

These Articles have both Chinese and English versions. The English version is for reference only. Should there be any discrepancy between the two versions, the Chinese version shall always prevail.

# **Baoye Group Company Limited\***

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

# **Articles of Association**

# Content

Chapter 1	General Provisions .....	3
Chapter 2	Objectives and Scope of Operation .....	5
Chapter 3	Shares .....	6
Chapter 4	Shareholders and General Meetings.....	11
Chapter 5	Board of Directors .....	31
Chapter 6	Secretary to the Board of the Company .....	40
Chapter 7	General Manager and Other Senior Management Officers of the Company .....	41
Chapter 8	Supervisory Committee.....	44
Chapter 9	Financial and Accounting System and Profit Distribution.....	47
Chapter 10	Appointment of Accounting firm.....	51
Chapter 11	Insurance .....	53
Chapter 12	Labor and Personnel Management Systems.....	53
Chapter 13	Trade Union.....	53
Chapter 14	Merger, Demerger, Capital Increase and Capital Reduction of the Company....	54
Chapter 15	Dissolution and Liquidation of the Company .....	55
Chapter 16	Procedures for Amendments to the Articles of Association .....	59
Chapter 17	Notices.....	60
Chapter 18	Supplementary Articles .....	61

Footnote: In the margin notes to the provisions of the Articles of Association, “Guidelines on Articles of Association” refer to the “Guidelines on Articles of Association of Listed Companies” promulgated by the China Securities Regulatory Commission

(“CSRC”); the “Listing Rules” refer to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited promulgated by The Stock Exchange of Hong Kong Limited; the “Company Law” refers to the “Company Law of the People’s Republic of China”.

# Articles of Association of Baoye Group Company Limited

## Chapter 1 General Provisions

Article 1 In order to protect the legal rights and interests of the Company, its shareholders and creditors, and to regulate the organisation and activities of the Company, the Articles of Association are formulated in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Securities Law of the People's Republic of China (the "Securities Law"), "Guidelines on Articles of Association of Listed Companies" ("Guidelines on Articles of Association") and other relevant laws, administrative regulations and rules of the State.

(Article 1 of Guidelines on Articles of Association)

Article 2 The Company (the "Company") is a foreign investment joint stock company established in accordance with the "Company Law of the People's Republic of China" and other relevant laws and administrative regulations of the State.

Upon the approval of Zhejiang Listing [2002] No. 53 issued by the People's Government of Zhejiang Province, the Company was established by way of promotion through conversion from the original Baoye Construction Group Co., Ltd. into a joint stock limited company, and registered with the Zhejiang Provincial Administration for Market Regulation from which it obtained the corporate business license (unified social credit code: 91330000726606415Y).

Upon the approval of Zheng Jian Guo He Zi [2003] No. 1 issued by CSRC, the Company issued 180,684,000 H shares for the first time, which were listed on The Stock Exchange of Hong Kong Limited on 30 June 2003. On 28 July 2004, the Ministry of Commerce approved the Company to change into a foreign investment joint stock limited company by the way of issuing approval document Shang Zi Pi [2004] No. 119.

(Article 2 and 3 of Guidelines on Articles of Association)

Article 3 The registered name of the Company:

Chinese: 寶業集團股份有限公司

English: Baoye Group Company Limited

(Article 4 of Guidelines on Articles of Association)

Article 4 Residence of the Company: No. 228 Yangxun Road, Yangxunqiao Subdistrict, Keqiao District, Shaoxing City, Zhejiang Province

Postal Code: 312028

(Article 5 of Guidelines on Articles of Association)

Article 5 The registered capital of the Company is RMB520,628,053.

(Article 6 of Guidelines on Articles of Association)

Article 6 The chairman of the board (“Board”) of directors (“Directors”) is the legal representative of the Company.

(Article 8 of Guidelines on Articles of Association)

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

(Article 7 of Guidelines on Articles of Association)

The Company is an independent legal entity and is governed and protected by the laws and administrative regulations of the People’s Republic of China (“PRC”).

Article 8 Since the date of the Articles of Association becoming effective, the Articles of Association shall constitute a legally binding document regulating the Company’s organisation and activities, and the rights and obligations between the Company and its shareholders and between shareholders inter se, and is binding upon the Company, shareholders, Directors, supervisors and senior management. The Articles of Association are actionable by shareholders against each other, by a shareholder against the directors, supervisors, general manager and other senior management, by a shareholder against the Company and by the Company against the directors, supervisors, general manager and other senior management.

(Article 10 of Guidelines on Articles of Association)

Article 9 All of the assets of the Company are divided into shares of equal par value. The shareholders are responsible for the Company to the limit of the shares they have subscribed for. The Company is responsible for its debts to the limit of all of its assets.

(Article 9 of Guidelines on Articles of Association)

Article 10 The term “other senior management” in these Articles of Association shall refer to the deputy general manager, the secretary to the Board of Directors and financial controller of the Company.

(Article 11 of Guidelines on Articles of Association)

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

Article 11 The objectives of the operation of the Company are: Being technology-oriented, taking innovation as its foundation, and aiming at becoming a leader among industry peers in the State, to stand firm in the domestic market, to actively develop the overseas markets, to safeguard the fundamental interests of the investors, to achieve a fast, stable and healthy development of the Company.

(Article 13 of Guidelines on Articles of Association)

Article 12 The scope of operation of the Company shall be subject to the items authorised by the companies registration authority of the PRC.

The scope of operation of the Company includes: building engineering construction; equipment installation; research, development, production and sales of new building materials; research, development and technical extension services of high-technology products; Industrial investments; internal asset management within the group.

(Article 14 of Guidelines on Articles of Association)

Article 13 The Company may, according to the relevant laws and regulations, the changes in the domestic and overseas markets, the demand for the domestic and overseas business and its ability of development, and upon the resolution adopted by the general meeting, adjust its scope of operation or investment orientation and methods, etc.

## **Chapter 3 Shares**

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

- Article 14 The shares of the Company shall take the form of share certificates.  
  
(Article 15 of Guidelines on Articles of Association)
- Article 15 The Company shall issue shares in an open, equitable and fair manner, and each of the shares in the same class shall carry the same rights.  
  
All shares of the same class issued at the same time shall be issued under the same conditions and at the same price; the same price shall be paid for each share subscribed for by any entity or individual.  
  
(Article 16 of Guidelines on Articles of Association)
- Article 16 The shares issued by the Company shall have a nominal value of RMB1.00 per share.  
  
The aforesaid RMB refers to the lawful currency of the PRC.  
  
(Article 17 of Guidelines on Articles of Association)
- Article 17 “H shares” are overseas listed shares issued by the Company and listed on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”), the par value of which is denominated in RMB and which are subscribed for and traded in Hong Kong dollars.  
  
Shares issued by the Company which are not listed on domestic or overseas stock exchanges are referred to as unlisted shares. Shareholders of the unlisted shares of the Company may convert their unlisted shares into overseas listed shares and have them listed and circulated on overseas stock exchanges, but shall comply with the relevant regulations of the CSRC and entrust the Company to do the filing with the CSRC. The aforesaid shares that are listed and circulated on the overseas stock exchanges shall also comply with the regulatory procedures, regulations and requirements of the domestic and overseas securities markets.  
  
Among the shares issued by the Company, the unlisted shares shall be centrally registered and deposited with a domestic securities registration and clearing institution, and the registration and clearing arrangements for

overseas listed shares shall be subject to the regulations of the place where the Company's shares are listed.

(Article 18 of Guidelines on Articles of Association)

Article 18 The total number of shares issued by the Company when it was converted into a joint stock limited company as a whole is 350,742,053; the name of each promoter, total number of shares held, method of capital contribution and time of capital contribution are as follows:

<b>Name of promoter</b>	<b>Total number of shares held</b>	<b>Method of capital contribution</b>	<b>Time of capital contribution</b>
Pang Baogen	198,753,054	Net assets	2002.8.30
Gao Jiming	13,024,647	Net assets	2002.8.30
Sun Guofan	11,705,283	Net assets	2002.8.30
Gao Jiqian	11,602,611	Net assets	2002.8.30
Sun Yongxiang	10,677,864	Net assets	2002.8.30
Gao Lin	9,544,775	Net assets	2002.8.30
Zhou Hanwan	8,233,510	Net assets	2002.8.30
Xu Jianbiao	7,524,884	Net assets	2002.8.30
Wang Rongfu	7,147,039	Net assets	2002.8.30
Wu Xianfu	7,141,108	Net assets	2002.8.30
Pang Baisong	5,942,846	Net assets	2002.8.30
Gao Jun	5,794,259	Net assets	2002.8.30
Lou Zhonghua	5,633,172	Net assets	2002.8.30
Wu Zhanglin	5,500,592	Net assets	2002.8.30
Wang Jianguo	5,250,290	Net assets	2002.8.30
Yuan Ajin	4,803,572	Net assets	2002.8.30
Tang Liping	3,621,316	Net assets	2002.8.30
Hu Jilian	3,304,596	Net assets	2002.8.30
Xia Weimin	3,214,391	Net assets	2002.8.30
Xia Yahong	3,056,111	Net assets	2002.8.30
Wang Rongbiao	2,647,911	Net assets	2002.8.30
Jin Jixiang	2,440,527	Net assets	2002.8.30
Sun Guoxun	2,202,022	Net assets	2002.8.30
Xie Baojin	1,972,127	Net assets	2002.8.30
Xia Huihua	1,918,240	Net assets	2002.8.30
Wang Jianhua	1,641,473	Net assets	2002.8.30
Wang Liequan	1,641,473	Net assets	2002.8.30
Chen Baorong	1,498,370	Net assets	2002.8.30
Chen Lianlu	1,395,953	Net assets	2002.8.30



Feng Yunfa	1,206,553	Net assets	2002.8.30
Qiu Shuifu	701,484	Net assets	2002.8.30

(Article 19 of Guidelines on Articles of Association)

Article 19 The total number of shares issued by the Company is 520,628,053 shares, comprising 169,886,000 H shares and 350,742,053 unlisted shares, representing 32.631% and 67.369% of the total issued ordinary shares of the Company respectively.

(Article 20 of Guidelines on Articles of Association)

Article 20 The Company or its subsidiaries (including associated entities of the Company) shall not, by way of a gift, advance, guarantee, compensation, loans or otherwise, provide any assistance to a person who purchases or intends to purchase its own shares.

(Article 21 of Guidelines on Articles of Association)

### **Section 2 Increase, Decrease and Buyback of Shares**

Article 21 Based on its operation and development needs, in accordance with the laws, regulations and the Rules Governing the Listing of Securities on the Main Board of the Hong Kong Stock Exchange, and subject to the resolution at the shareholder's general meeting, the Company may increase its capital in the following manners:

- (1) a public offering of shares;
- (2) a private placement of shares;
- (3) bonus issue to existing shareholders;
- (4) converting the reserve fund into share capital;
- (5) any other means stipulated in the laws and administrative regulations, and approved by the CSRC.

