions, or arrangements, such Directors, Supervisors, President and other members of senior management shall be deemed to have made the disclosure as provided in the preceding Article with respect to the statement(s) contained in the notice.

Article 165 The Company shall not, in any manner, pay any taxes for its Directors, Supervisors, President and other members of senior management.

Article 166 The Company shall not directly or indirectly provide a loan or a guarantee in connection with the provision of a loan to a Director, Supervisor, President and other senior management of the Company or of the Company's holding company or any of their respective connected parties. The preceding paragraph of this Article is not applicable to the following cases:

- (1) the provision of a loan by the Company to, or a guarantee in connection with a loan to, its subsidiaries;
- (2) the provision of a loan by the Company to, or a guarantee in connection with a loan or making any other funds available to any of its Directors, Supervisors, President and other members of senior management to pay any expenses incurred by them for the purpose of the Company or for the purpose of his performance of his duties in accordance with a service contract approved by the shareholders at the Shareholders' Meeting;

- (3) in the event that the ordinary course of the business of the Company includes the loaning of funds or the provision of guarantees, the Company may make a loan to, or provide a guarantee in connection with a loan to, the relevant Directors, Supervisors, President and other members of senior management or their respective connected parties, provided that such loans or guarantees are on normal commercial terms.

Article 167 Any person who receives any funds from a loan which has been made by the Company in violation of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds.

Article 168 A guarantee for a loan which has been provided by the Company in violation of paragraph 1 of Article 166 shall not be enforceable against the Company, except with respect to the following circumstances:

- (1) the loan was provided to a connected party of any of the Directors, Supervisors, President and other members of senior management of the Company or of the Company's holding company and the provider of the loan of such funds has no knowledge of the relevant circumstances at the time of making the loan;
- (2) the collateral provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

Article 169 For the purpose of the foregoing provisions of this Chapter, a "guarantee" shall include an undertaking or any property provided by the guarantor to secure the obligator's performance of his obligations.

Article 170 In addition to the rights and remedies provided by laws and administrative regulations when a Director, Supervisor, President or other members of senior management of the Company breaches his duties to the Company, the Company shall be entitled:

- (1) to require such Director, Supervisor, President or other members of senior management to compensate for any loss sustained by the Company as a result of such breach of duty;
- (2) to rescind any contract or transaction entered into between the Company and such Director, Supervisor, President or other members of senior management or between the Company and a third party, where such party knows or should have known that such Director, Supervisor, President or other members of senior management representing the Company was in breach of his duty to the Company;
- (3) to require such Director, Supervisor, President or other members of senior management to surrender the profits made as result of such breach of his duty;



- (4) to recover any amount which otherwise should have been received by the Company but were received by such Director, Supervisor, President or other members of senior management instead, including (but not limited to) any commission;
- (5) to demand the payment of interest earned or which may have been earned by such Director, Supervisor, President or other members of senior management on any sum which should have been received by the Company.

Article 171 The Company shall enter into a written contract with each Director, Supervisor and member of senior management containing at least the following:

- (1) an undertaking made by such Director, Supervisor and member of senior management to the Company that he will comply with the Company Law, these Articles of Association and the Codes on Takeovers and Mergers and Share Repurchases published by the Securities and Futures Commission of Hong Kong as amended from time to time, and an agreement that the Company shall enjoy the remedies provided in these Articles of Association and that neither the contract or his office is capable of assignment;
- (2) an undertaking made by such Director, Supervisor and member of senior management to the Company that he will comply with and perform his obligations to shareholders under these Articles of Association.

Article 172 With the prior approval of the Shareholders' Meeting, the Company shall enter into a written contract with a Director or Supervisor with respect to his remuneration. The aforementioned remuneration may include:

- (1) remuneration with respect to his service as a Director, Supervisor or members of senior management of the Company;
- (2) remuneration with respect to his service as a Director, Supervisor or members of senior management of any subsidiary/subsidiaries of the Company;
- (3) remuneration with respect to the provision of other services in connection with the management of the Company and any of its subsidiaries;
- (4) any payment as compensation for, or in connection with loss of office or retirement from office of such Director or Supervisor.

No proceedings may be brought by a Director or Supervisor against the Company for any benefit which otherwise would have been received by him by virtue of any aforementioned matters except pursuant to any contract described above.

## **Chapter 14 Financial Accounting System and Profit Distribution**

- Article 173 The Company shall establish its financial and accounting systems and internal auditing system in accordance with the laws, administrative regulations and relevant government authorities.
- Article 174 A financial report shall be prepared at the end of each financial year and shall be examined and verified according to laws.
- Article 175 The Board of Directors of the Company shall present to the shareholders, at each annual general meeting, such financial reports as required by applicable laws, administrative regulations, regulatory documents promulgated by local governments and competent authorities.
- Article 176 The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days prior to the date of annual general meeting of shareholders. Each shareholder of the Company is entitled to obtain a copy of the financial reports referred to in this Chapter.
- Article 177 The Company shall send by prepaid mail to each holder of overseas-listed shares, at the address of such shareholder as shown in the register of shareholders, a copy of the annual report containing the balance sheet (including each document to be contained in the appendices of the balance sheet as required by relevant laws and regulations), the income statement or the statement of recognized income and expenses or the summarized financial report, at least 21 days prior to the date of every annual general meeting. Subject to the laws, administrative regulations or Hong Kong Listing Rules, the said statements may also be given by way of public announcement (including publishing on the website of the Company or the website of Hong Kong Stock Exchange). Once the announcement is made and the procedures stipulated in the Hong Kong Listing Rules are fulfilled, all shareholders shall be deemed to have received the aforementioned financial report.
- Article 178 The Company shall publish its annual results announcement within 3 months of the end of each accounting year and publish its interim results announcement within 2 months of the end of the first six-month period of each accounting year in accordance with the Hong Kong Listing Rules.
- The Company shall publish its annual report within 4 months of the end of each accounting year and publish its interim report within 3 months of the end of the first six-month period of each accounting year in accordance with the Hong Kong Listing Rules.

Article 179 The Company shall not establish account books other than those required by law.

Article 180 The Company's after-tax profit shall be allocated in the following order:

- (1) the making up of any loss;
- (2) allocation to the statutory common reserve fund;
- (3) allocation to discretionary common reserve fund in accordance with the resolution passed at the Shareholders' Meeting;
- (4) payment of ordinary share dividends. No profit shall be distributed as dividends or in any other form as bonus before making up losses and setting aside of the Company's statutory reserve fund.

Any amount paid up in advance of calls on any shares may carry interest but shall not entitle the shareholder of such shares to participate in respect thereof in a dividend subsequently declared.

The power to cease sending dividend warrants by post will not be exercised until such dividend warrants have been so left uncashed on two consecutive occasions. However, such power may also be exercised after the first occasion on which such a dividend warrant is returned undelivered.

Subject to the laws and regulations of China and the rules of the Hong Kong Stock Exchange, the Company may exercise its power to forfeit unclaimed dividends, but only upon the expiry of the period for which the dividends can be claimed. With regard to the exercise of power to issue warrants in bearer form, no new warrants shall be issued to replace one that has been lost, unless the Company is satisfied beyond reasonable doubt that the original has been destroyed.

With regard to the right to dispose of the shares held by untraceable holders of overseas-listed shares, the Company's right to dispose is subject to the following conditions: (i) during a period of 12 years, dividends in respect of the shares in question have been distributed at least three times and no such dividend has been claimed; and (ii) upon expiry of the 12-year period, the Company has given notice of its intention to dispose of such shares by way of an announcement published in newspapers and informs the Hong Kong Stock Exchange of its intention.

Article 181 The Company shall, when distributing the post-tax profit of an accounting year, accrue 10% of the profit to list it in the statutory reserves of the Company. The Company may not further accrue the statutory reserves when its accumulative amount exceeds 50% of the registered capital of the Company.

When the statutory reserves of the Company fall short to offset the loss of prior years, the Company shall use the profit earned during the year to offset the loss before accruing the statutory reserves according to the preceding paragraph.