(Article 22 of Guidelines on Articles of Association)

Article 22 The Company may reduce its registered capital. The reduction in registered capital shall be made in accordance with the procedures stipulated in the Company Law, the Listing Rules, other applicable regulations and the Articles of Association.

(Article 23 of Guidelines on Articles of Association)

Article 23           When the Company reduces its registered capital, it shall draw up a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten days from the date of the Company's resolution for reduction of registered capital and shall publish an announcement in a newspaper within thirty days from the date of such resolution. A creditor has the right, within thirty days of receiving the notice from the Company or, in the case of a creditor who has not received the notice, within forty-five days from the date of the announcement, to require the Company to repay its debts or provide corresponding guarantee for such debts.

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

(Article 177 of the Company Law)

Article 24           The Company shall not repurchase its shares, except under any of the following circumstances:

- (1) to reduce the Company's registered capital;
- (2) to merge with another company which holds shares of the Company;
- (3) to utilise the shares for employee stock ownership plan or as equity incentives;
- (4) where the shareholders disagree to the resolutions on the merger or demerger of the Company made in the general meeting and request the Company to repurchase their shares;
- (5) to convert the shares as convertible corporate bonds issued by the listed company;
- (6) where it is necessary for the Company to maintain its corporate value and shareholders' rights;
- (7) Other circumstances stipulated by laws and administrative regulations and approved by relevant state authorities.

(Article 24 of Guidelines on Articles of Association)

Article 25 The Company may repurchase its shares through public and centralised trading or other methods permitted by laws, administrative regulations, the CSRC and the Hong Kong Stock Exchange.

(Article 25 of Guidelines on Articles of Association)

Article 26 Repurchase of the Company's shares for reasons set out in (1), (2) of Article 24 of the Articles of Association shall be subject to resolution at a general meeting; repurchase of the Company's shares in circumstances as provided in (3), (5) and (6) of Article 24 of the Articles of Association shall be resolved by two-thirds or more of the Directors present at the board meeting.

Unless otherwise stated in the Listing Rules or other laws and regulations on securities, after the Company has repurchased its shares in accordance with Article 24 of the Articles of Association, such shares shall be cancelled within 10 days after repurchase in the circumstance set out in (1), or shall be transferred or cancelled within six months under circumstances set out in (2) and (4); total shares held by the Company shall not exceed 10% of the total issued shares of the Company under the circumstances set out in (3), (5) and (6), and such shares shall be transferred or cancelled within 3 years.

(Article 26 of Guidelines on Articles of Association)

### **Section 3 Share Transfer**

Article 27 The shares of the Company may be transferred according to laws.

(Article 27 of Guidelines on Articles of Association)

Article 28 The Company shall not accept any of its own shares as the subject of pledge.

(Article 28 of Guidelines on Articles of Association)

Article 29 Shares of the Company held by promoters shall not be transferred within one year since the date of the incorporation of the Company. Shares issued prior to the public offering shall not be transferred within one year from the date on which the shares of the Company are listed and circulated on a stock exchange.

The Directors, supervisors and senior management of the Company shall report to the Company the shares (including preferred shares) of the Company that they hold and the changes in their shareholdings and shall not transfer more than 25% of their shares of the same class per annum during their terms of office; the shares they hold in the Company shall not be transferred within one year from the date that the shares of the Company are listed. The aforesaid persons shall not transfer their shares of the Company within half a year after they terminate service with the Company.

(Article 29 of Guidelines on Articles of Association)

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

### **Section 1 Shareholders**

Article 30 The Company shall maintain a register of shareholders with the evidences provided by the securities registration institution, and the register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company. Shareholder shall enjoy rights and assume obligations according to the class of shares held; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

The register of holders of overseas listed shares shall be accessible to shareholders; however, the Company may close the register of holders of overseas listed shares on terms equivalent to section 632 of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

(Article 31 of Guidelines on Articles of Association)

Article 31 When the Company convenes a general meeting, distributes dividends, commences liquidation and participates in other activities requiring the identification of shareholdings, the Board or the convener of general meeting shall determine the record date. The shareholders included in the register of shareholders at the close of business on record date shall be the entitled shareholders.

(Article 32 of Guidelines on Articles of Association)

Article 32 Shareholders of the Company shall be entitled to the following rights:

(1) the right to receive dividends and other profit distributions in proportion

to the number of shares held;

(2) the right to request, convene, preside, attend or appoint proxies to attend general meetings lawfully and to exercise the corresponding right to vote and speak;

(3) the right to supervise, present proposals or raise enquiries in respect of the Company's business operations;

(4) the right to transfer, give as a gift or pledge the shares held in accordance with laws, administrative regulations and the Articles of Association;

(5) the right to inspect the Articles of Association, the register of shareholders, corporate bond stubs, minutes of the general meetings, resolutions of the meetings of the Board of Directors and the supervisory committee ("Supervisory Committee"), and financial and accounting reports;

(6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held;

(7) shareholders who object to resolutions of merger or division made by the shareholders' general meeting have the right to request the Company to repurchase their shares;

(8) such other rights conferred by laws, administrative regulations, departmental rules and the Articles of Association.

(Article 33 of Guidelines on Articles of Association)

(Rule 14(3) of Appendix A1 to the Listing Rules)

### Article 33

Where shareholders request for inspection of the relevant information or demand for materials as mentioned in the preceding Article, they shall provide the Company with written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide information requested by such shareholders.

(Article 34 of Guidelines on Articles of Association)

Article 34 If a resolution passed at or by the shareholders' general meeting or the Board of Directors of the Company violates any law or administrative regulation, the shareholders shall have the right to submit a petition to the people's court to render the resolution invalid.

If the convening procedures or voting method of the shareholders' general meetings or Board meetings violates any law, administrative regulation or the Articles of Association, or the contents of a resolution violate the Articles of Association, shareholders shall have the rights to submit a petition to the people's court to revoke such resolution within sixty days from the date on which the resolution is approved.

(Article 35 of Guidelines on Articles of Association)

Article 35 Where the Company incurs loss as a result of violation of the laws, administrative regulations or the Articles of Association by Directors and senior management in the course of performing their duties, shareholders individually or jointly holding 1% or more of the shares of the Company for 180 or more consecutive days shall have the rights to request in writing the Supervisory Committee to initiate legal proceedings in the people's court. Where the Company incurs loss as a result of violation of laws, administrative regulations or the Articles of Association by the Supervisory Committee in the course of performing its duties, the shareholders may request in writing the Board of Directors to initiate legal proceedings in the people's court.

If the Supervisory Committee or the Board of Directors refuses to initiate legal proceedings upon receipt of the written request of shareholders stated in the preceding paragraph, or fails to initiate such legal proceedings within thirty days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, shareholders described in the preceding paragraph shall have the rights to initiate legal proceedings in the people's court directly in their own names in the interest of the Company.

If any person infringes the lawful rights and interests of the Company, thus causing any losses to the Company, the shareholders as mentioned in the first paragraph of this Article may initiate legal proceedings in the people's court in accordance with the provisions of the two preceding paragraphs.

(Article 36 of Guidelines on Articles of Association)

Article 36 If any Director or senior management is in violation of laws, administrative regulations or the Articles of Association, thus causing any losses to the shareholders, the shareholders may initiate legal proceedings in the people's court in respect thereof.

(Article 37 of Guidelines on Articles of Association)

Article 37 The shareholders of the Company shall assume the following obligations:

(1) to comply with laws, administrative regulations and the Articles of Association;

(2) to pay the shares subscription money based on the shares subscribed for by them and the method of acquiring such shares;

(3) not to withdraw shares unless in the circumstances stipulated by laws and regulations;

(4) not to abuse the rights as a shareholder to the detriment of the Company or that of other shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of shareholders to the detriment of the Company's creditors;

(5) other obligations as is stipulated by laws, administrative regulations and the Articles of Association.

Where a shareholder of the Company abuses his or her rights as a shareholder and causes losses to the Company or other shareholders, such shareholder shall be liable for making compensation in accordance with the law. Where a shareholder of the Company abuses the Company's status as an independent legal entity or the limited liability of being a shareholder to evade debts and causes serious harm to the interests of the creditors of the Company, such shareholder shall be subject to joint and several liabilities for the debts of the Company.

(Article 38 of Guidelines on Articles of Association)

Article 38 The controlling shareholder(s) and de facto controller(s) of the Company shall not use the connected relationship to prejudice the interests of the Company; otherwise, they shall be liable to compensate the Company for

the losses thereof.

The controlling shareholder(s) and de facto controller(s) of the Company have a fiduciary duty towards the Company and the general public shareholders of the Company. The controlling shareholder(s) shall exercise capital contributors' rights strictly in accordance with laws. The controlling shareholder(s) shall not make use of methods such as the distribution of profits, restructuring of assets, external investment, misappropriation of assets, borrowing, or providing guarantee, to damage the legitimate rights and interests of the Company and its public shareholders. Nor shall he/she take the advantage of its controlling position to the detriment of the Company and public shareholders.

(Article 40 of Guidelines on Articles of Association)

## **Section 2 General Provisions for Shareholders' General Meetings**

- Article 39      The shareholders' general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with laws:
- (1) to decide on the Company's operating policies and investment plans;
  - (2) to elect and replace the Directors and supervisors who are not employee representatives and decide on matters relating to the remuneration of Directors and supervisors;
  - (3) to review and approve reports of the Board of Directors;
  - (4) to review and approve reports of the Supervisory Committee;
  - (5) to review and approve the Company's annual financial budget and final accounts;
  - (6) to review and approve the Company's proposals for profit distribution and for recovery plan of losses;
  - (7) to make decisions on increasing or reducing the registered capital of the Company;
  - (8) to make decisions on the merger, division, dissolution, liquidation or change in corporate form of the Company;



(9) to make decisions on the issuance of corporate bonds;

(10) to make decisions on the engagement or dismissal of the accounting firm of the Company;

(11) to amend the Articles of Association;

(12) to review other matters required to be resolved by the general meeting as prescribed by laws, administrative regulations, departmental rules, the Listing Rules and the Articles of Association.

(Article 41 of Guidelines on Articles of Association)

Article 40           The general meeting may authorise or delegate the Board of Directors to deal with the matters authorised or delegated.

Article 41           Except where the Company is in a crisis or any special circumstance, the Company shall not enter into any contract with anyone other than a Director, the general manager or any other senior management to have all or significant part of the Company's business in the care of such person, unless obtained approval by a special resolution at the general meeting.