After accruing the statutory reserves out of the post-tax profit, the Company may, subject to the resolution of the shareholders' meeting, accrue the discretionary reserve out of the post-tax profit.

The post-tax profit left after the loss recovery and accrual of the reserves shall be distributed in proportion according to the shareholding proportions of the shareholders, unless otherwise specified under the Articles.

If the shareholders' meeting breaches the preceding paragraph by distributing the profit to the shareholders before the loss recovery and accrual of the statutory reserves, the shareholders shall return to the Company the profit distributed in violation of the law.

The Company shares held by the Company shall not participate in the profit distribution.

Article 182 The capital reserve fund shall include the followings:

- (1) any premium which exceeds the proceeds from issuance of shares at face value;
- (2) any other income credited to the capital reserve fund as required by the finance department of the State Council.

Article 183 Reserves of the Company may be applied towards the following objectives:

- (1) making up of losses, except that capital reserves may not be used.
- (2) conversion into capital. In the case of conversion of statutory reserves into capital through capitalization, the balance of such balance shall not be reduced to below 25% of the registered capital of the Company prior to the conversion.
- (3) expansion of the Company's production and operation.

Article 184 The dividend distribution plans of the Company shall be voted at the Shareholders' Meeting. After the Board of Directors takes into account the Company's financial position and subject to the relevant laws and regulations, shareholders may authorize by ordinary resolution the Board of Directors to distribute and pay dividends.

Article 185 The Company may distribute dividends in either of the following forms or a combination of both:

(1) cash;

(2) shares.

The power to forfeit any unclaimed dividends shall be exercised only upon the expiry of the period for which the dividends can be claimed.

Article 186 After a resolution on the profit distribution plan is made at the shareholders' meeting, the Board of Directors shall complete the distribution of the dividend (or Shares) within 2 months after the said meeting.

Article 187 Dividends in respect of ordinary shares shall be denominated and paid in Renminbi.

Dividends in respect of domestic shares shall be paid in Renminbi. Dividends in respect of overseas-listed shares and other distributions shall be denominated and declared in Renminbi, and shall be paid in the currency of the place where the shares are listed, and where there is more than one of such places, in the currency of the place of primary listing as determined by the Board of Directors.

Article 188 Dividends paid in foreign currency shall be converted at the average closing exchange rate quoted by the People's Bank of China for the week preceding the declaration of dividends and other distributions.

Article 189 The Company shall appoint a receiving agent for the shareholders of the overseas-listed foreign shares.

Such receiving agent shall receive dividends of the overseas-listed foreign shares on behalf of such relevant shareholders, as well as all other amounts payable to such shareholders. The receiving agent appointed by the Company shall meet relevant requirements of the laws of the places and the relevant regulations of the stock exchange in which the Company's shares are listed. The receiving agent appointed for shareholders of overseas-listed foreign shares listed in the Hong Kong Stock Exchange shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

Article 190 The Company shall have an internal audit system, arrange special auditors, and conduct the internal audit supervision of the financial incomes and expenditures and economic activities of the Company.

## **Chapter 15 Appointment of Accounting Firm**

- Article 191 The Company shall engage an accountant firm that complies with the provisions of the Securities Law to audit financial statements, verify net assets and provide other relevant consultation services. The engagement shall be one year and may be renewed.
- Article 192 The term of an accounting firm retained by the Company shall commence upon the conclusion of one annual general meeting of shareholders and shall sustain until the conclusion of the next annual general meeting of shareholders.
- Article 193 The accounting firm engaged by the Company shall have the following rights:
- (1) to inspect books, records and vouchers of the Company at any time, and to require the Directors, President and other members of senior management of the Company to provide relevant information and explanations;
  - (2) to require the Company to take all reasonable steps to obtain from its subsidiaries any information and explanations necessary for the discharge of its duties;
  - (3) to attend any Shareholders' Meeting and to receive all notices of, and other communications relating to, any Shareholders' Meeting which any shareholder is entitled to receive, and to speak at any Shareholders' Meeting in relation to matters concerning its role as the Company's retained accounting firm.
- Article 194 In the event of a vacancy in the Company's accounting firm, subject to compliance with the relevant requirements of the Hong Kong Listing Rules, the Board of Directors may retain an accounting firm to fill such vacancy prior to the convening of the general meeting of shareholders. Such accounting firm may continue to act during the vacancy period if the Company has another incumbent accounting firm.
- Article 195 Irrespective of the provisions in the contract concluded between the Company and the accounting firm, the Shareholders' Meeting may remove the accounting firm by an ordinary resolution before the term of the accounting firm expires. Notwithstanding such provisions, the accounting firm's entitlement to claim for damages arising out of its removal shall not be affected thereby.
- Article 196 The remuneration of an accounting firm or the manner in which such firm is to be compensated shall be decided by the Shareholders' Meeting by ordinary resolution. Subject to compliance with the relevant requirements of the Hong Kong Listing Rules, the remuneration of an accounting firm retained by the Board of Directors shall be decided by the Board of Directors.
- Article 197 The Shareholders' Meeting shall decide to retain, remove or discontinue the retention of an accounting firm by ordinary resolution.

Article 198 Notice shall be given to the accounting firm in advance should the Company decide to remove such accounting firm or not to reappoint it. Such accounting firm shall be entitled to make representations at the Shareholders' Meeting. Where the accounting firm resigns from its position, it shall clarify to the shareholders at the Shareholders' Meeting on any irregularities on the part of the Company.

Article 199 An accounting firm may resign from its office by depositing a resignation notice at the Company's residence, which shall become effective on the date of such deposit or on such later date as stated therein. Such notice shall contain the following statements:

- (1) a statement to the effect that there are absolutely no circumstances with respect to its resignation which it believes should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any such circumstances.

## **Chapter 16 Merger and Division and Increase and Decrease of Capital of the Company**

Article 200 In the event of a merger or division of the Company, the Company's Board of Directors shall submit a motion, which shall be approved in accordance with the procedures stipulated in these Articles of Association and go through relevant examination and approval formalities pursuant to laws. Shareholders who object to the merger or division proposal shall be entitled to request that the Company or the consenting shareholders acquire such dissenting shareholders' shares at a fair price.

Article 201 The merger of the Company may take the form of either merger by absorption or merger by establishment of a new company.

In the event of a merger of the Company, the parties to the merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days and publish an announcement in a newspaper within 30 days after the date of the Company's merger resolution. 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 first announcement if the creditors haven't received the notice.

After the merger of the Company, any rights in relation to creditor's rights and debts of each party to the merger shall be assumed by the surviving company after the merger or the newly established company.

Article 202 Where there is a division of the Company, its assets shall be divided accordingly.

In the event of a division, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days and publish an announcement in newspapers within 30 days after the date of the Company's division resolution. The creditors shall have the right, within 30 days of receipt of the notice or within 45 days of the date of the first public announcement if the notice has not been received, to require the Company to pay its debts or provide guarantee to the amount of its debts.

The debts of the Company incurred prior to the division shall be jointly assumed by the companies formed after the division, except for debts specified in written agreements in respect of settlement of debts entered into between the Company and its creditors prior to the division.

Article 203 Changes in registration particulars of the Company resulting from the merger or division must be registered with the company registration authority in accordance with law. Cancellation of the Company shall be registered in accordance with the law when the Company is dissolved. Incorporation of the Company shall be registered when a new company is incorporated in accordance with law.

If the Company increases or reduces its registered capital, the Company shall, in accordance with the laws, apply for change in registration with the company registration authority.

## **Chapter 17 Dissolution and Liquidation of the Company**

Article 204 The Company is dissolved for the following reasons:

- (1) the business term of the Company under the Articles has expired or occurrence of the reason for other dissolution under the Articles;
- (2) a resolution for dissolution is passed by the Shareholders' Meeting;
- (3) a merger or division of the Company for which a dissolution becomes necessary;
- (4) the Company is revoked of its business license, ordered to be closed down or deregistered according to law;
- (5) where the Company is in serious difficulties in operations and its continual operation will lead to substantial loss to the shareholders and there is no other solutions to resolve the matters, the shareholders who aggregately hold more than 10% of total voting shares of the Company can apply to the People's Court for dissolution of the Company.