(Article 81 of Guidelines on Articles of Association)

Article 42           A general meeting shall either be an annual general meeting or an extraordinary general meeting. Annual general meetings shall be convened once every financial year within six months after the end of the preceding fiscal year.

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

(1) when the number of Directors is less than the number stipulated in Company Law or two-thirds of the number specified in the Articles of Association;

(2) when the unrecovered losses of the Company amount to one third of the total amount of its paid-in share capital;

(3) when requested by any shareholder individually or jointly holding 10% or more of the Company's shares;

(4) when deemed necessary by the Board of Directors or when requested by the Supervisory Committee;

(5) other circumstances stipulated in the laws, administrative regulations, departmental rules, or the Articles of Association.

(Article 43 and 44 of Guidelines on Articles of Association)

(Rule 14(1) of Appendix A1 to the Listing Rules)

Article 43           The venue for convening a general meeting of the Company shall be at the domicile of the Company or places specified in the notice of the meeting. A meeting venue shall be set for general meetings and the meetings shall be held on site.

(Article 45 of Guidelines on Articles of Association)

### **Section 3 Convening of Shareholders' General Meeting**

Article 44           A general meeting shall be convened by the Board of Directors.

Where the Board of Directors is unable to perform or does not perform its duties to convene a general meeting, the Supervisory Committee shall convene such meeting in a timely manner; if the Supervisory Committee fails to convene such meeting, shareholder(s) individually or jointly holding 10% or more of the shares of the Company for consecutive 90 or more consecutive days may unilaterally convene a general meeting.

(Article 101 of the Company Law)

Article 45           The Supervisory Committee shall be entitled to make a proposal in writing to the Board of Directors on convening an extraordinary general meeting. The Board of Directors shall give a written reply on whether to agree to convene such meeting within 10 days upon receipt of the proposal in accordance with laws, administrative regulations and the Articles of Association.

Where the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days upon the date of the resolution of the Board of Directors. Any changes made to the original proposal in the notice shall be agreed by the Supervisory Committee.

Where the Board of Directors disagrees to convene such a meeting, or fails to reply within 10 days upon receipt of the proposal, it shall be deemed that the Board of Directors cannot or does not perform its duty of convening the general meeting, and the Supervisory Committee may unilaterally convene and preside over it.

(Article 48 of Guidelines on Articles of Association)

Article 46

Shareholder(s) individually or in aggregate holding 10% or more of shares of the Company are entitled to request the Board of Directors in writing to convene an extraordinary general meeting. The Board of Directors shall, in accordance with the requirements of laws, administrative regulations and the Articles of Association, reply with a written opinion to state whether it agrees to convene an extraordinary general meeting within 10 days upon receipt of the request.

Where the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days after the date of the resolution of the Board of Directors. Any changes made to the original proposal in the notice shall be agreed by the relevant shareholders.

Where the Board of Directors disagrees to convene the extraordinary general meeting, or does not reply within 10 days upon receipt of the proposal, shareholder(s) individually or in aggregate holding 10% or more of the shares of the Company are entitled to request the Supervisory Committee in writing to convene an extraordinary general meeting.

Where the Supervisory Committee agrees to convene the extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days upon receiving the request. Any changes made to the original proposal in the notice shall be agreed by the relevant shareholders.

If the Supervisory Committee fails to issue a notice of general meeting within the prescribed time limit, it shall be deemed that the Supervisory Committee does not convene and preside over the general meeting, and shareholder(s) holding individually or in aggregate 10% or more of the shares of the Company for more than 90 or more consecutive days can unilaterally convene and preside over the general meeting.

(Article 49 of Guidelines on Articles of Association)

(Rule 14(5) of Appendix A1 to the Listing Rules)

Article 47 Where the Supervisory Committee or shareholders decide to convene a general meeting unilaterally, they must notify the Board of Directors in writing.

Before the announcement of the resolution of the general meeting is made, the shareholders convening the meeting shall hold no less than 10% of the shares.

(Article 50 of Guidelines on Articles of Association)

Article 48 With regard to the general meeting unilaterally convened by the Supervisory Committee or shareholders, the Board of Directors and the secretary to the Board of Directors shall provide assistance. The Board of Directors shall provide relevant registers of shareholders.

(Article 51 of Guidelines on Articles of Association)

Article 49 The Company shall bear costs and expenses necessary for the general meeting convened by the Supervisory Committee or shareholders unilaterally.

(Article 52 of Guidelines on Articles of Association)

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

Article 50 The Company shall give written notice of the annual general meeting of shareholders at least 21 days prior to the meeting; the Company shall give written notice of the extraordinary general meeting of shareholders at least 15 days prior to the meeting.

When the Company calculates the period of the meeting, the date of the meeting shall not be included.

(Article 55 of Guidelines on Articles of Association)

(Rule 14(2) of Appendix A1 to the Listing Rules)

Article 51 When the Company convenes the shareholders' general meeting, the Board of Directors, the Supervisory Committee and shareholder(s), individually or in aggregate, holding 3% or more of the shares of the Company shall have the right to propose motions. The contents of the motion to be proposed at

the shareholders' general meeting shall fall within the terms of reference of the shareholders' general meeting and have specified subjects and specific resolutions, in further compliance with the laws, administrative regulations and provisions of the Articles of Association.

Shareholder(s) individually or jointly holding 3% or more of the Company's shares may submit an extraordinary motion to the convener in writing 10 days prior to date of the meeting. The convener shall dispatch a supplementary notice of the shareholders' general meeting and announce the contents of such provisional motion within 2 days upon receipt of the motion. The contents of the provisional motion shall conform to the preceding paragraph.

Except as provided in the preceding paragraph, after the convener issues a public notice of the general meeting, conveners shall not amend the motions or add any new motion in the notice of the general meeting.

(Article 53 and 54 of Guidelines on Articles of Association)

(Rule 14(5) of Appendix A1 to the Listing Rules)

Article 52 Motion(s) not specified in the notice of shareholders' general meeting or inconsistent with the requirements stipulated in the Article 51 shall not be voted or resolved at the shareholders' general meeting.

(Article 54 of Guidelines on Articles of Association)

Article 53 Notice of a general meeting shall include:

- (1) time, place and duration of the meeting;
- (2) the matters and motions to be considered at the meeting;
- (3) a conspicuous statement that all shareholders are entitled to attend the general meeting, and have the right to appoint proxies in writing to attend the meeting and vote on his/her behalf, and that such proxy need not be a shareholder of the Company;
- (4) the record date for shareholders entitled to attend the shareholders' general meeting;
- (5) the contact information of the meeting;

(6) any other matters required to be set out in the laws, administrative regulations, departmental rules or the Listing Rules.

(Article 56 of Guidelines on Articles of Association)

Article 54 Notice of shareholders' general meeting shall be served on shareholders in the manner that complies with the Listing Rules.

Subject to Listing Rule 2.07A(4), any requirement in these Exchange Listing Rules for a listed issuer to send, mail, dispatch, issue, publish or otherwise make available any corporate communication must, to the extent permitted under all applicable laws and regulations, be satisfied by the listed issuer (i) sending or otherwise making available the corporate communication to the relevant holders of its securities using electronic means or (ii) making the corporate communication available on the Company's website and the website of the Hong Kong Stock Exchange (the issuer must set out on its website the manner in which (i) and/or (ii) above is adopted for the dissemination of its corporate communications).

(Rule 2.07A(1) of the Listing Rules)

### **Section 5 Holding of General Meetings**

Article 55 The Board of the Company or other convener shall take necessary measures to ensure the proper order of the general meetings. Measures shall be taken to stop any act disturbing the general meetings, seeking trouble or infringing upon the legitimate rights and interests of shareholders, and such act shall be reported to the relevant authority for investigation and treatment.

(Article 59 of Guidelines on Articles of Association)

Article 56 All ordinary shareholders in the shareholders' register on the record date or proxies thereof shall be entitled to attend general meetings, and exercise the rights to vote and speak pursuant to relevant laws, regulations and the Articles of Association.

Shareholders may attend the general meetings in person or appoint a proxy to attend, vote and speak on their behalf. Such proxy needs not necessarily be a shareholder of the Company.

(Article 60 of Guidelines on Articles of Association)

(Rule 14(3) and 18 of Appendix A1 to the Listing Rules)

Article 57

Individual shareholders attending a shareholders' general meeting in person shall show their identity cards or other valid proof or evidence of their identities or share account card, and in the case of attendance by proxies, the proxies shall show valid proof of their identities and the proxy forms from shareholders.

For a corporate shareholder, its legal representative or a proxy appointed by such legal representative shall attend a shareholders' general meeting. In the case of attendance by legal representatives, they shall produce their identity cards and valid proof of their capacities as legal representatives and, in the case of attendance by proxies of such legal representatives, such proxies shall produce their identity cards and the written letters of authorisation issued by such legal representatives of corporate shareholders according to the laws.

Where the voting proxy form is signed by a person under a power of attorney on behalf of the principal, the power of attorney or other authorisation documents authorised to be signed shall be notarised. A notarially certified copy of that power of attorney or other authorisation documents, together with the voting proxy form, shall be deposited at the domicile of the Company or other places specified in the notice of meeting.

Where the principal is a legal entity, its legal representative or a person authorised by resolution of its Board of Directors or other decision-making body may attend the Company's shareholders' general meetings. If the shareholder is a recognised clearing house ("Recognised Clearing House") defined by relevant regulations formulated from time to time according to laws in Hong Kong or its proxy, such shareholder is entitled to appoint one or more persons it deems suitable to act as its proxy in any shareholders' general meeting or class meeting, provided that, if one or more person is appointed as proxies, the power of attorney shall state the number and the class of shares represented by each of the proxies. The proxies so appointed may exercise their rights on behalf of the Recognised Clearing House (or its proxy), as if that proxy is an individual shareholder of the Company.

(Article 61 and 64 of Guidelines on Articles of Association)

(Rule 18 of Appendix A1 to the Listing Rules)

Article 58 The power of attorney issued by a shareholder to appoint a proxy to attend a general meeting shall specify:

- (1) the name of the proxy;
- (2) whether or not the proxy has any voting right;
- (3) directive to vote for or against or abstain from voting on each and every issue included in the agenda of the general meeting;
- (4) the date of issue and validity period of the power of attorney;
- (5) signature (or seal) of the principal; if the principal is a corporate shareholder, the corporate seal shall be affixed.

The proxy forms shall contain a statement that in the absence of specific instructions by the shareholder, whether the proxy may vote as he/she thinks fit.

(Article 62 and 63 of Guidelines on Articles of Association)

Article 59 Attendees register shall be prepared by the Company, which shall state the names of the attendees (or names of the corporations), identification card number, the address of the attendee, the number of voting shares held or represented, names of the principal (or names of the corporations) and so on.