- Article 205 In the event of dissolution pursuant to Clauses (1), (2), (4) and (5) of Article 204 of the Articles, the Company shall set up a liquidation committee within 15 days from the date of occurrence of the reason for the dissolution and commence liquidation. The members of the liquidation committee shall consist of the directors or such other persons as may be determined by the shareholders at the Shareholders' Meeting. If the liquidation committee is not duly set up, the creditors may request the People's Court to designate related persons to form a liquidation committee to carry out liquidation.
- Article 206 The liquidation committee shall, within 10 days of its establishment, notify the creditors, and, within 60 days of its establishment, publish an announcement on newspapers.
- Article 207 Creditors shall, within 30 days of receipt of the notice, or for creditors who have not personally received such notice, shall within 45 days of the date of the announcement, contact the liquidation committee to claim their rights. The liquidation group may not pay off any debts to any creditors during the period of credit declaration.
- Article 208 During liquidation, the liquidation committee shall exercise the following functions and powers:
- (1) to organize the Company's assets and prepare a balance sheet and an inventory of assets respectively;
  - (2) to notify or to publish an announcement to the creditors;
  - (3) to dispose of any continuing businesses of the Company in connection with the liquidation;
  - (4) to pay outstanding taxes and taxes incurred in the process of liquidation;
  - (5) to settle claims and debts;
  - (6) to organize the remaining assets subsequent to the settlement of the Company's debts;
  - (7) to represent the Company in any civil proceedings.
- Article 209 Following the organization of the Company's assets and the preparation of a balance sheet and an inventory of assets by the liquidation committee, the liquidation committee shall formulate a liquidation proposal and present it to the Shareholders' Meeting or the People's Court.
- The Company's assets shall settle liquidation expenses, remuneration, social security and statutory compensation payable to employees, remaining assets of the Company after payment of outstanding taxes and debts respectively, the Company shall distribute to its shareholders according to the proportion of shares held.

During the liquidation period, the Company shall continue to exist, while it shall not conduct any business activities having no relevance to liquidation. The assets of the Company shall not be distributed to the shareholders until the settlement of debts in accordance with the preceding article.

Article 210 The liquidation committee shall apply to the People's Court for a declaration of bankruptcy in accordance with the law if it becomes aware, having liquidated the Company's assets and prepared a balance sheet and an inventory of assets, that the Company's assets are insufficient to repay its debts in full in an event of dissolution.

Upon the Company being declared bankrupt by a ruling of the People's Court, the liquidation committee shall transfer to the People's Court all matters arising out of the liquidation.

Article 211 Following the completion of liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses and financial accounts for the liquidation, which shall be verified by a China registered accountant and submitted to the Shareholders' Meeting or the relevant competent authorities for confirmation.

The liquidation committee shall, within 30 days of such confirmation, submit the aforementioned documents to the company registration authority for an application for a cancellation of registration of the Company, and publish an announcement in respect of the termination of the Company.

Article 212 Members of the liquidation group shall perform their duties with due diligence and carry out their liquidating obligations in accordance with the laws.

Members of the liquidation group shall not exploit their position to accept bribes or other illegal income or expropriate the property of the Company.

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

## **Chapter 18 Notices**

Article 213 The notices of the Company shall be delivered by the following means:

- (i) by hand;
- (ii) by mail;
- (iii) by e-mail;
- (iv) by way of an announcement;

- (v) other means recognized by the Company, or agreed by the recipient of the notice in advance or recognized by the recipient of the notice after receiving such notice;
- (vi) other means recognized by laws, regulations, regulatory authorities of the place where the Company's shares are listed and other means stated in the Articles.