(Article 65 of Guidelines on Articles of Association)

Article 60 The convener shall verify the validity of the shareholders' qualifications based on the shareholders' register provided by the securities registration and clearing authority, and shall register the names of the shareholders as well as the amount of their voting shares. The registration for a meeting shall be completed before the presider of the meeting announces the number of shareholders and proxies that attend the meeting and the total amount of their voting shares.

(Article 66 of Guidelines on Articles of Association)

Article 61 All Directors, supervisors and the Secretary to the Board of Directors shall attend general meetings of the Company, and the manager and other senior management shall be present at the meetings.



(Article 67 of Guidelines on Articles of Association)

Article 62 The shareholders' general meeting shall be presided over by the chairman of the Board of Directors. If the chairman of the Board of Directors is unable to or fails to perform his/her duties, one director elected by half or more of the directors may preside over the meeting.

A shareholders' general meeting convened by the Supervisory Committee shall be presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable to or fails to perform his/her duties, one supervisor elected by half or more of the supervisors may preside over the meeting.

A shareholders' general meeting convened by the shareholders shall be presided over by a representative recommended by the convener.

During the course of a shareholders' general meeting, if the presider of the meeting violates the procedural rules such that the meeting cannot be continued, the shareholders at the general meeting may elect one person to act as the presider to continue the meeting with the approval of the shareholders with more than half of voting rights who are present at the meeting.

(Article 68 of Guidelines on Articles of Association)

Article 63 At the annual general meeting, the Board of Directors and the Supervisory Committee shall report their work in the preceding year.

(Article 70 of Guidelines on Articles of Association)

Article 64 The Directors, supervisors and senior management shall provide explanation and answers to the shareholders' enquiries and suggestions at the shareholders' general meeting.

(Article 71 of Guidelines on Articles of Association)

Article 65 The presider of the meeting shall, prior to voting, declare the number of attending shareholders and proxies as well as the total number of their voting shares, and the number of attending shareholders and proxies and the total number of their voting shares shall be subject to registration of the shareholders' general meeting.

(Article 72 of Guidelines on Articles of Association)

Article 66

Minutes shall be recorded for the shareholders' general meetings, and the secretary to the Board of Directors shall be in charge of recording the minutes.

The minutes shall contain the following information:

- (1) the time, venue, and agenda of the meeting, as well as the name of the convener;
- (2) the names of the presider of the meeting, and the Directors, supervisors, managers and other senior management who attend or observe the meeting;
- (3) the number of shareholders and proxies present at the meeting, the total number of voting shares held by them, the proportion of these shares to the total number of shares of the Company, the total number of voting shares held by unlisted shareholders and their proxies and H shareholders and their proxies present at the meeting, and the respective proportion of these shares 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 motion which include the votes of unlisted shareholders and H shareholders on each and every issue;
- (5) any enquiries or suggestions made by shareholders and the corresponding response or explanations;
- (6) the names of the vote counter and scrutineer;
- (7) any other matters required by the provisions of the Articles of Association to be recorded in the minutes.

(Article 73 of Guidelines on Articles of Association)

Article 67

The convener shall ensure that the contents of the minutes are true, accurate and complete. Directors, supervisors, the secretary to the Board of Directors, conveners or their representatives attending the meeting, and the presider of the meeting shall sign on the minutes. The minutes shall be kept together with the signed attendance record of attending shareholders, proxy forms and the valid information relating to the voting by other means, for a period of no less than 10 years.

(Article 74 of Guidelines on Articles of Association)

Article 68 The convener shall ensure that the shareholders' general meeting is conducted continuously until final resolutions are made. If the shareholders' general meeting is suspended or resolutions cannot be made because of force majeure or other special causes, the convener shall take necessary measures to resume the meeting or directly terminate that meeting.

(Article 75 of Guidelines on Articles of Association)

Article 69 The Company must announce the poll results at the general meeting as soon as possible, but in any event at least 30 minutes before the earlier of either the commencement of the morning trading session or any pre-opening session on the first business day after the general meeting.

The poll results announcement must include:

- (1) the number of shares entitling the holders to attend and vote on a resolution at the meeting;
- (2) the number of shares entitling the holders to attend and abstain from voting in favour as set out in Rule 13.40 of the Listing Rules;
- (3) the number of shares of holders that are required under the Listing Rules to abstain from voting;
- (4) the number of shares actually voted for a resolution; and
- (5) the number of shares actually voted against a resolution.

The Company shall appoint its accounting firm, share registrar or external accountants who are qualified to serve as its accountants as scrutineer for the vote-counting and state the identity of the scrutineer in the announcement. The Company shall also state in the announcement whether or not any parties that have stated their intention in the circular to vote against the relevant motion or to abstain from voting have done so at the general meeting.

(Rule 13.39(5) of Chapter 13 in the Listing Rules)

## **Section 6 Votings and Resolutions at the General Meeting**

Article 70 Resolutions of shareholders' general meetings are classified as ordinary resolutions and special resolutions.

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

Special resolutions of the shareholders' general meeting shall be passed by two-thirds or more of the voting rights represented by the shareholders (including proxies) present at the meeting.

(Article 76 of Guidelines on Articles of Association)

Article 71 The following matters shall be resolved by ordinary resolutions at a general meeting:

- (1) work reports of the Board of Directors and the Supervisory Committee;
- (2) plans formulated by the Board of Directors for distribution of profits and loss recovery;
- (3) appointment and dismissal of members of the Board of Directors and the Supervisory Committee, and their remuneration and manner of payment thereof;
- (4) the Company's annual financial budgets and final accounts;
- (5) the Company's annual report;
- (6) matters other than those specified by laws, administrative regulations, or the Articles of Association to be resolved by special resolutions.

(Article 77 of Guidelines on Articles of Association)

(Rule 4(3) of Appendix A1 to the Listing Rules)

Article 72 The following matters shall be resolved by special resolutions at a general meeting:

- (1) the increase or reduction of the registered capital of the Company;
- (2) the division, spin-off, merger, dissolution and liquidation of the Company;

(3) the amendment to the Articles of Association;

(4) other matters which laws, administrative regulations, or the Articles of Association require to be adopted by special resolutions and which, as resolved as ordinary resolutions at the general meeting of shareholders, will have a material impact on the Company and is therefore required to be resolved by special resolutions.

(Article 78 of Guidelines on Articles of Association)

(Rules 16 and 21 of Appendix A1 to the Listing Rules)

Article 73 A shareholder (including his or her proxy) who votes at a general meeting shall exercise his or her voting rights based on the number of voting shares represented. Each share shall have one vote.

Shares held by the Company do not carry any voting rights and shall not be counted in the total number of shares with voting rights held by the present shareholders.

(Article 79 of Guidelines on Articles of Association)

Article 74 When a shareholders' general meeting considers matters relating to connected transactions, the connected shareholders shall not participate in voting and the number of shares with voting rights represented by them shall not be counted in the total number of valid votes; the announcement of the resolutions of shareholders' general meeting shall fully disclose the voting by non-connected shareholders.

Before the general meeting considers matters relating to connected transactions, the Company shall determine the scope of connected shareholders in accordance with relevant laws, regulations and normative documents. Connected shareholders or their authorised representatives may attend the general meeting, and may clarify their views to the shareholders in accordance with the procedures of the meeting, but they shall abstain from voting in a poll.

Where the general meeting considers matters relating to connected transactions, connected shareholders shall abstain from voting. If connected shareholders fail to abstain from voting, other shareholders attending the meeting shall have the right to request them to abstain from voting. After connected shareholders have abstained from voting, other shareholders

shall vote according to their voting rights and pass the corresponding resolutions in accordance with the provisions of these Articles of Association.

In order to be valid, the resolutions made at the general meeting on matters relating to connected transactions shall be passed by more than half of the votes cast by the non-connected persons attending the general meeting. However, in order to be valid, in the event of such connected transaction involving matters that need to be passed by special resolution as stipulated in these Articles of Association, the resolutions of the general meeting must be passed by two thirds or more of the voting rights held by the non-connected persons attending the general meeting.

Where connected shareholders participate in voting in violation of the provisions under this article, their voting in respect of matters relating to connected transactions shall be invalid.

Where applicable laws, administrative regulations, departmental rules, regulatory documents or the Listing Rules have other provisions, such provisions shall prevail.

(Article 80 of Guidelines on Articles of Association)

(Rule 2.15 and 14A.36 of the Listing Rules)

Article 75           The list of candidates for Directors and supervisors shall be submitted to the shareholders' general meeting in the form of a proposal.

(Article 82 of Guidelines on Articles of Association)

Article 76           The general meeting shall resolve on all the proposals separately; in the event of several proposals for the same issue, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the general meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the general meeting.

(Article 83 of Guidelines on Articles of Association)

Article 77           Any vote of shareholders at a general meeting must be taken by poll except where the presider of the meeting, in good faith, decides to allow a motion which relates purely to a procedural or administrative matter to be voted on

by a show of hands.

Procedural and administrative matters are those that:

(1) are not on the agenda of the general meeting or in any supplementary circular to shareholders; and

(2) relate to the duties of the presider of a meeting to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all shareholders a reasonable opportunity to express their views.

(Rule 13.39(4) of Chapter 13 in the Listing Rules)

Article 78           When a proposal is considered at a shareholders' general meeting, no amendment shall be made unless such amendment is deemed to be made as a new proposal which shall not be voted on at the current shareholders' general meeting.

(Article 84 of Guidelines on Articles of Association)

Article 79           General meetings shall adopt voting by open ballot.

(Article 86 of Guidelines on Articles of Association)

Article 80           Shareholders attending the shareholders' general meeting shall express one of the following opinions on motions for voting: for, against or abstain.

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

Blank, wrong, illegible or uncast votes shall be deemed as the voters' waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as "abstain".

(Article 89 of Guidelines on Articles of Association)

(Rule 14.(4) of Appendix A1 to the Listing Rules)

Article 81           If the presider of the meeting has any doubt as to the result of any

resolution put to the vote, he may have the votes counted. If the presider of the meeting does not have the votes counted, any attending shareholder or proxy who objects to the result announced by the presider of the meeting may demand that the votes be counted immediately after the declaration of the voting result, and the presider of the meeting shall have the votes counted immediately.

(Article 90 of Guidelines on Articles of Association)

Article 82 Where a resolution on the election of a Director or supervisor is passed at the general meeting, the newly-elected Director or supervisor shall take office at the end of the meeting on which relevant election resolution is passed by the shareholders' general meeting.

(Article 92 of Guidelines on Articles of Association)

## **Chapter 5 Board of Directors**

Article 83 The Company shall set up a Board of Directors, which shall be accountable to the shareholders' general meeting.

(Article 105 of Guidelines on Articles of Association)

Article 84 The Board shall consist of eleven Directors, with a chairman.

The chairman shall be elected by more than half of all Directors.

The board shall include at least four independent Directors (i.e. Directors who are independent of the shareholders and do not serve within the Company) representing one-third or more of the Board. The independent Directors should meet the requirements of the Listing Rules regarding the qualifications of independent non-executive Directors (i.e. the Directors who do not hold any other positions in the Company other than as a Director of the Company, and are not related to the Company and its major shareholders in a way that may hinder their independent and objective judgment), at least one of whom must have appropriate professional qualifications or accounting or related financial management expertise.

(Article 106 and 111 of Guidelines on Articles of Association)



(Rule 3.10 and 3.10A of the Listing Rules)

Article 85

Directors shall be elected or removed from office at a general meeting and the general meeting may dismiss any Director before the expiration of his/her term of office. The term of office of a Director shall be 3 years, and a Director may be re-elected and reappointed upon expiry of his/her term of office. Directors of the Company shall be natural persons and shall meet Director qualifications stipulated in the Company Law.

The term of office of a Director shall be counted from the date he/she taking office until the expiration of the term of the current Board of Directors. When the Directors' term expires and a re-election is not held in time, the original Directors shall still perform their duties as Directors in accordance with laws, administrative regulations, departmental rules, and the Articles of Association before the re-elected Directors take office.

A Director may serve concurrently as the general manager or other senior management, but the total number of Directors serving concurrently as the general manager or other senior management as well as employee representative Directors shall not be more than half of the Directors of the Company.

Directors may submit their resignation before the expiry of their term. The resigning Directors shall submit a resignation report to the Board in writing. In the event that the resignation of a Director will result in the Board of the Company being less than the quorum, the original Director shall perform his/her duty as a Director pursuant to laws, administrative regulations, departmental rules, and the Articles of Association until a new Director assume his/her post. Save for the aforesaid circumstances, the Director's resignation takes effect upon delivery of his/her resignation report to the Board.

When a Director's resignation takes effect or his/her term of service expires, the Director shall complete all transfer procedures with the Board. His/her obligation of loyalty towards the Company and shareholders do not necessarily cease after the end of his/her term of service and shall still be in effect for a reasonable period. Such period, as the principle of fairness may require, shall be determined depending on the duration between the occurrence of the event concerned and the termination of tenure, and the circumstances and conditions under which the relationship with the

Company has been terminated.

The general meeting may, on the condition that the relevant laws and administrative regulations are fully complied with, by ordinary resolution remove any Director before the expiration of his term of office (but without prejudice to such Director's rights to claim damages based on any contract).

Independent Director shall have sufficient time and the necessary knowledge and ability in order to be capable of performing his/her duties. In performing his/her duties by an independent director, the Company shall provide necessary information. Independent directors may report directly to the general meeting, the securities supervisory and regulatory body under the State Council and to other relevant departments.

(Article 95, 96 and 100 of Guidelines on Articles of Association)

(Rule 4(3) of Appendix A1 to the Listing Rules)

#### Article 86

Directors shall fulfil the following obligations of loyalty to the Company in accordance with laws, administrative regulations, and the Articles of Association:

- (1) not abusing their powers to accept bribes or other unlawful income or misappropriating the Company's properties;
- (2) not misappropriating the Company's capital;
- (3) not depositing the Company's assets or capital into accounts under their own names or the names of other individuals;
- (4) not loaning the Company's funds to others or providing guarantees in favor of others supported by the Company's assets in violation of the Articles of Association or without approval of the general meeting or the Board;
- (5) not entering into contracts or deals with the Company in violation of the Articles of Association or without approval of the general meeting;
- (6) not leveraging on their position and powers to procure business opportunities for themselves or others that should have otherwise been available to the Company or operating for their own benefits or managing on behalf of others businesses similar to that of the Company without

approval of the general meeting;

(7) not accepting and possessing commissions paid by another person for transactions conducted with the Company;

(8) no unauthorised divulgence of confidential information of the Company;

(9) not using their connected relationships to harm the interests of the Company;

(10) other obligations of loyalty stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

Any income earned by Directors in violation of the Articles of Association shall belong to the Company; if any loss is caused to the Company, such Directors shall be liable for compensation.

(Article 97 of Guidelines on Articles of Association)

#### Article 87

Directors shall fulfill the following obligations of diligence in accordance with laws, administrative regulations, and the Articles of Association:

(1) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure that the business operations of the Company comply with the requirements of the laws, administrative regulations and various economic policies of the country and not exceed the business scope specified in the business license of the Company;

(2) to treat all shareholders impartially;

(3) to keep informed of the operation and management conditions of the Company;

(4) to sign the written confirmation in respect of the regular reports of the Company;

(5) to assure that the information disclosed by the Company is true, accurate and complete;

(6) to provide the Supervisory Committee with truthful information and not prevent the Supervisory Committee or Supervisors from exercising their duties and functions;

(7) other obligations of diligence stipulated by laws, administrative regulations, departmental rules, and the Articles of Association.

(Article 98 of Guidelines on Articles of Association)

Article 88 No Director shall act in his/her own name on behalf of the Company or the Board, unless specified under the Articles of Association or legally authorised by the Board of Directors. Where the Director acts in his/her own name, but where a third party may reasonably assume such Director to act on behalf of the Company or the Board, such Director shall state his/her position and capacity in advance.

(Article 102 of Guidelines on Articles of Association)

Article 89 A Director shall be liable for compensation for any loss of the Company arising from violation by him/her of any laws, administrative regulations, departmental rules, or the Articles of Association in the course of performing his/her duties.

(Article 103 of Guidelines on Articles of Association)

Article 90 The Board of Directors shall be responsible to the shareholders' general meeting and exercise the following powers:

(1) responsible for convening general meetings and reporting to the general meetings;

(2) to implement resolutions of the general meetings;

(3) to decide on the Company's business plans and investment plans;

(4) to formulate the annual financial budgets and final accounts of the Company;

(5) to formulate the Company's profit distribution plans and plans for recovery of losses;

(6) to formulate proposals for the increase or reduction of the Company's registered capital, the issuance of bonds or other securities and listing;

(7) to formulate plans for the Company's material acquisition, repurchase of the Company's shares, merger, division, dissolution, or change of corporate form of the Company;

(8) to make decisions on external investments, assets purchases or sales, assets pledges, external guarantees, entrusted wealth management, connected transactions, external donations etc. (except for the matters which shall be submitted to and approved by the general meetings as specified by laws, regulations, the Listing Rules, and the Articles of Association);

(9) to decide on establishment of internal management structure of the Company;

(10) to decide on the appointment or dismissal of the Company's general manager, secretary to the Board of Directors and other senior managers, and decide on their remunerations, rewards and penalties; to decide on the appointment or dismissal of the Company's deputy general manager, financial controller and other senior managers according to the nomination of the general manager, and decide on their remunerations, rewards and penalties;

(11) to formulate the basic management system of the Company;

(12) to formulate proposals to amend the Articles of Association;

(13) to propose to the general meeting the appointment or replacement of the accounting firm that provides audit service to the Company;

(14) to decide on the Company's other material matters and administrative affairs and sign other important agreements other than those matters which are required to be determined at the general meetings pursuant to the Company and these Articles of Association; and

(15) to exercise any other powers conferred by these Articles of Association or the general meeting.

The resolution made by the Board of Directors in relation to the Company's connected transactions shall only take effect after the signing by the independent Directors.

The Board of Directors of the Company shall set up an audit committee, and may also set up a nomination committee, a remuneration committee, and other special committees as required. The special committees shall be accountable to the Board of Directors and perform their duties in accordance with the Articles of Association and the authorization from the

Board of Directors. Their proposals shall be submitted to the Board of Directors for consideration and decision. The special committees shall not make any resolution in the name of the Board of Directors; they may exercise decision-making power on authorized matters according to the special authorization of the Board of Directors. The members of the special committees shall all be Directors. The Board of Directors is responsible for formulating the working rules of the special committees and regulating the operation of the special committees.

(Article 107 of Guidelines on Articles of Association)

Article 91 The Board of Directors shall perform its duties in accordance with the laws, administrative regulations, the Articles of Association and resolutions of the general meeting.

The Board of Directors of the Company shall make explanations to the shareholders' general meeting when a certified public accountant issues a non-standard audit opinion in respect of the Company's financial reports.

(Article 108 of Guidelines on Articles of Association)

Article 92 The chairman of the Board of Directors shall exercise the following powers:

(1) to preside over general meetings and to convene and preside over the board meetings;

(2) to supervise and review the implementation of resolutions of the Board of Directors;

(3) to exercise other powers conferred by the Board of Directors.

In the event that the chairman of the Board of Directors is unable to carry out his duties, a Director elected by half or more of all Directors may perform his duties.

(Article 112 and 113 of Guidelines on Articles of Association)

Article 93 Board meetings shall be held at least four times every year, approximately once a quarter, and be convened by the chairman of the Board. All Directors and supervisors shall be notified in writing fourteen days before the meeting.

Shareholders representing one tenth or more of the voting rights, or one third or more of the Directors or the Supervisory Committee may propose to convene an extraordinary board meeting. The chairman of the Board of Directors shall convene and preside over the board meeting within ten days after the receipt of the proposal.

Notice of extraordinary meeting of the Board of Directors shall be given in writing to all Directors and supervisors [five] days before the meeting. In case of emergency and an extraordinary Board meeting is required to be convened as soon as possible, the notice of meeting may be given by telephone or by other oral means at any time upon approval by more than one-third of all Directors, but the convener shall provide an explanation at the meeting.

(Article 114, 115 and 116 of Guidelines on Articles of Association)

(Code Provision C.5.1 and C.5.3 in Part 2 of Appendix C1 to the Listing Rules)

Article 94 A notice of a meeting of the Board of Directors shall contain the following contents:

- (1) date and venue of the meeting;
- (2) period for the meeting;
- (3) reasons for and the subjects to be discussed thereat;
- (4) date of issuance of the notice.

(Article 117 of Guidelines on Articles of Association)

Article 95 For any material matters to be decided by the Board of Directors, the Company shall notify all Directors within the prescribed time limit under Article 93 of these Articles of Association, and sufficient information shall be supplied and the stipulated requirements in relation to the conduct of procedure shall be strictly adhered to. Directors may request the provision of supplemental information.

Article 96 Board meetings shall be held only if more than half of the Directors are present.

Each Director shall have one vote. A resolution of the Board must be

passed by more than half of all the Directors.

When one-fourth or more of Directors or two or more independent Directors are of the view that the materials are insufficient or non-specific, they may jointly propose to the Board for a postponement of the board meeting or for a postponement of determination of part of the matters concerned. The Board shall adopt such proposal.

(Article 118 of Guidelines on Articles of Association)

#### Article 97

Directors shall attend board meetings in person. Where a Director is unable to attend for any reason, he or she may authorise another Director in writing to attend the board meeting on his or her behalf. The power of attorney shall contain the name of proxy, issues under authorisation, the scope of the authorisation and the valid period, and shall be signed or sealed with the chop by the appointer.

The proxy director shall exercise the rights of a Director within the scope of the authorisation. A Director failing to attend the board meeting in person or by proxy shall be deemed as having waived his voting rights at such meeting.

The vote on board resolutions shall be taken by way of an open ballot or of voting on a show of hands. On the premise that the Directors are assured to have fully expressed their views at an extraordinary board meeting, the vote on board resolutions may be taken by way of communication. The resolution shall be signed by the Directors attending the meeting.

If the Director fails to attend the Board meeting in person or appoint a proxy to attend the meeting on his/her behalf for two consecutive times, it shall be deemed that he/she cannot perform his/her duties, and the Board of Directors shall advise the general meeting to remove such Director.

If any Director has connected relationship with the enterprise involved in the resolution made at a board meeting, the said Director shall not vote on the said resolution for himself/herself or on behalf of another Director. The Board meeting may be held when more than half of the non-connected Directors attend the meeting. The resolutions of the Board meeting shall be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the meetings is less than three, the issue shall be submitted to the general meeting for consideration.



(Article 99, 119, 120 and 121 of Guidelines on Articles of Association)

Article 98

The Board shall keep minutes of its decisions on the matters considered at the meetings including any doubts or opposing opinions raised by the directors. Directors, the secretary to the Board attending the meeting and the person taking the minutes shall sign their names on the minutes of the meeting. Opinions of independent Directors shall be specified in the resolution of the Board. Directors shall be responsible for the resolutions of the Board. Where a resolution of the Board violates laws, administrative regulations or these Articles of Association and causes serious losses to the Company, the Directors who took part in such a resolution shall be liable for compensation. However, if a Director can prove that he had expressed his opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, such Director may be relieved of such liability.

The minutes of the meetings of the Board of Directors shall be kept as company files for a period of not less than 10 years. The minutes of the meetings of the Board of Directors shall include the following:

- (1) the date and venue of the meeting and the name of the convener;
- (2) names of the Directors attending the meeting and names of the Directors (proxies) appointed by others to attend the meeting of the Board of Directors;
- (3) agenda of the meeting;
- (4) main points of the speeches of the Directors;
- (5) the means and result of voting of each resolution (the result of voting shall state the numbers of votes for, against or abstention).

(Article 122 and 123 of Guidelines on Articles of Association)

## **Chapter 6 Secretary to the Board of the Company**

Article 99

The Company shall have one secretary to the Board of the Company, who is a senior management officer of the Company.

(Article 133 of Guidelines on Articles of Association)

Article 100 The Secretary to the Board of the Company shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board. The primary responsibilities of the secretary to the Board are:

(1) to prepare for the shareholders' general meetings and the board meetings of the Company;

(2) to handle matters relating to information disclosure;

(3) to ensure that the Company has maintained complete constitution documents and records;

(4) to ensure that the Company prepares and delivers in accordance with laws those reports and documents required by relevant authorities entitled thereto;

(5) to ensure that the Company's registers of shareholders are properly maintained with management of the Company's shareholder information, and that persons entitled to the relevant records and documents of the Company may access such records and documents without delay.

(Article 133 of Guidelines on Articles of Association)

## **Chapter 7 General Manager and Other Senior Management Officers of the Company**

Article 101 The Company shall have one general manager and one deputy general manager who shall be appointed or dismissed by the Board of Directors; The general manager and deputy general manager shall be appointed for a term of three years and may serve consecutive terms upon reappointment.

The general manager, deputy general manager, the financial controller and secretary of the Board of Directors are senior management officers of the Company.

Senior management officers of the Company are natural persons and must meet the qualifications of senior management officers stipulated in the

Company Law.

Any person who takes an administrative role other than a Director or a supervisor in the controlling shareholders of the Company shall not serve as a senior management officer of the Company.

The senior management officers only receive remuneration from the Company, not paid by the controlling shareholders on their behalf.

(Articles 124, 126, and 127 of Guidelines on Articles of Association)

Article 102 Provisions regarding the duty of loyalty of Directors under Article 86 and the duty of diligence under items (4), (5) and (6) of Article 87 hereof shall be applicable to the senior management officers.

(Article 125 of Guidelines on Articles of Association)

Article 103 The general manager shall be accountable to the Board and exercise the following functions and powers:

(1) to be in charge of the production, operation and management of the Company, organise the implementation of resolutions of the Board of Directors, and report to the Board of Directors;

(2) to organise the implementation of the Company's annual business plans and investment plans;

(3) to draft plans for the establishment of the Company's internal management structure;

(4) to establish the Company's basic management system;

(5) to formulate the specific regulations of the Company;

(6) to propose the appointment or dismissal of the Company's deputy general manager and financial controller;

(7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;

(8) to determine the rewards and penalties, promotion and demotion, increase and reduction of salaries, appointment, employment, dismissal, and discharge of the staff and workers of the Company;

(9) to act on behalf of the Company to deal with the material external affairs in accordance with the authorisation of the Board;

Other functions and powers conferred by the Articles of Association and the Board.

(Article 128 of Guidelines on Articles of Association)

Article 104 The general manager and deputy general manager may be present at board meetings. The general manager and deputy general manager have no voting rights at the board meetings unless he/she is also a Director.

(Article 128 of Guidelines on Articles of Association)

Article 105 The general manager and deputy general manager shall not, in exercising their functions and powers, change the resolutions of general meetings and board meetings or exceed their terms of reference.

Article 106 The general manager may resign before expiry of his/her term of office. The procedures and formalities for the resignation of the general manager shall be stipulated in the service contract between the general manager and the Company.

(Article 131 of Guidelines on Articles of Association)

Article 107 The deputy general manager of the Company is nominated by the general manager and appointed or dismissed by the Board of Directors. The deputy general manager assists the general manager in his work.

(Article 132 of Guidelines on Articles of Association)

Article 108 If a senior management officer violates any laws, administrative rules, departmental regulations and the provisions stipulated in these Articles of Association in the course of performing his/her duties of the Company and subsequently causes losses to the Company, he/she shall be liable for compensation.

(Article 134 of Guidelines on Articles of Association)

Article 109 Senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all the shareholders. If the Company's senior management officers fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of

the Company and public shareholders, they shall be liable for compensation in accordance with laws.

(Article 135 of Guidelines on Articles of Association)

## **Chapter 8 Supervisory Committee**

Article 110 The Company shall have a Supervisory Committee. The Supervisory Committee is the Company's standing supervisory organ. Its responsibilities are to exercise supervision over the Board and its members and management personnel including general manager and deputy general manager.

(Article 144 of Guidelines on Articles of Association)

Article 111 The Supervisory Committee consists of three supervisors who are elected for a term of three years and are eligible for re-election. The Supervisory Committee shall have a chairman for a term of three years, who can be re-elected. The election or removal of the chairman of the Supervisory Committee shall be approved by a vote of more than half of the supervisors. The meeting shall be convened and presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his duties, a supervisor who has been elected by half or more of the supervisors shall convene and preside over the meeting of the Supervisory Committee.

Where the tenure of supervisors expires and re-election has not yet been made in a timely manner, or where a supervisor resigns during his/her tenure resulting in the number of supervisors being less than the necessary quorum of the Supervisory Committee, the original supervisor shall continue to perform his/her duties as a supervisor pursuant to the provisions of laws, administrative regulations and these Articles of Association.

(Articles 138, 139, 140, and 144 of Guidelines on Articles of Association)

Article 112 The Supervisory Committee consists of one shareholder representative supervisor and two representative supervisors of staff and workers of the Company. The shareholder representative supervisor shall be elected and removed by the general meeting; the representative supervisor of staff and

workers of the Company shall be democratically elected and removed by the staff and workers of the Company.

(Article 144 of Guidelines on Articles of Association)

Article 113 The supervisors of the Company shall meet the supervisor qualifications stipulated in the Company Law.

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

Supervisors shall abide by laws, administrative regulations and these Articles of Association, have a duty of loyalty and diligence to the Company, and shall not use their functions and powers to accept bribes or other illegal income, or misappropriate the Company's property.

Supervisors shall not use their connected relationships to harm the interests of the Company. If they cause losses to the Company, they shall bear liability for compensation.

Supervisors who violate laws, administrative regulations, departmental rules or the provisions of these Articles of Association when performing their duties and cause losses to the Company shall bear liability for compensation.

(Articles 136, 137, 142, and 143 of Guidelines on Articles of Association)

Article 114 Meetings of Supervisory Committee shall be held at least once every six months and be convened by the chairman of Supervisory Committee. An extraordinary meeting of Supervisory Committee may be held upon requisition by the supervisors.

In convening the extraordinary meetings of the Supervisory Committee, all supervisors shall be notified in writing [five] days before the meeting. Where an extraordinary meeting of the supervisory committee is required to be convened as soon as possible in emergency, the notice of meeting may be delivered by telephone or by other verbal means at any time, but half or more of all supervisors must agree.

(Articles 146 of the Guidelines on Articles of Association)

Article 115 The Supervisory Committee is accountable to general meeting and shall

exercise the following functions and powers in accordance with laws:

- (1) to examine the Company's financial affairs;
- (2) to monitor any acts on the part of Directors and senior management officers in their performance of duties and propose the dismissal of Directors and senior management officers who have violated the laws, administrative regulations and these Articles of Association or resolutions passed by the shareholders' general meeting;
- (3) when the Directors and senior management officers are performing acts which are harmful to the Company's interests, to require the aforesaid persons to rectify their acts;
- (4) to propose the convening of an extraordinary general meeting, and convene and chair shareholders' general meetings in the event of the Board of Directors having failed to do so pursuant to the Company Law;
- (5) to put forward proposals to a shareholders' general meeting;
- (6) to bring an action against Directors and senior management officers in accordance with the Company Law;
- (7) in the event that the Supervisory Committee discovers any unusual operation of the Company, it may conduct an investigation and, when necessary, may engage professional organisations, such as accounting firms and law firms, to assist in its work, and any expenses incurred thereby shall be borne by the Company.

Supervisors are entitled to observe board meetings and raise inquiries or suggestions on board resolutions.

The Supervisory Committee may opine on the appointment of the accounting firm appointed by the Company, and where necessary, may otherwise appoint accounting firm in the name of the Company to separately audit the accounts of the Company, and may directly report to the securities supervisory and regulatory body under the State Council and to other relevant departments.

(Articles 141 and 145 of Guidelines on Articles of Association)

Article 116 Resolutions of the Supervisory Committee shall be made by the affirmative

vote of half or more (including half) of all supervisors. The Supervisory Committee shall keep minutes of meeting in relation to the decisions made on the matters of the meeting. Supervisors present and the person taking the minutes shall sign on the minutes.

Any supervisor shall be entitled to have an explanatory note made in the minutes regarding his/her speech at the meeting. The minutes of the meetings of the Supervisory Committee shall be kept as company files for a period of not less than 10 years.

(Articles 146 and 148 of Guidelines on Articles of Association)

Article 117 The notice of the meeting of the Supervisory Committee shall contain the following:

- (1) date, venue and duration of the meeting;
- (2) the reasons for and matters to be considered at the meeting;
- (3) the date on which such notice is dispatched.

(Article 149 of Guidelines on Articles of Association)

## **Chapter 9 Financial and Accounting System and Profit Distribution**

Article 118 The Company shall formulate its own financial and accounting systems in accordance with provisions of the laws, administrative regulations, and provisions formulated by relevant departments under the State Council.

(Article 150 of Guidelines on Articles of Association)

Article 119 At the end of each fiscal year, the Company shall prepare a financial report, which shall be examined by the accounting firm.

The financial accounting reports shall be prepared in accordance with the laws, administrative regulations and the provisions formulated by relevant departments.

The fiscal year of the Company is Gregorian calendar year, i.e. from January 1 to December 31 every year. The Company's first fiscal year starts from the date of establishment of the Company and ends on December 31



of that year.

The Company shall use RMB as the recording currency and the accounts shall be written in Chinese.

Article 120 The Company shall, at least 21 days before the annual general meeting, within 4 months after the end of the relevant fiscal year, send the aforementioned report to each H-share shareholder in a manner that complies with the provisions of the Listing Rules.

(Rule 13.46(2) of the Listing Rules)

Article 121 The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards, or that of the place overseas where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the financial statements. When the Company is to distribute its after-tax profits of relevant fiscal year, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

Article 122 Any interim result or financial information published or disclosed by the Company prepared in accordance with either international accounting standards or that of the place overseas where the Company's shares are listed may also be prepared in accordance with PRC accounting standards and regulations.

Article 123 The Company shall publish its financial reports twice every financial year, that is, the interim financial reports shall be published within 60 days after the end of the first six months of each financial year and annual financial reports shall be published within 120 days after the end of the financial year.

After the interim and annual accountant reports are made, such reports shall be announced and relevant procedures shall be accomplished in accordance with the laws and administrative regulations of the State, and the rules of the stock exchange where the shares of the Company are listed.

Article 124 The Company shall not establish accounting books other than the statutory accounting books. The assets of the Company shall not be deposited in an

account maintained in the name of any individual.

(Article 152 of Guidelines on Articles of Association)

Article 125 The Company shall implement an internal audit system, and shall establish an internal audit department or retain full-time internal auditors to conduct internal audit of its income, expenditure, and financial activities under the guidance of the Board of Directors.

The Company's internal audit system and auditors' responsibilities shall be implemented after approval by the Board of Directors. The person in charge of the audit is responsible for and reports to the Board of Directors.

(Articles 157 and 158 of Guidelines on Articles of Association)

Article 126 When distributing each year's after-tax profits, the Company shall set aside 10% of its after-tax profits for the statutory reserve fund, except where the fund has reached 50% or more of the Company's registered capital.

When the Company's statutory reserve fund is not sufficient to make up for the Company's losses of the prior years, current year profits shall be used to make good the losses before allocations are set aside for the statutory reserve fund in accordance with the provisions of the preceding paragraph.

The shareholders in general meeting may resolve to transfer any amount from the after-tax profits of the Company to reserve fund after transferring after-tax profits to the statutory reserve fund.

After the Company has made good its losses and made allocations to its reserve fund, the remaining after-tax profits could be available for distribution to shareholders in proportion to the number of shares held by the shareholders, save for distribution which is not made in proportion to shareholdings as specified in these Articles of Association.

In the event that the general meeting violates the preceding paragraph, any profit distributed to the shareholders prior to offsetting loss of the Company and allocating to the statutory reserve fund shall be returned to the Company by the shareholders.

No distribution of profits shall be made in respect of those shares of the Company held by the Company.

(Article 153 of Guidelines on Articles of Association)

Article 127 The reserve fund of the Company shall only be applied for the following purposes:

(1) to recover the Company's losses;

(2) to expand the production operation of the Company or to increase the Company's capital.

The capital reserve fund will not be used to cover the Company's losses.

When the Company, by resolution of the general meeting, converts its reserve fund into capital, new shares shall be distributed in proportion to the original shares of the shareholders. When the statutory reserve fund is to be converted into capitals, the amount remaining in the said reserve fund shall not fall below 25% of the registered capital prior to the increase.

(Article 154 of Guidelines on Articles of Association)

Article 128 Dividends shall be distributed in proportion to shares held by shareholders within 6 months after the end of each financial year.

Unless otherwise resolved by the general meeting, the general meeting may authorise the Board to distribute interim dividends.

Article 129 The Company may distribute dividends in the following manners.

(1) cash;

(2) shares.

Article 130 Dividends and other amounts paid by the Company to the holders of unlisted shares, shall be denominated and declared and paid in RMB within three months; Dividends and other amounts paid by the Company to the holders of H Shares shall be denominated and declared in RMB and paid in Hong Kong Dollars within three months.

The foreign currency required for the payment by the Company to holders of H Shares shall be arranged in accordance with the provisions of the PRC in relation to foreign exchange administration.

Article 131 The Company shall withhold tax payable in respect of dividend income to

be received by individual shareholders and pay such tax on behalf of such shareholders in accordance with the tax laws of the PRC.

Article 132 The Company shall appoint one or more receiving agents in Hong Kong and pay to such agents dividends declared and other monies owing in respect of H shares to be held, pending payment, in trust for the holders of such securities.

(Rule 19A.51 of Chapter 19A in the Listing Rules)

## **Chapter 10 Appointment of Accounting firm**

Article 133 The Company shall appoint an independent accounting firm that complies with the relevant national regulations of the State to carry out accounting statements audit, net assets verification and other related advisory services, etc.

(Article 159 of Guidelines on Articles of Association)

Article 134 The Company must at each annual general meeting engage an accounting firm. The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting until the conclusion of the next annual general meeting.

(Rule 13.88 of Chapter 13 in the Listing Rules)

Article 135 The Company shall guarantee that the accounting evidence, accounting books, financial and accounting reports and other accounting information provided to the accounting firm it engages are true and complete, and it shall not refuse or withhold any such information nor shall it provide any false information.

(Article 161 of Guidelines on Articles of Association)

Article 136 The Company's engagement of an accounting firm shall be approved by the general meeting by way of an ordinary resolution or by other body that is independent of the Board of Directors (where the laws and regulations permit the body to exercise such function and power), and the Board of Directors shall not engage the accounting firm until the shareholders' general meeting makes its decision on the appointment.

(Article 160 of Guidelines on Articles of Association)

(Rule 17 of Appendix A1 to the Listing Rules)

Article 137 If the Company intends to terminate or cease to renew the engagement of an accounting firm, a notice shall be given 15 days in advance to that accounting firm.

The Company must not remove its accounting firm before the end of the accounting firm's term of office without first obtaining shareholders' approval at a general meeting by way of an ordinary resolution or the approval of other body that is independent of the Board of Directors (where the laws and regulations permit the body to exercise such function and power). The Company must send a circular proposing the early removal of the accounting firm to shareholders with any written representations from the accounting firm, at least 10 business days before the general meeting. When a general meeting of the Company votes on the early dismissal of the accounting firm, the Company must allow the accounting firm to attend the general meeting and make written and/or verbal representations to shareholders at the general meeting.

Where the accounting firm tenders resignation, it shall explain to the general meeting whether there are any improper practices of the Company.

(Article 163 of Guidelines on Articles of Association)

(Rule 13.88 of Chapter 13 and Rule 17 of Appendix A1 to the Listing Rules)

Article 138 The remuneration of an accounting firm or the manner in which such remuneration is to be decided shall be determined by general meetings by way of an ordinary resolution or other body that is independent of the Board of Directors (where the laws and regulations permit the body to exercise such function and power).

(Article 162 of Guidelines on Articles of Association)

(Rule 17 of Appendix A1 to the Listing Rules)

## **Chapter 11 Insurance**

Article 139 In accordance with the regulations of relevant governing authorities of the PRC, the Company shall take out various types of insurance in prescribed manner with particular organisations or the People's Insurance Company (Group) of China Limited or other insurance companies that are registered in the PRC and are permitted by the PRC laws to provide insurance to Chinese companies. The types of coverage, the insured amounts and periods of the insurance shall be decided at a board meeting based on the practices of similar industries in other countries and the practice and legal requirements in China.

## **Chapter 12 Labor and Personnel Management Systems**

Article 140 The Company shall, in accordance with the relevant provisions of the Labor Law of the PRC, formulate its labor and personnel management systems, which shall be appropriate to its particular circumstances.

Article 141 The Company shall implement the labor contract system. The employment contract between the Company and the employee shall stipulate such issues as the engagement, employment, dismissal, reward and punishment, salary, welfare, working discipline, and labor protection of the Company's employee.

Article 142 The Company shall comply with the laws and regulations of the PRC in relation to protection and insurance of retirement and loss of office.

## **Chapter 13 Trade Union**

Article 143 The Company shall establish trade union and carry out trade union activities in accordance with the Trade Union Law of the PRC.

Article 144 The Company provides necessary funds and places to support normal trade union activities.

## **Chapter 14 Merger, Demerger, Capital Increase and Capital**

### **Reduction of the Company**

Article 145 In the event of the merger or demerger of the Company, a plan shall be presented by the Board of Directors of the Company and shall be approved in accordance with the procedures stipulated in these Articles of Association before processing the relevant formalities as required by laws. A shareholder who objects to the plan of merger or demerger shall have the right to demand the Company to repurchase his shares.

The contents of the resolution of merger or demerger of the Company shall be made into special documents for shareholders' inspection. Such special documents shall also be sent to holders of H shares in the manner that complies with the rules of the Hong Kong Stock Exchange.

Article 146 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

In the event of a merger of the Company, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the merger resolution was made and shall publish a public announcement in a newspaper within 30 days from the date of the merger resolution was made. A creditor has the right within 30 days of receiving such notice from the Company or, for creditors who do not receive the notice, within 45 days from the date of the public announcement, to demand that the Company repay its debts to that creditor or provide a corresponding guarantee for such debts.

Upon the merger, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

(Article 172, 173 and 174 of Guidelines on Articles of Association)

Article 147 In the case of a division of the Company, its assets shall be divided accordingly.

In the case of a division of the Company, a balance sheet and an inventory

of assets shall be prepared. The Company shall notify the creditors within 10 days, and publish an announcement in the newspapers within 30 days, from the date of passing the resolution for division by the Company.

The debts of the Company before division shall be borne by the companies established after division jointly and severally, unless otherwise agreed in writing between the Company and the creditors before the division in respect of debt settlement.

(Article 175 and 176 of Guidelines on Articles of Association)

Article 148      When the Company reduces its registered capital, it shall draw up a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days from the date of the Company's resolution for reduction of registered capital and shall publish an announcement in a newspaper within 30 days from the date of such resolution. A creditor has the right, within 30 days of receiving the notice from the Company or, in the case of a creditor who has not received the notice, within 45 days from the date of the announcement, to require the Company to repay its debts or provide corresponding guarantee for such debts.

(Article 177 of Guidelines on Articles of Association)

Article 149      In the case that merger or division of the Company results in any changes in registered particulars, modifications of registration shall be completed with the company registration authority according to law; in the case of dissolution, the deregistration shall be made according to law; in the case of the establishment of a new company, the registration of incorporation shall be made according to law.

Increase or reduction of the registered capital of the Company must be registered with the company registration authority according to law.

(Article 178 of Guidelines on Articles of Association)

## **Chapter 15    Dissolution and Liquidation of the Company**

Article 150      The Company shall be dissolved and liquidated in accordance with laws



upon the occurrence of any of the following events:

- (1) a special resolution for dissolution is passed by shareholders at the general meeting;
- (2) dissolution is necessary due to a merger or demerger of the Company;
- (3) the Company had its business license revoked, is ordered to close down or withdraw according to law;
- (4) when serious difficulties occur to the Company's operation and management and significant losses will be incurred to the shareholders by its continuance, and such difficulties cannot be solved by other means, the shareholders holding 10% or more of the total voting rights of all the shareholders may request the people's court to dissolve the Company.

(Article 179 of Guidelines on Articles of Association)

(Rule 21 of Appendix A1 to the Listing Rules)

Article 151 Where the Company is dissolved under clauses (1), (3) and (4) of the preceding Article, a liquidation committee shall be established within 15 days upon the occurrence of causes for dissolution. Members of the liquidation committee shall comprise Directors or personnel determined by general meetings. If a liquidation committee is not established within the stipulated period, the creditors can apply to the People's Court, requesting the court to appoint relevant personnel to form the liquidation committee.

(Article 181 of Guidelines on Articles of Association)

Article 152 The liquidation committee shall within 10 days of its establishment send notice to creditors, and shall within 60 days of its establishment publish a public announcement in a newspaper. A creditor shall within 30 days of receiving the notice, or for any creditor who does not receive the notice, within 45 days of the date of the public announcement, report his creditors' rights to the liquidation committee.

When reporting creditors' rights, the creditor shall provide an explanation of matters relevant to his creditor's rights and shall provide materials as evidence. The liquidation committee shall carry out registration of creditors' rights.

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

(Article 183 of Guidelines on Articles of Association)

Article 153 During the liquidation period, the liquidation committee shall exercise the following functions and powers:

(1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;

(2) to send notices to creditors or notify them by public announcement;

(3) to dispose of and liquidate any relevant unfinished business matters of the Company;

(4) to pay all outstanding taxes and those taxes arising during the liquidation process;

(5) to settle claims and debts of the creditors;

(6) to deal with the assets remaining after the Company's debts have been repaid;

(7) to represent the Company in any civil litigation proceedings.

(Article 182 of Guidelines on Articles of Association)

Article 154 After sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to the general meeting or to the People's Court for confirmation.

The remaining assets of the Company after repayment of liquidation expenses, staff wages and social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the Company's debts shall be distributed to the shareholders in proportion to their respective shareholdings.

During the liquidation, the Company remains continuing but shall not commence any business activities unrelated to the liquidation.

The Company's assets shall not be distributed to the shareholders before

repayment of its debts in full in accordance with the preceding paragraph.

(Article 184 of Guidelines on Articles of Association)

Article 155 If after sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall apply to the People's Court for a declaration of insolvency in accordance with laws.

After the Company is declared insolvent by a ruling of the People's Court, the liquidation committee shall turn over liquidation matters to the People's Court according to laws.

(Article 185 of Guidelines on Articles of Association)

Article 156 Upon completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, which shall be reported to the general meeting or the People's Court for confirmation, and shall be reported to the company registration authority to apply for cancellation of the Company's registration, and a public announcement shall be made for the termination of the Company.

(Article 186 of Guidelines on Articles of Association)

Article 157 Members of the liquidation committee shall perform their duty faithfully and discharge the obligation of liquidation in accordance with laws.

Members of the liquidation committee shall not take personal advantage of their posts to take bribes, receive other illegal incomes, or misappropriate assets of the Company.

Members of the liquidation committee shall compensate the losses brought to the Company or the creditors due to their intentional misconduct or gross negligence.

(Article 187 of Guidelines on Articles of Association)

Article 158 If the Company is declared bankruptcy pursuant to laws, bankruptcy liquidation shall be carried out in accordance with laws regarding enterprise bankruptcy.

(Article 188 of Guidelines on Articles of Association)

## **Chapter 16 Procedures for Amendments to the Articles of Association**

Article 159 Under any of the following circumstances, the Company shall amend its Articles of Association:

(1) After the Company Law or relevant laws and administrative regulations are revised, the matters stipulated in the Articles of Association conflict with the provisions of the revised laws and administrative regulations;

(2) The Company's situation changes and is inconsistent with the matters recorded in the Articles of Association;

(3) The general meeting decides to amend the Articles of Association by way of a special resolution.

(Article 189 of Guidelines on Articles of Association)

(Rule 17 of Appendix A1 to the Listing Rules)

Article 160 Any amendment to these Articles of Association passed by a resolution at the general meeting shall be reported to the competent authorities for approval as required; and if an amendment is relevant to any registration items of the Company, modifications of the registration shall be completed according to laws.

(Article 190 of Guidelines on Articles of Association)

Article 161 The Board of Directors amends the Articles of Association in accordance with the resolution of the general meeting and the approval opinions of the relevant competent authorities.

(Article 191 of Guidelines on Articles of Association)

Article 162 Amendments to the Articles of Association required to be disclosed by laws and regulations shall be announced in accordance with laws and regulations.

(Article 192 of Guidelines on Articles of Association)

## Chapter 17 Notices

Article 163 The Company's notice is issued in the following form:

- (1) By personal delivery;
- (2) Sent by mail;
- (3) By way of announcement;
- (4) Other forms stipulated in the Articles of Association.

(Article 164 of Guidelines on Articles of Association)

Article 164 Where a notice of the Company is served by announcement, the notice shall be deemed as received by the relevant persons once the notice is announced.

(Article 165 of Guidelines on Articles of Association)

Article 165 Unless otherwise stated in these Articles of Association, the corporate communications issued by the Company to the holders of overseas listed foreign shares listed in Hong Kong shall be served on such shareholders by personal delivery to the registered address of each holder of overseas listed foreign shares or by mail to each of such shareholders, or (i) in electronic form or (ii) on the Company's website and the website of the Hong Kong Stock Exchange, subject to compliance with the relevant requirements of the Listing Rules.

Any notice of the Company to its holders of domestic shares may be served by way of announcement in one or more newspapers designated by the securities regulatory authorities of the State. Upon publication of such announcement, all holders of domestic shares shall be deemed to have received such notice.

(Rule 2.07A(1) of the Listing Rules)

Article 166 Notices of meetings of the Company's Board of Directors and the Supervisory Committee shall be served by personal delivery, mail, e-mail, telephone, fax or through other written means, unless otherwise provided in the Articles of Association.

(Articles 167 and 168 of Guidelines on Articles of Association)

Article 167 If a notice of the Company is served by personal delivery, the recipient shall affix their signature (or seal) to the acknowledgement slip and the signing date shall be the date of service; if a notice is delivered by mail, it shall be dispatched in a clearly addressed and prepaid envelope, and such notice shall be deemed to have been received by the shareholder 5 days after the dispatch of such notice; if a notice of the Company is served by announcement, the date of first announcement shall be the date of service.

(Article 169 of Guidelines on Articles of Association)

Article 168 Any notices, documents, information or written statements issued by shareholders or Directors to the Company shall be delivered by personal delivery or sent by registered mail to the legal address of the Company.

Article 169 In order to prove that such notices, documents, information or written statements have been already sent, shareholders or Directors shall provide evidence to prove that such notice, document, information or written statement have been sent within the prescribed time in the normal way of sending with postage prepaid to the correct address of the Company.

Article 170 The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting or the resolutions adopted thereat.

(Article 170 of Guidelines on Articles of Association)

## **Chapter 18 Supplementary Articles**

Article 171 The newspapers mentioned in these Articles of Association for publishing public announcements, shall be those appointed or required by the relevant laws and administrative regulations of the State. If a public announcement is published to the holders of overseas listed foreign invested shares according to the provisions in these Articles of Association, such announcement shall be published in the newspapers and periodicals according to the “published in the newspapers” defined by the Listing Rules.

Article 172 The written form as mentioned in these Articles of Association includes

data messages that can tangibly express the content contained in electronic data exchange, e-mail, etc., and can be obtained or reviewed at any time.

Article 173 In these Articles of Association, the accounting firm shall be the same as that of “auditors”. The controlling shareholder as mentioned in these Articles of Association shall refer to a shareholder whose ordinary shares account for 50% or more of the total share capital of the Company or who holds less than 50% of the total share capital but holds voting rights sufficient to have a material impact on resolutions of the general meeting.

The de facto controller as stated in these Articles of Association refers to a person who, although not a shareholder of the Company, can actually control the Company’s actions through investment relationships, agreements or other arrangements.

In the Articles of Association, references to connected shareholders, connected relationships and connected transactions shall have the meaning ascribed to it by the Guidelines on Articles of Association.

The relevant provisions of the Listing Rules shall apply to the definitions of connected persons and their close associates as well as connected transactions as stated in the Articles of Association.

The terms “or more”, “within” and “below” in the Articles of Association include the numeral referred thereto; “except”, “less than” and “more than” do not include the numeral referred thereto.

(Articles 193 and 196 of Guidelines on Articles of Association)

Article 174 The Board of Directors of the Company shall have the power to interpret these Articles of Association within the scope granted by the laws and administrative regulations of the State.

(Article 197 of Guidelines on Articles of Association)

Article 175 The Articles of Association is written in Chinese. If there is any discrepancy between the Chinese version and that in any other languages, the latest Chinese version shall prevail.

Baoye Group Company Limited

5 July 2024