Unless otherwise stated, the "announcement" referred to in the Articles shall mean, as to the announcements published to the holders of domestic shares or the announcements required to be published in the PRC according to the relevant requirements and the Articles, an announcement published on any newspaper in the PRC as stipulated under the PRC laws, administrative regulations or agreed by the CSRC; in respect of announcements made to the holders of H shares or announcements that are required to be made within Hong Kong in accordance with relevant regulations and the Articles, such announcements must be published in accordance with the requirements of the Hong Kong Listing Rules or other applicable regulations. In respect of the Company's method of issuing or providing corporate communications to the holders of H shares in accordance with the requirements of the Hong Kong Listing Rules, and subject to the laws and regulations of the place where the Company's shares are listed and the relevant listing rules, the Company shall (i) send or otherwise provide relevant corporate communications (in English or Chinese) to holders of H shares of the Company in electronic form, or (ii) publish relevant corporate communications on the Company's website and the website of the Hong Kong Stock Exchange (the Company shall indicate on its website how it publishes corporate communications in the manner described in (i) and/or (ii)).

"Corporate communication(s)" refers to any document issued or to be issued by the Company for the information or action of the holders of securities of the Company, including but not limited to:

- (i) the annual report (including the report of the Directors, annual accounts, auditor's report and the financial summary of the Company) (if applicable);
- (ii) the interim report and the summary interim report (if applicable);
- (iii) notices of meetings;
- (iv) listing documents;
- (v) circulars;
- (vi) proxy forms;
- (vii) other corporate communications listed in the Hong Kong Listing Rules.

Article 214 Where a notice is served by way of announcement, after the publication of such announcement, all related persons shall be deemed to have received the relevant notice.

Article 215 For any notice of the Company delivered by hand, the addressee shall sign or affix a seal on the receipt slip and the notice shall be deemed to be served on the date of the confirmation of receipt by such addressee. For any notice of the Company delivered by mail, the notice shall be deemed to be served on the third working day after the notice is deposited at the post office. For any notice of the Company delivered by an announcement, the notice shall be deemed to be served on the date when such announcement is initially published.

## **Chapter 19 Procedures for Amending these Articles of Association**

Article 216 The Company may amend these Articles of Association in accordance with the requirements of laws, administrative regulations, Hong Kong Listing Rules and these Articles of Association.

Article 217 Amendments to the matters of these Articles of Association adopted by a resolution of the shareholders' general meeting which are subject to approvals from relevant competent authority shall be submitted to the competent authorities for approval. If the amendments involve matters of company registration, it shall go through registration procedures for changes in accordance with the laws.

## **Chapter 20 Supplementary Provisions**

Article 218 The newspapers for issuing announcements mentioned in these Articles of Association shall be those specified or required by the relevant laws, administrative regulations of China.

Article 219 The "controlling shareholders" referred to herein means those shareholders whose capital contribution accounts for more than 50% of the total capital of a limited liability company or whose shares account for more than 50% of the total shares of a joint stock company, and those shareholders who fail to meet the above requirements on capital contribution and shareholding but whose voting rights represented by their capital contribution or shareholding have a material influence on the resolutions of the meeting of shareholders.

Article 220 The "de facto controller" referred to herein means anyone who can actually control the actions of the Company through investment relationships, agreements or any other arrangements.

Article 221 "Senior Management" referred to these Articles of Association shall mean the President, executive president, Financial Controller and Secretary to the Board of Directors of the Company.

Article 222 For the purpose of these Articles of Association, references to the "accounting firm" shall bear the same meaning as the "auditor" in Hong Kong Listing Rules.

- Article 223      References to “over”, “within” and “no more than” in these Articles of Association include the relevant figures themselves, and References to “exceed”, “less than” and “except” do not include the relevant figures themselves.
- Article 224      These Articles of Association are prepared in both Chinese and English versions. In the case of any discrepancies between these versions, the Chinese version last approved by and registered with company registration authority shall prevail.
- Article 225      The right of interpretation of these Articles of Association shall be vested in the Board of Directors of the Company. Any matters unspecified in these Articles of Association shall be submitted by the Board of Directors of the Company to shareholders at the Shareholders’ Meeting for approval.

(The space below is the signing page of these Articles of Association, with no content)

(This page has no content, and is the signing page of the Articles of Association of Beijing Digital Telecom Co., Ltd.)

**Beijing Digital Telecom Co., Ltd.**

Legal representative: