

# **Beijing Urban Construction Design & Development Group Co., Limited**

## **Articles of Association**

### **Beijing China**

Approved by the Second Extraordinary General Meeting of 2013 of Beijing Urban Construction Design & Development Group Co., Limited on 16 December 2013

Amended by the Second Extraordinary General Meeting of 2014 of Beijing Urban Construction Design & Development Group Co., Limited on 18 March 2014

Amended by the Third Extraordinary General Meeting of 2014 of Beijing Urban Construction Design & Development Group Co., Limited on 13 November 2014

Amended by the 2017 Annual General Meeting of Beijing Urban Construction Design & Development Group Co., Limited on 29 May 2018

Amended by the Second Extraordinary General Meeting of 2018 of Beijing Urban Construction Design & Development Group Co., Limited on 25 October 2018

Amended by the 2018 Annual General Meeting of Beijing Urban Construction Design & Development Group Co., Limited on 29 May 2019

Amended by the First Extraordinary General Meeting of 2019 of Beijing Urban Construction Design & Development Group Co., Limited on 15 August 2019

Amend by the 2019 Annual General Meeting, the 2020 First Domestic Shares Class Meeting and the 2020 First H Shares Class Meeting of Beijing Urban Construction Design & Development Group Co., Limited on 28 May 2020

Amended by the 2020 Annual General Meeting of Beijing Urban Construction Design & Development Group Co., Limited on 28 May 2021

Amended by the First Extraordinary General Meeting of 2022 of Beijing Urban Construction Design & Development Group Co., Limited on 11 March 2022

Amended by the First Extraordinary General Meeting of 2023 of Beijing Urban Construction Design & Development Group Co., Limited on 3 March 2023

Amended by the First Extraordinary General Meeting of 2024 of Beijing Urban Construction Design & Development Group Co., Limited on 8 March 2024

Amended by the Second Extraordinary General Meeting of 2024 of Beijing Urban Construction Design & Development Group Co., Limited on 1 August 2024

Amended by the 2024 Annual General Meeting, the 2025 First Domestic Shares Class Meeting and the 2025 First H Shares Class Meeting of Beijing Urban Construction Design & Development Group Co., Limited on 16 June 2025

Amended by the First Extraordinary General Meeting of 2025 of Beijing Urban Construction Design & Development Group Co., Limited on 25 November 2025

Amended by the 2025 Annual General Meeting of Beijing Urban Construction Design & Development Group Co., Limited on 29 May 2026

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*Note:* In these Articles of Association, “**Company Law**” refers to the Company Law of the People’s Republic of China effective on 1 July 2024 as amended on 29 December 2023; “**Guidance for the AoA**” refers to the Guidance for the Articles of Association of Listed Companies issued by the China Securities Regulatory Commission; “**Listing Rules**” refer to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

# Beijing Urban Construction Design & Development Group Co., Limited

## Articles of Association

### CHAPTER I GENERAL PROVISIONS

**Article 1.** To safeguard the legal interests of Beijing Urban Construction Design & Development Group Co., Limited (the “Company”), its shareholders and creditors and to regulate the organization and behaviour of the Company, the Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (中華人民共和國公司法) (the “Company Law”), Securities Law of the People’s Republic of China (中華人民共和國證券法), the Guidance for the Articles of Association of Listed Companies (《上市公司章程指引》) (the “Guidance for the AoA”), the Constitution of the Communist Party of China (中國共產黨章程) (the “Constitution”) and other relevant regulations.

**Article 2.** The Company was established as a joint stock limited company under the Company Law and other relevant laws and administrative regulations of the PRC.

The Company was incorporated by way of joint promotion by the promoters with the approval by the State-owned Assets Supervision and Administration Commission of Beijing (北京市人民政府國有資產監督管理委員會), as evidenced by the Document Jing Guo Zi [2012] No.157. The Company was registered with the Administration for Industry and Commerce of Beijing and was granted a business license on 28 October 2013. The Company’s current unified social credit code of enterprise legal person business license number is 91110000101360785M.

The promoters of the company are Beijing Urban Construction Group Co., Ltd., Beijing Infrastructure Investment Co., Ltd., Beijing National Development Equity Investment Fund (Limited Partnership), Beijing Rail Transit Construction and Management Co., Ltd., Beijing Gonglian Highway Connect Line Co., Ltd, Tianjin Jun Rui Qi Equity Investment Partnership (LLP), Beijing Zhongtai Investment Management Co., Ltd. and Beijing You Neng Shang Zhuo Venture Capital Fund (LLP).

**Article 3.** The registered Chinese name of the Company: 北京城建設計發展集團股份有限公司

The registered English name of the Company: Beijing Urban Construction Design & Development Group Co., Limited

Short form of the Company's Chinese name: 設計發展集團

Short form of the Company's English name: UCD

**Article 4.** The Company's domicile: 5 Fuchengmen North Avenue, Xicheng District, Beijing

Telephone number: +86 10 8833 6868

Fax number: +86 10 8833 6763

Postal Code: 100037

**Article 5.** The Company's legal representative is the chairman of the board of directors of the Company. Where the chairman of the board of directors resigns, such person shall be deemed to have resigned as the legal representative at the same time. Where the legal representative resigns, the Company will appoint a new legal representative within 30 days from the date of the resignation of the legal representative.

**Article 6.** The Company is a joint stock limited company in perpetual existence.

The Company is an independent enterprise legal person, owns independent property of a legal person, is entitled to property right of a legal person, and possesses the civil rights and assumes the civil liabilities prescribed by law.

The capital of the Company shall be divided into shares of equal value and the respective rights and liabilities of the shareholders of the Company shall be limited to the shares held by them. The Company shall be held liable for its debts with all of its assets.

**Article 7.**

The Articles of Association are passed by way of special resolution at the general meeting of the Company with approval of the relevant authorities of the State, and come into effect from the date of listing of the Company's overseas-listed foreign shares on the Stock Exchange of Hong Kong Limited Stock Exchange (hereafter referred to as "Hong Kong Stock Exchange"). The Company's original articles of association registered with the market supervision and administration authority shall be superseded by the Articles of Association.

As of the date when the Articles of Association become effective, the Articles of Association constitute a legally binding document regulating the Company's organization and behaviour, and the rights and obligations between the Company and the shareholders and among the shareholders.

**Article 8.**

The Articles of Association are binding on the Company and its shareholders, directors, general manager and other senior management members, all of whom may raise the claims of rights in respect of the Company's affairs in accordance with the Articles of Association.

Shareholders may institute legal proceedings against the Company pursuant to the Articles of Association; the Company may institute legal proceedings against its shareholders pursuant to the Articles of Association; Shareholders may institute legal proceedings against other shareholders pursuant to the Articles of Association; Shareholders may institute legal proceedings against the directors, general manager and other senior management members of the Company pursuant to the Articles of Association.

Where the directors or senior management members other than the members of the audit and risk committee, in the execution of their duties, violate the laws, administrative regulations or the Articles of Association and cause losses to the Company, shareholders individually or collectively holding one percent or more of the Company's shares for 180 consecutive days or more shall be entitled to request the audit and risk committee in writing to institute legal proceedings with the People's Court; where members of the audit and risk committee, in the execution of their duties, violate the laws, administrative regulations or the Articles of Association and cause losses to the Company, the foregoing shareholders shall be entitled to request the board of directors in writing to institute legal proceedings with the People's Court.

Where the audit and risk committee or the board of directors refuses to institute legal proceedings upon receipt of the written request from the shareholders specified in the preceding paragraph, or fails to institute legal proceedings within thirty days from the date of receipt of the request, or in urgent circumstances where the failure to institute legal proceedings immediately will cause irreparable harm to the interests of the Company, the shareholders specified in the preceding paragraph shall be entitled to institute legal proceedings with the People's Court directly in their own name for the interests of the Company.

Where any other person infringes upon the legitimate rights and interests of the Company and causes losses to the Company, the shareholders specified in the third paragraph of this Article may institute legal proceedings with the People's Court in accordance with the provisions of the preceding two paragraphs.

The term "legal proceedings" referred to in the preceding paragraph includes any legal action brought before a court or arbitration application submitted to an arbitration institution. Other senior management members referred to in the preceding paragraph include the deputy general manager, chief engineer, chief economist and chief accountant, chief planner, chief architect, secretary to the board of directors and general counsel.

**Article 9.** The Company may, pursuant to the requirements for business development and with the approval of the relevant government authority, establish subsidiary or branch, representative office or office in overseas jurisdiction, in Hong Kong Special Administrative Region ("Hong Kong"), Macau Special Administrative Region ("Macau") and Taiwan.

**Article 10.** The Company may invest in other enterprises. However, where the law stipulates that the Company shall not be investor which is jointly and severally liable for the invested enterprise's debts, such provision shall prevail.

**Article 11.** In accordance with the provisions of the Constitution, the Company shall establish an organization of the Communist Party of China (hereinafter referred to as the "Party organization"). The Party organization shall play a role of the leadership core and the political core of the Company, setting the right direction, keeping in mind the big picture, ensuring the implementation of Party policies and principles. The working organ of the Party shall be established to carry out Party activities.

The Company shall provide necessary conditions for the Party organization to implement its normal activities, including the establishment of the Party organization and staffing of Party members into the enterprise's management organization, staffing, and inclusion of the Party organization's work funding into the Company's management budget.

**Article 12.** According to the Constitution of the People's Republic of China and other relevant laws, the Company exercises democratic management. The Company shall establish the trade union in accordance with the law, carry out trade union activities and safeguard the legal rights of employees. The Company shall provide necessary conditions for the activities of its trade union.

## CHAPTER II OBJECTIVES AND SCOPE OF BUSINESS

**Article 13.** The business objectives of the Company are: to become a first class urban constructor with architecture design at the core of the business and providing a comprehensive range of services and strive to make shareholder, community and employee happy.

**Article 14.** The scope of business of the Company shall be based on the items approved by the examination and approval department subject to the examination and approval by the market supervision and administration authority.

The Company's scope of business includes: Licensed items: construction engineering design; construction engineering survey; construction engineering operations; construction labour subcontracting; specialized construction operations; sales of products specialized for computer information system security; special equipment design; urban public transportation; maintenance of railway rolling stock; internet information services; inspection and testing services. (For activities requiring approval according to the law, the operating activities shall only be commenced upon the approval of the relevant authorities, and the specific operating items shall be subject to the approval documents or licenses of the relevant authorities) General items: engineering cost consulting business; planning and design management; technology services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; investment activities with own funds; property management; import and export of goods; import and export of technology; import and export agency; advertising design and agency; advertising production; advertising publishing; educational consulting services (excluding educational training activities subject to licensing and approval); conference and exhibition services; social economic consulting services; professional design services; software development; computer system services; sales of railway rolling stock; sales of high-speed railway equipment and accessories; sales of specialized equipment, key systems and components for rail transit; sales of machinery and equipment; sales of household electrical appliances; sales of special equipment for environmental protection; retail of computer software, hardware and ancillary equipment; sales of industrial control computers and systems; sales of communication equipment; sales of fire safety equipment; leasing of machinery equipment; engineering management services; water pollution control; development of artificial intelligence basic software; environmental protection consulting services; data processing and storage support services; industrial design services; overseas project contracting; labour services (excluding labour dispatch); repair of special equipment; repair of general equipment; maintenance of transportation facilities; development of rail transit operation management systems; Internet of Things application services; sales of electronic products; fire safety technology services; engineering technology services (excluding planning management, survey, design and supervision); technical services for on-site assessment of fire safety acceptance of construction projects; public security management consulting services. (Except for activities requiring approval according to the law, operating activities shall be carried out independently with the business license in accordance with the law) (None of those prohibited and restricted operating activities under the business policies of the State and Beijing municipality shall be carried out.)

The Company may, pursuant to the demand of the domestic and international markets, its own development capabilities and business needs, change the scope of business in accordance with the laws.

### CHAPTER III SHARES, SHARE TRANSFER AND REGISTERED CAPITAL

**Article 15.** The Company shall have ordinary shares at all times. The ordinary shares issued by the Company include domestic shares and foreign shares. It may have other kinds of shares according to needs, upon approval of the examination and approval department authorized by the State Council, subject to the requirements of the laws and administrative regulations.

**Article 16.** Certificates will be issued for the shares of the Company. All shares issued by the Company shall have a par value of RMB1 per share.

The term “RMB” mentioned in the above paragraph shall refer to the legal currency of the People’s Republic of China.

**Article 17.** Subject to the approval of the competent securities regulatory authority of the State Council, the Company may issue shares to domestic and foreign investors.

The term “overseas investors” referred to in the preceding paragraph means investors from foreign countries, Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company. The term “domestic investors” means investors in the PRC, excluding the regions mentioned above, who subscribe for shares issued by the Company.

**Article 18.** Shares issued by the Company to domestic investors for subscription in Renminbi are referred to as domestic shares. Shares issued by the Company to overseas investors for subscription in foreign currencies are referred to as foreign shares. Foreign shares which are listed overseas are referred to as overseas-listed foreign shares.

The term “foreign currencies” referred to in the preceding paragraph means the legal currencies (other than RMB) of other countries or regions which are recognized by the competent authorities of the state administration of foreign exchange for the payment of share subscription to the Company.

The overseas listed foreign shares of the Company listed in Hong Kong shall refer to as H shares. H shares are shares which are listed on The Hong Kong Stock Exchange upon approval with a par value denominated in Renminbi and are subscribed and traded in Hong Kong dollars.

Upon obtaining an approval from the competent securities regulatory authority of the State Council, holders of domestic shares of the Company may transfer the Company's shares held by them to foreign investors and have such shares listed and traded overseas. Shares transferred and listed on an overseas stock exchange shall also be subject to the regulatory procedures, regulations and requirements of the overseas securities market. The listing and trading of the transferred shares in overseas stock exchanges do not require voting at any meeting of shareholders.

**Article 19.**

As approved by the examination and approval department of the Company, a total of 920,000,000 ordinary shares were issued to, subscribed and held by the Company's promoters, namely Beijing Urban Construction Group Co., Ltd., Beijing Infrastructure Investment Co., Ltd., Beijing National Development Equity Investment Fund (Limited Partnership), Beijing Rail Transit Construction and Management Co., Ltd., Beijing Gonglian Highway Connect Line Co., Ltd., Tianjin Jun Rui Qi Equity Investment Partnership (LLP), Beijing You Neng Shang Zhuo Venture Capital Fund (LLP) and Beijing Zhongtai Investment Management Co., Ltd., at the inception of the Company.

The number of shares subscribed and method of capital contribution by each of the promoters are set out as follows:

- (1) 598,000,000 shares, representing 65% of the total number of ordinary shares, were subscribed by Beijing Urban Construction Group Co., Ltd. through the contribution of net assets;
- (2) 92,000,000 shares, representing 10% of the total number of ordinary shares, were subscribed by Beijing Infrastructure Investment Co., Ltd. through the contribution of net assets;
- (3) 46,000,000 shares, representing 5% of the total number of ordinary shares, were subscribed by Beijing National Development Equity Investment Fund (Limited Partnership) through the contribution of net assets;
- (4) 46,000,000 shares, representing 5% of the total number of ordinary shares, were subscribed by Beijing Rail Transit Construction and Management Co., Ltd. through the contribution of net assets;
- (5) 46,000,000 shares, representing 5% of the total number of ordinary shares, were subscribed by Beijing Gonglian Highway Connect Line Co., Ltd. through the contribution of net assets;
- (6) 46,000,000 shares, representing 5% of the total number of ordinary shares, were subscribed by Tianjin Jun Rui Qi Equity Investment Partnership (LLP) through the contribution of net assets;
- (7) 23,184,000 shares, representing 2.52% of the total number of ordinary shares, were subscribed by Beijing Zhongtai Investment Management Co., Ltd. through the contribution of net assets;

- (8) 22,816,000 shares, representing 2.48% of the total number of ordinary shares, were subscribed by Beijing You Neng Shang Zhuo Venture Capital Fund (LLP) through the contribution of net assets;

**Article 20.** The share capital structure of the Company shall be as follows: 1,348,670,000 ordinary shares, of which 960,733,000 shares are domestic shares, among which, 571,031,118 shares are held by Beijing Urban Construction Group Co., Ltd.; 87,850,942 shares are held by Beijing Infrastructure Investment Co., Ltd.; 76,000,000 shares are held by Beijing Chengtong Enterprise Management Center (general partnership) (北京城通企業管理中心(普通合夥)); 46,000,000 shares are held by Beijing Jinguofa Equity Investment Fund (Limited Partnership); 43,925,470 shares are held by Beijing Rail Transit Construction and Management Co., Ltd.; 43,925,470 shares are held by Beijing Gonglian Highway Connect Line Co., Ltd.; 46,000,000 shares are held by Beijing Jinguochuang Advantage Industry Fund (Limited Partnership) (北京京國創優勢產業基金(有限合夥)); 23,184,000 shares are held by Beijing Shengda Xingye Real Estate Development Co., Ltd. (北京盛達興業房地產開發有限公司); 22,816,000 shares are held by Beijing You Neng Shang Zhuo Venture Capital Fund (LLP). The remaining 387,937,000 shares are H shares.

**Article 21.** Upon approval by the competent securities regulatory authority of the State Council of the Company's proposal for issue of overseas listed foreign shares and domestic shares, the board of directors of the Company may make implementation arrangements for separate share issues.

The Company's arrangement for separate issue of overseas listed foreign shares and domestic shares pursuant to the preceding paragraph may be implemented within fifteen months from the date of approval by the competent securities regulatory authority of the State Council.

**Article 22.** Where the Company issues overseas listed foreign shares and domestic shares respectively within the total number of shares as stated in the issuance proposal, the respective shares shall be subscribed for in full at one time. If these shares cannot be subscribed for in full at one time under special circumstances, they may be issued in several tranches subject to the approval of the competent securities regulatory authority of the State Council.

**Article 23.** The Company has a registered capital of RMB1,348,670,000.

**Article 24.** The Company may, subject to its business operation and development needs, approve an increase in its capital in accordance with the relevant provisions of the Articles of Association.

The Company may increase its capital in the following ways:

- (1) offering of new shares to non-specific investors;
- (2) placing of new shares to existing shareholders;
- (3) allotment of new shares to existing shareholders;
- (4) issuance of new shares to specific investors;
- (5) converting its public reserve funds into share capital; or
- (6) other methods permitted by laws and administrative regulations and approved by competent securities regulatory authority of the State Council.

Any increase in capital of the Company by way of issuing new shares shall be subject to approval under the Articles of Association and completion of the relevant procedures as prescribed by the relevant laws and administrative regulations of the State.

**Article 25.** Unless otherwise provided by the laws and administrative regulations, shares of the Company are freely transferable and are not subject to any lien.

#### **CHAPTER IV CAPITAL REDUCTION AND REPURCHASE OF SHARES**

**Article 26.** In accordance with the provisions of the Articles of Association, the Company may reduce its registered capital. In the event that the Company reduces its registered capital, the Company shall proceed with the procedures according to the requirements of the Company Law and other regulations and the procedures set out by the Articles of Association.

**Article 27.** Where the Company reduces its registered capital, it shall prepare a balance sheet and a list of assets. The Company shall notify its creditors within ten days from the date of the Company's resolution on reduction in registered capital passed at the shareholders' meeting and shall publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within thirty days from the date of such resolution. Creditors of the Company shall be entitled, within thirty days from the date of receipt of the notice from the Company or, in case of a creditor who has not received such notice, within forty-five days of the date of the announcement, to require the Company to repay its debts or provide a corresponding repayment guarantee for such debt.

The Company's registered capital after the capital reduction shall not fall below the minimum statutory requirement.

**Article 28.**

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

- (1) cancellation of shares for the purposes of reducing its capital;
- (2) merging with another company that holds shares in the Company;
- (3) using the shares for the purpose of employee stock ownership plan or as equity incentives;
- (4) acquiring the shares of dissident shareholders (upon their request) who vote against any resolution adopted at any general meetings on the merger or division of the Company;
- (5) using the shares for conversion of corporate bonds which are convertible into shares issued by the Company;
- (6) such circumstances that are necessary for the Company to safeguard its value and the interests of its shareholders; and
- (7) such other circumstances as permitted by the laws and administrative regulations.

Where the Company repurchases shares under the circumstances as required in items (1) and (2) of the preceding paragraph in the Articles of Association, it shall be subject to resolution at the shareholders' meeting. Where the Company repurchases shares under the circumstances as required in items (3), (5) and (6) of the preceding paragraph, it shall be subject to resolution at the board meeting with over two-thirds of directors present.

Where the relevant provisions of the securities regulatory authority at the places where the Company's shares are listed have any other provisions in respect of the repurchase of shares, such provisions shall prevail.

**Article 29.**

Repurchase of shares by the Company upon the approval of the competent authority of the State may be conducted by one of the following means:

- (1) making a repurchase offer to all shareholders in proportion to their respective shareholdings;
- (2) repurchase through public dealings on stock exchanges;
- (3) to repurchase by agreements outside stock exchanges; or
- (4) such other circumstances as permitted by the laws and administrative regulations and approved by the regulatory authority.

Where the Company repurchases shares under the circumstances as required in items (3), (5) and (6) of Article 28 of the Articles of Association, it shall be conducted through open and centralized trading.

Where the relevant provisions of the securities regulatory authority at the places where the Company's shares are listed have any other provisions in respect of the repurchase of shares, such provisions shall prevail.

**Article 30.**

Where the Company repurchases its shares through an off-market agreement, it shall seek prior approval of shareholders at general meeting in accordance with the Articles of Association. The Company may, upon prior approval of the shareholders at a general meeting, release or vary any contract which has been entered into by the Company in the manner set forth above, or waive any of its rights thereunder.

The "agreement for the repurchase of shares" referred to in the preceding paragraph includes (but not limited to) an agreement to assume the obligations to repurchase shares or acquire the rights to repurchase shares.

The Company may not assign an agreement for the repurchase of its shares or any right contained in such agreement. Where the Company has the power to repurchase redeemable shares, the price of the repurchases not made through the market or by tender shall be limited to a fixed maximum price; if repurchases are made by tender, the tender shall be made available to all shareholders alike.

**Article 31.**

After the Company has repurchased its shares according to provision 1 of Article 28 of the Articles of Association, the shares repurchased under the circumstances as required in paragraph (1) shall be cancelled within ten days from the date of repurchase; the shares repurchased under the circumstances as required in items (2) and (4) shall be transferred or cancelled within six months; where the shares have been repurchased under the circumstances as required in items (3), (5) and (6), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within three years.

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

Where the relevant provisions of the securities regulatory authority at the places where the Company's shares are listed have any other provisions in respect of the cancellation of repurchased shares, such provisions shall prevail.

**Article 32.**

Unless the Company is in the course of liquidation, it must comply with the following provisions in respect of repurchase of its issued outstanding shares:

- (1) where the Company repurchases its shares at par value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose;
- (2) where the Company repurchases its shares at a premium to their par value, payment up to the par value shall be made out of the book balance of distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
  - a) if the shares being repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;
  - b) where the Company repurchases its shares at a premium to their par value, payment shall be made out of the book balance of distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose, provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased nor the amount of the Company's share premium account (or capital reserve account) at the time of repurchase (including the premiums on a new issue of shares);
- (3) payment by the Company shall be made out of the Company's distributable profits in consideration of the followings:
  - a) acquisition of the right to repurchase its own shares;
  - b) variation of any contract for the repurchase of its shares;
  - c) release of its obligation(s) under any repurchase contract.
- (4) after the Company's registered capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value portion of the shares repurchased shall be transferred to the Company's share premium account (or capital reserve account).

## CHAPTER V FINANCIAL ASSISTANCE FOR PURCHASE OF THE COMPANY'S SHARES

**Article 33.** The Company or its subsidiaries shall not, by any means and at any time, provide any kind of financial assistance to a person who is acquiring or intends to acquire shares of the Company. The person who purchases shares in the Company set forth above includes any person who directly or indirectly assumes any obligations as a result of the acquisition of shares in the Company.

The Company or its subsidiaries shall not, by any means and at any time, provide financial assistance to the aforementioned obligor for the purpose of reducing or discharging the obligations assumed by him.

This Article shall not apply to the circumstances referred to in Article 35 in this Chapter.

**Article 34.** The financial assistance referred to in this Chapter includes (without limitation) the following means:

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

For the purposes of this chapter, the "assumption of obligations" shall include the assumption of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not, and irrespective of whether such obligations are to be borne by the obligor solely or jointly with other persons), or by any other means which results in a change in the Company's financial status.

**Article 35.** The following behaviours shall not be deemed to be behaviours as prohibited by Article 33:

- (1) the provision of financial assistance by the Company where the financial assistance is provided in good faith in the interests of the Company. Subject to a resolution at the shareholders' meeting or a resolution made by the Board of Directors in accordance with the Articles of Association or the authorization of the shareholders' meeting, the Company may provide financial assistance for others to acquire the shares of the Company or its parent company, and the accumulative total amount of financial assistance shall not exceed 10% of the total issued share capital. A resolution made by the board of directors shall be approved by more than two-thirds of all the directors;
- (2) the provision of funds by the Company to the employee share option schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is funded by its distributable profits).

Where any violation of the above provisions causes losses to the Company, the responsible directors and senior management members shall be liable for compensation.

## **CHAPTER VI SHARE CERTIFICATES AND REGISTER OF MEMBERS**

**Article 36.** Share certificates of the Company shall be in registered form. The following particulars shall be stated in the share certificates of the Company:

- (1) the Company's name;
- (2) the date of establishment registration of the Company;
- (3) the class of the shares, the par value and the number of shares represented by the share certificate;
- (4) the serial number of the share certificate;
- (5) other particulars as required by the Company Law and the stock exchange(s) where the Company has its shares listed.

Where the share capital of the Company includes non-voting shares, the name of such shares shall contain the term "without voting right".

Where the share capital includes shares with different voting rights, the name of each class of shares (other than shares with the most privileged voting rights) shall contain the term "restricted voting right" or "limited voting right".

**Article 37.** The share certificates shall be signed by the chairman. Where the stock exchange where the Company has its shares listed requires the share certificates to be signed by other senior management members, the share certificates shall also be signed by such senior management members. The share certificates shall be effective after being affixed or printed with the seal of the Company. The share certificates shall only be affixed with the company seal with the authorization of the board. The signatures of the chairman of the board or other relevant senior management members on the share certificates may also be in printed form.

**Article 38.** The Company shall keep a register of members which shall register the following particulars:

- (1) the name, address (place of domicile), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid or payable in respect of shares held by each shareholder;
- (4) the serial numbers of shares held by each shareholder;
- (5) the date on which each shareholder was registered as a shareholder; and
- (6) the date on which any shareholder ceased to be a shareholder.

The register of members shall be sufficient evidence of the holding of the Company's shares by a shareholder, unless there is evidence to the contrary.

Subject to the Articles of Association and other relevant provisions, immediately after the transfer of the Company's shares, the name of the transferee shall be entered into the register of members as the holder of such shares.

The transfer and transmission of shares shall be registered with the overseas share transfer register appointed by the Company. The Company must instruct and urge its share transfer register to deny requests to register share subscription, purchase or transfer under the name of any individual holder, unless and until the individual file the transfer form of such shares with proper signatures with the share transfer register.

All behaviours or transfer of overseas listed foreign shares will be recorded in the register of members of overseas listed foreign shares which is kept in the place where such shares are listed pursuant to the provisions of Article 39 herein.

When two or more persons are registered as joint holders of any shares, they shall be deemed to be joint owners of such shares and subject to the following terms:

- (1) the Company does not need to register more than four persons as joint holders of any shares;
- (2) the joint holders of any shares shall jointly and severally assume the liability to pay for all the amounts payable for the relevant shares;
- (3) in case one of the joint holders has deceased, only the surviving joint holders shall be deemed by the Company to be the persons having ownership of the relevant shares. But the board of directors shall have the right, for the purpose of making amendments to the register of members, to demand death certificates of relevant shareholder where it deems appropriate; and
- (4) for joint holding of any shares, only the joint holder whose name appears first in the register of members is entitled to receive the certificate for the relevant shares and the Company's notices, and to attend and exercise all voting rights of the relevant shares in the shareholders' meetings of the Company. Any notice served on the above person shall be deemed to have been served on all joint holders of the relevant shares.

**Article 39.**

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

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

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

**Article 40.**

The Company shall maintain a complete register of members. The register of members shall include the following parts:

- (1) the register of members which is maintained at the Company's place of domicile (other than those share registers which are described in paragraphs (2) and (3) of this Article);

- (2) the register of members with respect to the holders of overseas-listed foreign shares of the Company which is maintained at the place where the overseas stock exchange on which the shares are listed is located; and
- (3) the register of members which is maintained in such other place as the board may consider necessary for the purpose of listing of the Company's shares.

**Article 41.**

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

Alterations or amendments on each part of the register of members shall be made in accordance with the laws of the place where that part of the register of members is maintained.

**Article 42.**

All fully paid-up overseas-listed foreign shares listed in Hong Kong are freely transferable pursuant to the Articles of Association. The board may refuse to recognize any instrument of transfer without explanation unless such transfer meets the following conditions:

- (1) The relevant expenses have been paid to the Company according the fee schedule set out in the Listing Rules for registration of transfer and other documents relating to or which will affect the right of ownership of the shares;
- (2) the document of transfer involves only the overseas-listed foreign shares listed in Hong Kong;
- (3) the stamp duty payable on the instrument of transfer has been paid as required by the laws in Hong Kong;
- (4) the relevant share certificates and evidence reasonably required by the board of directors showing that the transferor has the right to transfer such shares have been provided;
- (5) if the shares are to be transferred to joint holders, the number of such joint holders shall not exceed four;
- (6) the Company does not have any lien over the relevant shares; and

- (7) No transfer shall be made to an underage or to a person of unsound mind or legally proclaimed with behavioural disability.

If the board of directors refuses to register the transfer of shares, it shall provide a notice of refusal to both the transferor and the transferee within two months from the date of the formal application of such transfer.

The directors and senior management of the Company shall declare to the Company any shares held by them and the change of such shareholding; every year during the term of their office as determined at the time of their appointment, they shall not transfer shares exceeding 25% of the total number of shares of the Company they held; the shares of the Company they held are not transferable within one year from the listing date of the H shares. They shall not transfer the shares of the Company within six months from the termination of office.

The Company shall not accept any shares of the Company as the subject of pledge.

**Article 43.**

All transfers of overseas-listed foreign shares listed in Hong Kong shall be effected by a written document of transfer in an ordinary or common form or any other form acceptable to the board (including the standard transfer format or form of transfer specified by the Hong Kong Stock Exchange from time to time). The written document of transfer may be signed by hand or stamped with company seals if transferors or transferees are companies. The instrument of transfer of any share may be executed by hand or, in case the transferor or the transferee is a corporation, be executed with the seal of the corporation. If the transferor or the transferee is a recognized clearing house as defined in the relevant laws of Hong Kong in force from time to time (“Recognized Clearing House”) or its agent, the share transfer form may be executed by hand or in mechanically-printed form.

All instruments of transfer shall be maintained at the legal address of the Company or addresses as the board of directors may designate from time to time.

**Article 44.**

Provided that the PRC laws, regulations and the listing rules of the stock exchange where the Company has its shares listed have any provisions in respect of the period of closure of the register of members prior to a shareholders’ general meeting or the benchmark date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

**Article 45.**

When the Company intends to convene a general meeting, distribute dividends, enter into liquidation or engage in other activities that involve confirmation of equity interests, the board of directors shall determine a specific day for confirmation of shareholdings. Shareholders shown on the register of members by the end of the date for confirmation of shareholdings shall be the shareholders of the Company.

**Article 46.** Any person who objects to the register of members and requests to have his name entered in or removed from the register of members may apply to a court of competent jurisdiction for rectification of the register of members.

**Article 47.** Any shareholder who is registered in, or any person who requests to have his name entered in, the register of members may, if his share certificates (the “original certificates”) are misplaced, stolen or lost, apply to the Company for reissuing new share certificate in respect of such shares (the “relevant shares”).

If a holder of domestic shares misplaces, loses his/her share certificate or has his/her share certificate stolen and applies for reissue, it shall be dealt with in accordance with the relevant provisions of the Company Law.

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

If a holder of H shares misplaces, loses his/her share certificate or has his/her share certificate stolen and applies for a replacement share certificate, such share certificate shall be issued in compliance with the following requirements:

- (1) the applicant shall submit an application to the Company in prescribed form accompanied by a notarial certificate or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the misplacement, stealth and loss of the share certificates as well as declaring that no other person shall be entitled to request to be registered as the holder of the relevant shares.
- (2) before the Company decides to issue the replacement share certificate, no statement made by a person other than the applicant requesting that he shall be registered as the shareholder in respect of the Relevant Shares has been received.
- (3) the Company shall, if it decides to issue a replacement share certificate to the applicant, make an announcement of its intention to issue the replacement share certificate in such newspapers designated by the board; the announcement shall be made at least once every 30 days for a period of 90 days.
- (4) the Company shall, prior to the publication of the announcement of its proposed issuance of a replacement share certificate, deliver to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been displayed on the stock exchange. The announcement shall be displayed on the stock exchange for a period of 90 days.

In case an application to issue a replacement share certificate has been made without the consent of the registered holder of the relevant shares, the Company shall deliver by mail to such registered shareholder a copy of the announcement to be published.

- (5) if, upon expiration of the 90-day period of announcement and display referred to in paragraphs (3) and (4) of this article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant accordingly.
- (6) where the Company issues a replacement share certificate in accordance with this article, it shall forthwith cancel the original certificate and record the cancellation and replacement matters in the register of members accordingly.
- (7) all expenses relating to the cancellation of an original certificate and the issuance of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 48.** Where the Company reissues a new share certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case that he is a bona fide purchaser) shall not be removed from the register of members.

**Article 49.** The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original certificate or the reissuance of the new share certificate, unless the claimant proves that the Company had acted fraudulently.

## **CHAPTER VII SHAREHOLDERS' RIGHTS AND OBLIGATIONS**

**Article 50.** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of members.

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares held. Shareholders of the same class shall have equal rights and assume equal obligations. Shareholders of different classes of the Company shall rank *pari passu* over dividends or any forms of distribution.

Where a legal person has become a shareholder of the Company, its rights shall be exercised by its legal representative or agent of the legal representative.

The Company shall not exercise any of its power to freeze or otherwise impair any of the rights attached to any shares of the Company for the only reason that a person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

**Article 51.**

Holders of ordinary shares of the Company shall be entitled to the following rights:

- (1) the right to dividends and other profit distributions in proportion to the number of shares held;
- (2) the right to attend or appoint a proxy to attend the shareholders' general meetings and to exercise the voting right there at;
- (3) the right to supervise and manage, present proposals or raise enquiries about the Company's business operations;
- (4) to transfer the shares held by them in accordance with the laws, administrative regulations and the listing rule of the stock exchange where the Company has its shares listed and the Articles of Association;
- (5) to have access to the relevant information in accordance with the Articles of Association, including:
  1. to obtain the Articles of Association at cost;
  2. subject to a payment of a reasonable fee, the right to inspect and copy:
    - (i) the registers of all shareholders;
    - (ii) personal information of directors, general manager and other senior management members of the Company, including:
      - (a) present and past names and alias;
      - (b) principal address (residence);
      - (c) nationality;
      - (d) full-time and all concurrently held part-time occupations and positions;
      - (e) identification documents and numbers;
  3. share capital status of the Company;

4. reports containing details of the aggregate nominal value, number, highest and lowest prices of each class of shares of the Company repurchased since the preceding financial year and all costs paid by the Company for such repurchase;
  5. minutes of shareholders' general meetings and resolutions of the board of directors;
  6. counterfoils of corporate bonds;
  7. financial reports published for disclosure;
- (6) to participate in the distribution of the residual assets of the Company in proportion to the number of shares held in the event of termination or liquidation of the Company; and
- (7) other rights conferred by the laws, administrative regulations and the Articles of Association.

**Article 52.**

Holders of ordinary shares of the Company shall assume the following obligations:

- (1) to comply with the Articles of Association;
- (2) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (3) not to abuse the rights of shareholders to damage the interests of the Company or other shareholders; a shareholder who abuses shareholder's right shall be liable for indemnification to any loss so caused to the Company or other shareholders according to law;
- (4) not to abuse the independent legal status of the Company and the limited liability of shareholders for damaging the interests of the creditors of the Company and evading the repayment of debts, where severely damaging the interests of the creditors of the Company, joint liabilities shall be borne for the debts of the Company;
- (5) substantial shareholders shall report to board of directors in a timely, truthful and complete manner the list of its contacts and the information on its connected transactions among others;
- (6) to assume other obligations as required by the laws, administrative regulations and the Articles of Association.

Shareholders shall not be liable to make any further contributions to the share capital other than according to the terms agreed by the subscribers at the time of share subscription.

**Article 53.** In addition to obligations imposed by the laws, administrative regulations or required by the listing rules of the stock exchange(s) where the Company has its shares listed, a controlling shareholder (as defined in Article 54) shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or some of the shareholders of the Company:

- (1) to waive a director of his/her responsibility to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a director (for his/her own benefits or for the benefits of another person), in any way, of the Company's properties, including (but not limited to) any opportunities beneficial to the Company;
- (3) to approve the deprivation by a director (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights save for the restructuring of the Company submitted to the shareholder's general meeting for approval in accordance with the Articles of Association.

**Article 54.** The term "controlling shareholder" referred to in the preceding article means a person who satisfies any one of the following conditions:

- (1) a person who, acting alone or in concert with others, is entitled to elect a majority of members of the board;
- (2) a person who, acting alone or in concert with others, has the power to exercise or to control the exercise of 30% (inclusive) or more of the voting rights in the Company;
- (3) a person who, acting alone or in concert with others, holds 30% (inclusive) or more of the issued and outstanding shares of the Company;
- (4) a person who, acting alone or in concert with others, has de facto control over the Company in any other manners.

## **CHAPTER VIII SHAREHOLDERS' GENERAL MEETING**

**Article 55.** The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with the law.

**Article 56.** The general meeting shall exercise the following functions and powers:

- (1) to elect and replace directors, and decide on the matters relating to the remuneration of the relevant directors;
- (2) to consider and approve the reports of the board of directors;

- (3) to consider and approve the Company's profit distribution plans and loss recovery plans;
- (4) to resolve on matters over the increase or reduction of the Company's registered capital;
- (5) to resolve on matters over the merger, division, dissolution or liquidation of the Company or change of the Company's form;
- (6) to resolve on the issue of bonds, other securities and listing of the Company;
- (7) to resolve on the appointment, dismissal or non-reappointment of accounting firms;
- (8) to resolve on purchase or disposal material assets or any guarantee made within a year, and the amount of which exceeds 30% of the latest audited total assets of the Company;
- (9) to resolve on the repurchase of Company' shares under the circumstances provided for in items (1) and (2) of Article 28 the Articles of Association;
- (10) to amend the Articles of Association;
- (11) to consider and review the resolution proposed by any shareholder who holds, alone or in aggregate, more than 1% of the shares with voting rights of the Company;
- (12) to resolve on other matters which are required to be resolved at shareholders' meeting under the laws, administrative regulations, and the Articles of Association;
- (13) to authorize and entrust the board of directors to handle any matters authorized and entrusted thereto.

Matters which, as required by the laws, administrative regulations and the Articles of Association, shall be resolved at general meetings, shall be considered at shareholders' general meetings so as to protect the decision-making rights of shareholders of the Company on such matters. The board of directors may be authorized by shareholder' general meeting whenever necessary and reasonable to make decisions within its scope of authorization as delegated by shareholders' general meetings on specific matters which are relevant to the aforementioned resolutions and cannot be approved forthwith at the shareholders' general meeting.

Any authorization of the board of directors by shareholders relating to ordinary resolutions at general meetings shall be approved by majority of the shareholders (or their proxies) present and entitled to vote at the meeting; if such authorization is related to special resolutions, an approval of two-thirds of the shareholders (or their proxies) present and entitled to vote at the meeting is required. The content of the scope of authorization shall be clear and specific.

**Article 57.**

The Company shall not, without prior approval of shareholders' general meeting, enter into any contract with any person other than a director, general manager and other senior management members whereby the administration of the whole or any substantial part of the business of the Company is to be handed over to such person.

**Article 58.**

Shareholders' general meeting include annual general meetings and extraordinary general meetings. Shareholders' general meetings shall be convened by the board of directors. The annual general meeting is held once a year, and shall take place within six months after the end of the previous accounting year.

Under any of the following circumstances, the board shall convene an extraordinary general meeting within 2 months:

- (1) where the number of directors falls below the number as specified in the Company Law or is less than two-thirds of directors as provided in the Articles of Association;
- (2) where the amount of unrecovered losses of the Company represents one-third of the total share capital of the Company;
- (3) where shareholders who hold, alone or in aggregate, 10% or more of the shares outstanding of the Company with voting rights request in writing to convene an extraordinary general meeting;
- (4) whenever the board of directors deems necessary or when proposed by the audit and risk committee or more than two independent directors;
- (5) whenever required by the securities regulatory authorities;
- (6) other circumstances as specified by the Articles of Association.

The number of shares held by shareholders as stipulated in item (3) above shall be calculated based on the date on which the shareholders make a request in writing. Such shareholders shall also sign written requests in one or more counterparts and submit a clear agenda and proposals to the board of directors.

**Article 59.**

Except as otherwise required by relevant laws, regulations, the listing rules of the stock exchange where the Company has its shares listed and the Articles of Association, when the Company convenes an annual general meeting, a written notice of the meeting shall be given 20 days before the date of the meeting and when the Company convenes an extraordinary general meeting, a written notice of the meeting shall be given 15 days before the date of the meeting to notify all shareholders whose names appear in the register of members of the matters to be considered at and the date and place of the meeting. Subject to the securities regulations of the place where the Company has its shares listed, the Company shall provide a way of online voting to facilitate the shareholders, enabling them to virtually attend and vote by electronic means.

When calculating the number of days for the issuance of notices, neither the intended day of the meeting, nor the day the relevant notice is issued shall be included.

In relations to the publication of the notice under this Article, the date of publication of notice represents the date that the Company or the share registrar as appointed by the Company delivers the relevant notice at the post office for posting.

**Article 60.**

The shareholder(s) individually or jointly holding more than 1% of voting right of the shares of the Company may put forward interim proposals in writing to the convener 10 days prior to the shareholders' meeting. The interim proposals shall have clear topics and specific resolutions. The convener shall notify the other shareholders within 2 days after receiving the proposal and submit the same to the shareholders' meeting for consideration, provided that the interim proposal may not violate laws, administrative regulations or the provisions of the Articles of Association, or fall within the scope of authority of the shareholders' meeting. The Company shall also comply with other requirements of the listing rules of the stock exchange where the Company has its shares listed.

The resolution proposed by shareholders shall be subject to the following conditions:

- (1) the content of such resolution shall not violate any laws and regulations and shall fall within the scope of business of the Company and scope of duties of the shareholders' general meeting;
- (2) such resolution shall include a clear subject and specific matter to be resolved; and
- (3) such resolution shall be in writing and submitted or delivered to the board of directors.

**Article 61.**

A shareholders' meeting shall not resolve on matters not stated in the notice of meeting.

- Article 62.** Notice of the shareholders' general meeting shall fulfil the following requirements:
- (1) except as otherwise provided in the relevant laws, regulations, the listing rules of the stock exchange where the Company has its shares listed and the Articles of Association, being served in writing;
  - (2) specifying the place, the date and time of the meeting;
  - (3) stating the issues to be considered at the meeting;
  - (4) providing such information and explanation as are necessary for the shareholders to make an informed decision on the matters to be considered. Without limiting the generality of the foregoing, where a proposal is made (including but not limited to) upon a merger of the Company, share repurchases, share capital reorganisation or other reorganisation of the Company in any other way, the specific terms of the proposed transaction shall be provided in details together with copies of the proposed contracts (if any), and the cause and effect of such proposal shall be properly explained;
  - (5) containing a disclosure of the nature and extent, if any, of the material interests of any director, general manager and other senior management members in the proposed transaction; and the explanation of effect which the proposed transaction will have on them in their capacity as shareholders in so far as it is different from the effect on the interests of shareholders of the same class;
  - (6) containing the full text of any special resolution to be proposed at the meeting;
  - (7) containing a conspicuous statement that a shareholder entitled to attend and vote may appoint one or more proxies to attend and vote and such proxy is not necessarily a shareholder;
  - (8) stating the date of registration of shares for shareholders having the right to attend the general meeting;
  - (9) specifying the time and place for service of voting proxy forms for the relevant meeting; and
  - (10) stating the names and contact telephone numbers of the standing contact persons in connection with the meeting.

**Article 63.** Except as otherwise provided in the relevant laws, regulations, the listing rules of the stock exchange where the Company has its shares listed and the Articles of Association, notices of shareholders' meeting shall be served by way of announcement.

**Article 64.** In the event that a notice of meeting is accidentally omitted to be sent to a person who is entitled to receive the notice or where such a person has not received the notice of meeting, the meeting and any resolution made therein shall not become void accordingly.

**Article 65.** Any shareholders entitled to attend and vote at the shareholders' general meeting shall be entitled to appoint one or more proxies (who may or may not be a shareholder of the Company). The shareholders shall specify the subject, authority and time limit of the proxy or proxies, and the proxy or proxies shall submit a power of attorney to the Company and attend and vote on behalf of the shareholders within the scope of authorization. The proxy or proxies may exercise the following rights in accordance with the shareholder's authorization:

- (1) the shareholder's right to speak at the meeting;
- (2) the right to demand or join in demanding a poll; and
- (3) unless otherwise required by the applicable securities listing rules or other securities laws and regulations, the right to exercise voting rights on a show of hands or on a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights on a poll.

If the said shareholder is a recognized clearing house (or its agent), the shareholder may authorize one or more person(s) it deems suitable to act as its representative(s) at any shareholders' general meeting; provided that more than one persons are authorized, the power of attorney shall clearly indicate the number and types of the shares involved with the said authorization. The persons with such authorization may represent the recognized clearing house (or its agent) to exercise the rights, as if they were individual shareholders of the Company.

**Article 66.** The instrument appointing a proxy must be in writing and signed by the shareholder or his attorney duly authorized in writing; for legal person shareholder, the proxy form must be affixed with the seal of the said legal person or signed by its director or duly authorized attorney. The letter of authorization shall clearly indicate the number of the shares to be represented by the proxy. If more than one persons are authorized as the proxies of the shareholder, the proxy form shall specify the number of the shares to be represented by each proxy.

**Article 67.** Proxy forms shall be lodged at the domicile of the Company or other addresses specified in the notice of meeting 24 hours before the time of the meeting related to the proxy form, or 24 hours before the designated time of voting. If an instrument appointing a proxy is signed by an attorney authorized by an appointer, the relevant power of attorney or any other authority shall be notarized. The power of attorney or other authority so notarized together with the proxy form shall be lodged at the domicile of the Company or any other addresses specified in the notice regarding convening of the meeting.

If an appointer is a legal person, its legal representative or any other person authorized by its board of directors or by other decision-making authorities may attend a shareholders' general meeting on behalf of such appointer.

**Article 68.**

Any instrument issued to a shareholder by the board of the directors of the Company for use in appointing a proxy shall be in such format as to enable the shareholders to instruct the proxy to vote in favour of or against the resolutions according to the shareholder's free will, and to enable the shareholders to give instructions in respect of each individual matter to be voted on at the meeting. The proxy form shall contain a statement that in the absence of instructions by the shareholder the proxy may vote at his/her will.

The Company is entitled to ask the proxy who represents a shareholder to attend the shareholders' general meeting to provide his identification document.

In the case a legal person shareholder appoints its representative to attend the meeting, the Company is entitled to ask the representative to provide his identification document and the copy of the resolution or the power of attorney which has been notarized (other than a recognized clearing house or its agent), indicating the appointment by the board of directors or other power authority of the said legal person shareholder.

**Article 69.**

Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the proxy form shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

**Article 70.**

Resolutions of a shareholders' general meeting include ordinary resolutions and special resolutions.

Any ordinary resolutions proposed at shareholders' meeting shall be passed by more than half of the votes of the shareholders (including proxies thereof) attending the shareholders' meeting.

Any special resolutions proposed at general meetings shall be passed by more than two-thirds of the votes of shareholders (including proxies thereof) attending the general meeting.

**Article 71.**

In the case of voting at shareholders' general meetings, shareholders (including their proxies) may exercise their voting rights in accordance with the number of their voting shares. Each share shall have one vote. The Company has no voting right for the shares of the Company it holds.

Where any shareholder is, under applicable laws and regulations and the listing rules of the stock exchange(s) where the Company has its shares listed, required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any vote cast by or on behalf of such shareholder in violation of such requirement or restriction shall not be counted in the resolution results.

**Article 72.**

At any shareholders' general meeting, a resolution shall be decided on a show of hands unless otherwise required by the relevant securities regulations by competent securities authorities of the place where the Company has its shares listed or other applicable laws and regulations, or a poll is demanded by the following persons before or after deciding on a show of hands:

- (1) the chairman of the meeting;
- (2) at least two shareholders entitled to vote or their proxies; or
- (3) one or more shareholders (including proxies) individually or jointly holding more than 10% (inclusive) of the voting shares represented by all shareholders present at the meeting.

Unless otherwise required by the securities regulations by competent securities authorities of the place where the Company has its shares listed or other applicable laws and regulations, or a poll is so demanded in accordance with the preceding paragraph, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour for or against such resolution at the meeting.

The demand for a poll may be withdrawn by the person who makes such demand.

**Article 73.**

A poll demanded on such matters as the election of chairman or the adjournment of the meeting shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman may decide, and the meeting may proceed to discuss other matters, while the results of the poll shall still be deemed to be a resolution of that meeting.

**Article 74.**

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

When a shareholders' general meeting holds a vote, it shall vote on resolutions on a one-by-one basis.

**Article 75.**

When the number of votes for and against a resolution is equal, whether the vote is taken by show of hands or by poll, the chairman of the meeting shall be entitled to one additional vote.

**Article 76.**

The following matters shall be passed by way of ordinary resolution at shareholders' general meeting:

- (1) working reports of the board of directors;
- (2) plans formulated by the board of directors for distribution of profits and for recovery of losses;
- (3) election or removal of members of the board of directors and their remuneration and terms of payment;
- (4) balance sheet, profit statement and other financial statements of the Company; and
- (5) matters other than those to be passed by special resolution according to the laws, administrative regulations, rules of listing of the stock exchange(s) where the Company has its shares listed or the Articles of Association.

**Article 77.**

The following matters shall be passed by way of special resolution at shareholders' general meetings:

- (1) increase or reduction in the Company's share capital and issuance of any class of shares, warrants and other similar securities;
- (2) the issuance of corporate bonds;
- (3) division, merger, dissolution of the Company or change of the Company's form;
- (4) purchase or disposal of material assets or any guarantee made within a year, and the amount of which exceeds 30% of the latest audited total assets of the Company;
- (5) repurchase of the shares of the Company because of the circumstances under items (1) and (2) as required in Article 28 of the Articles of Association;
- (6) amendments to the Articles of Association;
- (7) other matters approved in a shareholders' general meeting by way of ordinary resolution that are of material significance to the Company and needed to be approved by way of special resolution; and
- (8) such other matters to be resolved by special resolutions as required by the Listing Rules or the Articles of Association.

**Article 78.** Shareholders demanding an extraordinary general meeting of shareholders shall abide by the following procedures:

If shareholders jointly or separately holding of 10% of the shares carrying the right to vote at the upcoming meeting request to convene an extraordinary general meeting, the board of directors shall make a decision on whether to convene an extraordinary general meeting within ten days from the date of receipt of the request, and shall give a written reply to the shareholders.

Any reasonable expenses incurred by shareholders in convening and holding a meeting by reason of the failure of the board of directors to duly convene a meeting as requested above shall be borne by the Company.

**Article 79.** Shareholders' general meetings are organized and convened by the board of directors and presided over by the chairman of the board of directors; where the chairman of the board of directors is unable to or do not perform his duties, the vice-chairman of the board of directors shall preside over the meeting; where the vice-chairman of the board of directors is unable to or do not perform his duties, a director may be elected by a majority of the directors to preside over the meeting. Where the board of directors is unable to or do not perform its duty of convening shareholders' general meetings, shareholders individually or collectively holding more than ten percent of the shares of the Company for more than ninety consecutive days may convene and preside over the meeting on their own.

The shareholders' general meeting convened by the audit and risk committee shall be presided over by the chairman of the audit and risk committee. If the chairman of the audit and risk committee is unable or fails to perform his duties, one member elected by a majority of the members of the audit and risk committee shall preside over the meeting.

The shareholders' general meeting convened by the shareholders shall be presided over by the convener or the representative nominated by the convener.

**Article 80.** The chairman of the meeting shall determine whether or not a resolution of the shareholders' general meeting is passed. His/her decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes.

**Article 81.** In the event that the chairman of the meeting has any doubt as to the result of a resolution put forward to vote, he may have the votes counted. In the event that the chairman of the meeting does not have the votes counted, any shareholder or proxy present at the meeting who objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the announcement of the voting result, and the chairman of the meeting shall have the votes counted immediately.

**Article 82.** If ballots are counted at a shareholders' general meeting, the counting result shall be recorded in the minutes of the meeting. The minutes of the meeting together with the attendance records and the proxy forms shall be kept at the premises of the Company for a period of at least ten years.

**Article 83.** Copies of the minutes of the meeting shall be available for inspection during business hours of the Company by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within seven days after receipt of reasonable charges.

## **CHAPTER IX PARTY COMMITTEE**

**Article 84.** The Company shall establish the committee of the Party of Beijing Urban Construction Design & Development Group Co., Limited (hereinafter referred to as the "Party Committee of the Company") and the commission for discipline inspection of the Party of Beijing Urban Construction Design & Development Group Co., Limited (hereinafter referred to as the "Commission for Discipline Inspection of the Company"). The secretary of the Party Committee of the Company shall be assumed by a specialist.

The number of positions of secretary, deputy secretary and committee members of the Party Committee of the Company and the Commission for Discipline Inspection of the Company shall be established in accordance with the reply given by the superior Party committee, and members for all positions shall be selected by election. During the adjournment of the Party representative congress, the superior Party committee may appoint the secretary, deputy secretary and members of the Party Committee of the Company and the secretary of the Commission for Discipline Inspection of the Company as necessary.

**Article 85.** The Party Committee of the Company is an organic composition of the corporate governance structure of the Company, insisting on the implementation and optimization of the leadership system of "Two-way Entry, Cross-Appointment". Eligible members of the Party Committee of the Company may be considered and appointed as members of the board of directors and the management through legal procedures. Eligible members in the board of directors and the management who are members of the Party may be considered and appointed as members of the Party Committee of the Company in accordance with relevant requirements and procedures.

**Article 86.** The Party Committee of the Company has established a working organization of the Party; Commission for Discipline Inspection of the Company has established a discipline inspection organization and meanwhile, established mass organizations, such as Labour Union and Youth League Committee. The Company insists on simultaneous planning of Party construction during its reforms and development, simultaneous establishment of Party organisations and working organs, simultaneous allocation of person in charge of the Party organization and staff for Party affairs as well as simultaneous proceeding of Party work.

**Article 87.**

The Party Committee of the Company shall uphold political leadership, ideological leadership and organizational leadership, and perform its duties in accordance with the Constitution and other internal rules of the Party:

- (1) To ensure and supervise the thorough implementation of the guidelines and policies of the Party and the State as well as the decisions and deployment made by the superior Party committee throughout the Company.
- (2) To adhere to the principle of the Party exercising leadership over officials, the selection of operating managers by the board of directors, and the exercise of power as regards the right of officials' appointment by the operating managers in accordance with laws. The Party Committee of the Company shall recommend nominees to the board of directors or the general manager, or deliberate and give opinions on the candidates nominated by the board of directors or the general manager. The Party Committee of the Company, together with the board of directors, shall observe the proposed candidates and discuss jointly to provide opinions and suggestions thereon. To discharge duties of talents management of the Party and implement the strategy of prospering the enterprise by relying on talents.
- (3) To study and discuss stable reform and development, substantial operational and management issues of the Company as well as material issues related to the interests of our staff, and provide advice and recommendations in this regard.
- (4) To undertake the main responsibility of exercising strict self-governance of the Party in every respect, lead the Company's ideological and political work, united front work, spiritual civilization construction as well as corporate culture construction, and lead mass organizations such as the trade union and the Communist Youth League. Play a leading role in the construction of the Party conduct and of a clean and honest administration, and support the Commission for Discipline Inspection of the Company in fulfilling its responsibility of supervision in practice.

## CHAPTER X BOARD OF DIRECTORS

### Section I. Directors

#### Article 88.

Directors shall be elected at the shareholders' general meetings for a term of office of 3 years. Upon expiration of the term of office, a director is eligible for re-election and re-appointment.

The Company has appointed independent (non-executive) directors. Unless otherwise required in this section, the provisions relating to the qualifications and obligations of directors set out in Chapter XIII of the Articles of Association shall be applicable to independent (non-executive) directors. An independent non-executive director may serve his/her term of office continuously for a maximum of nine years. For any extension, the board of directors shall submit an independent resolution to the shareholders' general meeting for review and explain the reason for further extension.

The election and removal of the chairman and the vice-chairman shall be approved by more than half of all directors. The term of office of the chairman and the vice-chairman shall be three years and eligible for re-election and re-appointment upon expiry.

A director is not required to hold shares of the Company.

Functions and duties of independent (non-executive) directors of the board of directors of the Company include but is not limited to:

- (1) to participate in the board of directors and provide independent opinions on matters concerning the Company's strategic decisions, appointment of senior management members and other decisions involving material interest of the Company;
- (2) to demonstrate the leading and guiding role whenever there is potential conflict of interests such as where the Company is entering into connected transactions so as to fully protect the overall legitimate rights and interests of the Company and the shareholders;
- (3) to serve as a member of special committees such as the audit and risk committee, remuneration and review committee, nomination committee, strategic and investment committee of the board of directors when invited; and
- (4) to monitor whether or not the business performance of the Company has achieved its pre-set objectives and express opinions at relevant meetings.

**Article 89.** The nomination of candidates for directorship is generally put forward by the board of directors at the shareholders' general meeting of the Company in forms of resolution. Shareholders may nominate candidates for directorship as provided in this Articles of Association.

The Company will disclose the profiles, reasons for election and attitudes of candidates on nomination in the notice of general meeting.

**Article 90.** Directors may tender resignation prior to the expiry of the term of office. The resigning director shall submit to the Board a written resignation.

If the number of directors fall below the statutory requirement on the quorum of directors of the Company when a director resigns, the notice of resignation of the resigning director will only become effective until a new director is appointed to fill the vacancy. The remaining directors of the board of directors shall convene an extraordinary general meeting to elect a new director to fill the vacancy as soon as possible. The term of appointment of the newly elected director or any director appointed so as to increase the number of directors will be effective from the date of appointment to the next annual general meeting of the Company and such director will then be eligible for re-election.

Save for the foregoing, resignation report of directors shall become effective upon being delivered to the board of directors.

**Article 91.** Any director who leaves his/her office without authorization prior to the expiration of his/her term of office, thereby incurring a loss to the Company, shall be liable for compensation of such loss.

The shareholders' general meeting may, by way of an ordinary resolution, release any director from his/her duties before expiration of his/her term of office, subject to provisions of the relevant laws and administrative regulations and without prejudice to any potential claim which may be made under any contract.

If any director fails to attend in person or entrust other directors as his representative to attend meetings of the board of directors for two consecutive times, such director shall be deemed to have failed to perform his duties, and the board of directors may propose to replace such director at the general meeting.

**Article 92.** If the term of office of a director expires but re-election is not made forthwith, or the members of the board of directors fall below the quorum resulting from the resignation of a director during his term of office, the said director shall continue performing the duties as director pursuant to the relevant laws, administrative regulations and the Articles of Association until the newly director takes office.

## **Section II. Board of Directors**

**Article 93.** Under the premise of compliance with the applicable requirements of the relevant listing rules of the stock exchanges where the Company's shares are listed from time to time, the Company shall have a board of 7 to 15 directors with one chairman and one vice-chairman. The number of independent non-executive directors shall not be less than 3 and not less than one-third of all directors.

**Article 94.** The board of directors is accountable to the shareholders' general meeting and exercises the following powers and functions:

- (1) to be responsible for the convening of general meetings and report its work at the general meetings;
- (2) to execute resolutions passed at the general meetings;
- (3) to decide on business operation plans and investment proposals as well as major asset disposal and reorganization schemes of the Company;
- (4) to consider and approve the annual financial budget and final accounts of the Company;
- (5) to prepare proposals for profit distribution and recovery of losses of the Company;
- (6) to formulate proposals for increase or reduction in the Company's registered capital and the issue of corporate bonds;
- (7) to formulate proposals for merger, division, dissolution or change of the Company's form;
- (8) to decide on the establishment of an internal management department of the Company;
- (9) to appoint or dismiss general manager and board secretary of the Company; to appoint or dismiss the deputy general manager, chief accountant and other senior management members of the Company based on the nomination by the general manager and decide on the matters relating to their remuneration;
- (10) to formulate the fundamental management system of the Company;
- (11) to draft amendments of the Articles of Association;

- (12) to manage the information disclosure matters of the Company;
- (13) to decide to issue new shares with the authorization of the shareholders' meeting;
- (14) to submit a resolution on appointment or replacement of the accounting firm responsible for the audit work of the Company at the shareholders' general meeting;
- (15) to formulate a plan for the Company to repurchase its shares due to the circumstances specified in items (1) and (2) of Article 28 of the Articles of Association; to decide to repurchase the Company's shares by the Company due to the circumstances specified in items (3), (5) and (6) of Article 28 of the Articles of Association according to the Articles of Association or the authorization of the shareholders' meeting;
- (16) other powers and functions conferred by the laws, regulations and rules of listing of securities of the stock exchanges where the Company has its shares listed, at the general meeting or under the Articles of Association.

Resolutions by the board of directors on matters referred to in the preceding paragraph may be passed by the affirmative vote of more than half of the directors with the exception of resolutions on matters referred to in items (6), (7), (11), (13) and (15) which shall require the affirmative vote of a majority of the directors. The board of directors shall perform its duties in accordance with the State's laws, administrative regulations, the Articles of Association and resolutions of the shareholders' general meeting.

**Article 95.**

The board of directors shall establish special committees, such as audit and risk committee, remuneration and review committee, nomination committee and strategic and investment committee and other special committees which the board of directors deem necessary. Special committees shall be responsible to the board of directors, and shall perform their duties in accordance with the Articles of Association and the authorization of the board of directors. The proposal shall be submitted to the board of directors for consideration and decision. All members of the special committees shall be directors, of which independent directors shall account for the majority of members of the audit and risk committee and remuneration and review committee, and shall serve as the convener. Independent directors shall account for the majority of members of the nomination committee. The convener of the audit and risk committee shall be an accounting professional. The board of directors is responsible for the formulation of the rules of procedure of the special committees and the standardization of operation of the special committees.

**Article 96.** Unless otherwise required by the laws and regulations or listing rules of the stock exchanges where the Company has its shares listed, the Company's investment in other corporate and the provision of guarantee(s) for third parties shall be resolved by the board of directors. The Company's provision of guarantee(s) for company shareholders or actual controllers shall be resolved and approved at general meetings.

Any shareholder referred to in the preceding paragraph or any shareholder controlled by the actual controller referred to in the preceding paragraph shall not vote on the matters referred to in the preceding paragraph. Any such matters shall be decided by a majority of the voting rights held by other shareholders attending the meeting.

The Company shall establish strict internal control system over external guarantees. All directors shall cautiously handle and strictly control the risk of debt generated by external guarantees.

In respect of the Company's external guarantees, the Company shall take precautionary measures such as requiring counter-guarantee offered by the counterparty. The provider of the counter-guarantee shall have the actual capability in offering such counter-guarantee.

Regarding the losses resulting from an external guarantee provided in violation of the relevant laws, regulations, rules and the Articles of Association, directors who shall be held liable shall assume joint and several liabilities.

**Article 97.** In cases where the expected value of fixed assets proposed for disposal by the board of directors, when aggregated with the value of fixed assets disposed within four month before the proposed disposal, exceeds 33% of the value of fixed assets set out in the latest balance sheet considered by the shareholders' general meeting, the board of directors shall not dispose or consent to dispose such fixed assets without prior approval by the shareholders' general meeting.

The term "fixed assets disposal" referred to in this Article includes (among other things) transferring certain interests in assets, but do not include the provision of guarantees with fixed assets.

Breach of paragraph one of this Article shall not prejudice the validity of any transaction entered into by the Company in disposal of fixed assets.

**Article 98.** The chairman of the board of directors is entitled to the following powers and functions:

- (1) to preside over the general meeting, and to convene and preside over the meetings of the board of directors;
- (2) to monitor and check on the implementation of resolutions of the board of directors;

- (3) to sign the securities certificates issued by the Company;
- (4) to sign important documents of the board of directors and other documents that require signing by the Company's legal representative;
- (5) to propose the nomination for the Company's general manager and board secretary;
- (6) to exercise the special power to handle corporate affairs in accordance with law and the Company's interests in cases of emergency caused by catastrophic natural disasters or other force majeure, and report to the board of directors and shareholders' general meeting thereafter;
- (7) to exercise other powers and functions conferred by the board of directors.

If the chairman of the Board is unable to or do not perform his duties, the vice-chairman of the board of directors shall perform duties; where the vice-chairman of the board of directors is unable to or do not perform his duties, a director may be elected by more than one-half of the directors to perform duties.

**Article 99.**

The board of directors shall hold at least four regular meetings each year. Board meeting shall be convened by the chairman of the board of directors. Notice of meeting will be served to all directors and the general manager at least fourteen days before the meeting is held. The requirement on the notice period is not applicable to extraordinary board meetings, but a reasonable notice should be served to all directors and the general manager.

The Company shall hold an annual meeting of independent non-executive directors only that the chairman shall preside over to review the operational conditions of the Company independently.

Extraordinary board meetings may be convened under one of the following circumstances:

- (1) the chairman of the board of directors deems necessary;
- (2) jointly demanded by more than one-third of the directors;
- (3) demanded by the audit and risk committee;
- (4) demanded by the shareholders representing more than one-tenth of the voting rights;
- (5) demanded by a majority of the independent directors;
- (6) demanded by the general manager;
- (7) demanded by the Party Committee (Standing Committee).

The chairman of the board of directors shall convene and preside over a board meeting within ten days upon receipt of any demand.

**Article 100.**

Notice for convening the board meeting and extraordinary board meeting shall be served as follows: written notices of meetings stamped with the seal of the board of directors shall be delivered to all directors and general manager by way of direct delivery in person or by e-mail or facsimile. Delivery by e-mail or facsimile shall also be confirmed by telephone and being recorded. Notice for regular board meetings shall be served fourteen days prior to the convening of the meeting while the requirement of notice period is not applicable to extraordinary board meetings, but reasonable notice should also be given to all directors and the general manager.

The board of directors may fix the date and venue for the board meeting ahead of time and record such information on the minutes of the meeting. If minutes of such meeting have been issued to all directors not less than ten days before the holding of the next board meeting, the next board meeting may be convened without issuing a separate notice to the directors beforehand.

Directors who have attended the meeting will be deemed to have been issued a notice of Board meeting if they had not raised any issues of not having received such notice before or during the Board meeting.

Board meetings may be held by way of telephone conference or assisted by similar communication equipment so long as all directors participating in the meeting can clearly hear and communicate with each other. All directors attended such meeting shall be deemed to be present in person at the meeting.

**Article 101.**

The quorum of the board meeting shall be a majority of the directors.

Each director shall have one vote. Resolutions of the board of directors shall be passed by more than half of all directors, unless otherwise required by the Articles of Association.

Resolutions made by the board of directors in relation to connected transactions will only be valid upon signing by independent (non-executive) directors.

In case a director is interested in the resolution of the board meeting, that director shall avoid attending the meeting and have no voting right. That director will also be excluded in the calculation of quorum for the board of directors.

**Article 102.** Directors shall attend board meetings in person. Where a director is unable to attend for some reasons, he/she may authorize in writing another director to attend the Board meeting in his/her stead. The power of attorney shall specify the scope of authorization.

The director attending the meeting for another director shall exercise the rights of the latter director within the scope of authorization. Any director who is unable to attend a particular Board meeting and has not authorized a proxy to attend in his/her stead shall be deemed to have waived the right to vote at that meeting.

**Article 103.** The board of directors shall keep minutes of resolutions passed at board meetings. The minutes shall be signed by the directors present at the meeting and the board secretary. The minutes of board meetings shall be kept for a period of ten years. Directors shall be responsible for the resolutions of the board of directors. Where a resolution of the board of directors violates the laws, administrative regulations or this Articles of Association and causes serious losses to the Company, the directors who took part in such a resolution shall be liable to compensate the Company; However, if a director can be proved to have expressed his/her objection to such resolution when it was put to the vote, and such objection has been recorded in the minutes, the director may be relieved of such liability.

The minutes of board meetings shall include the following:

- (1) the date, venue and name of the convener of the meeting;
- (2) the names of attending directors and directors entrusted as proxies to attend the meeting;
- (3) the agenda of the meeting;
- (4) the major comments and opinions of each director;
- (5) the voting method and results of each resolution (the number of affirmative, negative and abstention votes shall be specifically indicated in the voting result).

**Article 104.** In respect of any matter which needs to be determined by the extraordinary board meeting and where the board of directors has already sent out written notice (including facsimile) of proposals to be resolved at such meeting to all directors and the number of directors who have signified their consent thereto reaches the required number as set out in the Articles of Association, a valid resolution shall be deemed to be passed and there is no need to convene a board meeting.

**Article 105.** In principle, the board meeting shall be held at the legal address of the Company, however it can be held in other places inside and outside the PRC as resolved by the board of directors.

**Article 106.** Costs reasonably incurred by directors in attending the board meeting shall be borne by the Company. These costs include cost of transportation between the place of the directors and the venue of the meeting (if different from the place of the directors), accommodation and meal expenses during the period of the meeting and local travelling costs, etc.

## **CHAPTER XI BOARD SECRETARY**

**Article 107.** The Company shall have a board secretary, who is a senior management member of the Company and shall be accountable to the board of directors.

**Article 108.** The board secretary of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be nominated by the chairman and appointed or dismissed by the board of directors. The primary duties of the board secretary are:

- (1) to make preparations for the shareholders' general meetings and board meetings, prepare meeting materials, handle relevant meeting affairs, ensure the accuracy of minutes, keep meeting documents and minutes and take initiative to keep track of the implementation of relevant resolutions. Any important issues occurring during the implementation shall be reported and relevant proposals shall be put forward to the board of directors;
- (2) to ensure the completeness of the constitutional documents and records of the Company; keep and manage the information of shareholders; assist directors in handling their daily work and continuously provide the directors with, remind them of and ensure that they understand the laws and regulations, policies and requirements of the domestic and foreign regulatory authorities concerning the operation of the Company; assist the directors and the general manager in exercising their powers in compliance with relevant domestic and foreign laws and regulations, the Articles of Association and other relevant requirements;
- (3) to ensure the decision on material matters made by the board of directors of the Company to be carried out strictly in accordance with the procedures as stipulated; at the request of the board of directors, participate in the organization of consultation on and analysis of the matters to be decided by the board of directors and offer relevant opinions and suggestions; handle the day-to-day affairs of the board of directors and its relevant committees as entrusted;
- (4) as the contact person of the Company with the securities regulatory authorities, to be responsible for organization of preparations for and prompt submission of documents as required by the regulatory authorities, and accept and organize the implementation of any assignment issued by the regulatory authorities;

- (5) to be responsible for coordinating and organizing the Company's disclosure of information, establish and improve the information disclosure system, participate in all of the Company's meetings involving the disclosure of information, and keep informed of the Company's material operation decisions and related information in a timely manner;
- (6) to be responsible for keeping the Company's price-sensitive information confidential and work out effective and practical confidentiality systems and measures; where there is any leakage of the Company's price-sensitive information due to any reason, necessary remedial measures shall be taken, timely explanation and clarification shall be made, and relevant reports shall be submitted to the stock exchange(s) where the Company's shares are listed and China Securities Regulatory Commission;
- (7) to be responsible for coordinating reception of visitors and keeping in touch with news media; coordinating replies to inquiries from the public and handling the relationship with the intermediary institutions, regulatory authorities and the media and organizing the reporting of relevant matters to China Securities Regulatory Commission;
- (8) to ensure the proper maintenance of the register of shareholders and that the persons who have the rights of access to the relevant documents and records of the Company can obtain those records and documents in a timely manner;
- (9) to assist directors and the general manager in fully complying with the domestic and foreign laws, regulations, the Articles of Association and other relevant requirements when exercising their functions and powers; upon becoming aware that the Company has passed or may pass resolutions which may breach the relevant requirements, to be obliged to alert promptly and is entitled to report the fact to the China Securities Regulatory Commission and other regulatory authorities;
- (10) to coordinate in providing the necessary information to the Company's audit and risk committee and other supervising and audit authorities to facilitate the discharge of their supervision duties; assist in carrying out investigation into the performance of the fiduciary duties by chief financial officer, directors and the general manager of the Company;
- (11) to perform other duties as delegated by the board of directors and other duties as required by the stock exchange(s) where the Company's shares are listed.

**Article 109.** Directors or other senior management members of the Company may concurrently hold the post of the board secretary, provided that they have enough energy and time to perform the duties of that post. The Company's general manager and chief accountant shall not concurrently hold the post of the board secretary. The accountant(s) of the accounting firm appointed by the Company and the senior management members of the controlling shareholders shall not concurrently hold the post of the board secretary.

Where the post of the board secretary of the Company is held concurrently by a director and an act is required to be done by a director and the board secretary respectively, the person who holds the post of director and the board secretary of the Company may not perform the act in dual capacity.

## **CHAPTER XII GENERAL MANAGER**

**Article 110.** The Company shall have one general manager who shall be appointed or dismissed by the board of directors, and several deputy general managers who shall be nominated by the general manager and appointed and dismissed by the board of directors. A director may also act as the general manager, deputy general manager and other members of senior management.

The board of directors may determine the board members to act as the general manager and other senior management members concurrently but the total number of directors who act as the general manager and other senior management members concurrently shall not account for more than half of the members of the board of directors.

**Article 111.** The general manager of the Company shall be accountable to the board of directors and exercise the following powers and functions:

- (1) to be in charge of the Company's production, operation and management and to organize the implementation of the resolutions of the board of directors;
- (2) to organize 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 basic rules and regulations for the Company;
- (6) to propose the appointment or dismissal of the Company's deputy general managers, chief accountant and other senior management members;

- (7) to appoint or dismiss management personnel and employees other than those required to be appointed or dismissed by the board of directors, and decide on the matters relating to their remuneration, reward and punishment;
- (8) to formulate proposals for the transformation, splitting, restructuring and liquidation of the wholly-owned subsidiaries of the Company;
- (9) to formulate the structure of the branch organizations of the Company;
- (10) to make decision on the Company's investments, financing, contracts and transactions under the authorization of the board of the directors;
- (11) to propose the convening of extraordinary board meetings in case of emergency;
- (12) to exercise other powers and functions conferred by the Articles of Association and the board of directors.

The deputy general managers, the chief accountant, and other members of the senior management shall assist the general manager.

**Article 112.** The general manager of the Company shall attend board meetings. The general manager who is not a director does not have any voting rights at board meetings.

**Article 113.** The general manager shall, in accordance with the requirements of the board of directors, report to the board of directors regarding the signing and implementation of major contracts and application of funds. The general manager shall ensure the truthfulness of such reports.

**Article 114.** The rules of work for general manager shall be formulated by the general manager of the Company and be implemented upon approval of the board of directors.

**Article 115.** The general manager of the Company, in performing his functions and powers, shall act with integrity and diligence and in accordance with the laws, administrative regulations and the Articles of Association.

As authorized by the board of directors, the general manager may exercise part of the powers and functions of the board of directors provided that such authorization shall be in compliance with the laws and regulations of the State and the listing rules.

**CHAPTER XIII QUALIFICATIONS AND OBLIGATIONS  
OF DIRECTORS, GENERAL MANAGER, AND OTHER SENIOR  
MANAGEMENT MEMBERS OF THE COMPANY**

**Article 116.**

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

- (1) a person without civil capacity or with restricted civil capacity;
- (2) a person who has been sentenced to punishment because of corruption, bribery, infringement of property, misappropriation of property or sabotaging the order of socialist market economy; or who has been deprived of his political rights on committing an offence, where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation, and less than two years have elapsed since the date of the completion of the probation review if a suspended sentence is announced;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and he is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business licence revoked and ordered for closure due to a violation of law and he is personally liable for that, where less than three years has elapsed since the date of the revocation of the business licence and the closure ordered;
- (5) the person who is listed as a defaulter by a people's court since he is personally liable for a substantial loan which is due for payment but remains unpaid;
- (6) a person who is under criminal investigation or prosecution by a judicial organization for violation of the criminal law where the said investigation or prosecution is not yet concluded;
- (7) the person is not eligible for acting in the leadership of a company or an enterprise according to the laws or administrative regulations;
- (8) the person is not a natural person;

- (9) a person convicted of contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five years have elapsed since the date of the conviction;
- (10) other circumstances as prescribed by the laws and regulations of the place of listing of the Company's shares. Persons who hold other executive positions, other than directors, in any entity of the controlling shareholder of the Company shall not assume the office of senior management of the Company.

Any election or appointment of directors, or employment of other senior management members in violation of the above provisions shall be invalid.

The Company shall dismiss the director and senior management member if he is involved in the said circumstances set out in paragraph 1 herein during his term of office.

**Article 117.**

The validity of an act of a director, general manager and any other senior management member on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his office, election or any non-compliance behaviour in his qualification.

**Article 118.**

In addition to obligations imposed by the laws, administrative regulations or required by the stock exchange(s) on which the Company's shares are listed, in the exercise of the functions and powers entrusted to him, each of the Company's directors, general manager and other senior management members owes the following obligations to each shareholder:

- (1) not to cause the Company to exceed the scope of business stipulated in its business license;
- (2) to act honestly in the best interest of the Company;
- (3) not to expropriate the Company's property by any means, including but not limited to, opportunities advantageous to the Company, except the business opportunities that cannot be utilized by the Company after they have been reported to and then resolved by the board of directors or shareholders' meetings of the Company, or in accordance with the laws, administrative regulations or the Articles of Association;
- (4) not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save for the restructuring of the Company approved at the general meeting in accordance with the Articles of Association.

**Article 119.**

Each of the Company's directors, general manager and other senior management members owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 120.**

Each of the Company's directors, general manager and other senior management members shall exercise his powers or carry out his duties in accordance with the principle of fiduciary and shall not put himself in a position where his duties and his interests may be in conflict. Without limiting the generality of the foregoing, the following obligations (including but not limited to) shall be discharged:

- (1) to act honestly in the best interest of the Company;
- (2) to exercise powers within the scope of his functions and powers and not to exceed those powers;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by the laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except in accordance with the Articles of Association or with the informed consent of shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders given in a general meeting, not to use the Company's property for his own benefit by any means;
- (7) not to exploit his position to accept bribes or other illegal income or misappropriate the Company's fund and infringe the property of the Company by any means, including (without limitation) opportunities advantageous to the Company;
- (8) without the informed consent of shareholders given in a general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by the Articles of Association, faithfully execute his duties and protect the Company's interests, and not to exploit his position and the functions and powers in the Company to advance his own private interests;
- (10) not to compete with the Company in any form unless with the informed consent of shareholders given in general meeting;
- (11) not to misappropriate the Company's funds or to lend the Company's funds to others, not to open accounts in his own name or other names for the deposit of the Company's assets and not to provide guarantee for the shareholder(s) of the Company or other individual(s) with the Company's assets; and

- (12) without the informed consent of shareholders given in a general meeting, not to leak out confidential information relating to the Company acquired by him in the course of and during his tenure and not to use such information in purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
- a) such disclosure is made under compulsion of law;
  - b) disclosure is required for public interest;
  - c) disclosure is required for the interests of the relevant directors, general manager and other senior management members.

**Article 121.**

Each director, general manager and other senior management member of the Company shall not cause the following persons or institutions (“connected persons”) to do what he is prohibited from doing:

- (1) the spouse or minor child of that director, general manager and other senior management member of the Company;
- (2) a person acting in the capacity of trustee of that director, general manager and other senior management member of the Company or any person referred to in item (1) of this Article;
- (3) a person acting in the capacity of partner of that director, general manager and other senior management member of the Company or any person referred to in items (1) and (2) of this Article;
- (4) a company in which that director, general manager and other senior management member of the Company, alone or jointly with one or more persons referred to in items (1), (2) and (3) above or other directors, general manager and other senior management members of the Company have de facto common controlling interest;
- (5) a director, general manager and other senior management member of the company under control referred to in item (4) of this Article; and
- (6) any person deemed to be an associate of a director, general manager and other senior management member of the Company under the Listing Rules.

**Article 122.**

The fiduciary duties of a director, general manager and other senior management member of the Company do not necessarily cease with the termination of their tenure. The duty of confidentiality in relation to trade secrets of the Company shall survive upon termination of his/her term of office. Other duties may continue for such period as fairness may require depending on the time lapses between the termination and the act concerned and the circumstances and conditions under which the relationships between him/her and the Company are terminated.

**Article 123.** Except for circumstances prescribed in Article 53, a director, general manager and other senior management member of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at a general meeting.

**Article 124.** Where a director, general manager and other senior management member of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement of the Company (other than the contract of service of the director, general manager and other senior management member with the Company), he shall declare the nature and extent of his interests to the board of directors at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the board of directors under normal circumstances.

In the event that a director is connected to companies associated with matters to be resolved at the board meeting (by the word “connected”, it means that the director takes the post of director or senior manager with the counterpart, or the post of director or senior manager with a corporate entity that directly or indirectly controls the counterpart or is under the direct or indirect control of the counterpart), such director shall not exercise his voting rights on such resolution, nor shall he vote on behalf of other directors and shall abstain from voting. The board meeting may be convened with a majority of the non-connected directors. Resolutions shall be approved by a majority of non-connected directors at the board meeting. When there are less than three non-connected directors present at the board meeting, such matters shall be submitted to the shareholders’ general meeting for consideration.

Except as otherwise stated in the Listing Rules or with exceptions allowed by the Hong Kong Stock Exchange, a director shall not vote nor shall he be counted in the quorum on any board resolution approving any contract, arrangement or any other proposal in which he or any of his associates (as defined in the applicable listing rules) has a material interest.

Unless the interested director, general manager and other senior management member of the Company discloses his interests in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement is approved by the board of directors at a meeting in which the interested director, general manager and other senior management member of the Company is not counted in the quorum and refrains from voting, a contract, transaction or arrangement in which that director, general manager and other senior management member of the Company is materially interested is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested director, general manager and other senior management member of the Company.

A director, general manager and other senior management member of the Company is deemed to be interested in a contract, transaction or arrangement in which a connected person or an associate of that director, general manager and senior management member is interested.

**Article 125.** Where a director, general manager and other senior management member of the Company gives to the board of directors a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding Article of this Chapter to be sufficient disclosure of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

**Article 126.** The Company shall not in any manner pay taxes for or its directors, general manager and other senior management members of the Company.

The Company may insure for the various possible legal risks faced by the directors, general manager and other senior management members of the Company in the ordinary course of performing their duties.

**Article 127.** The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with the making of a loan to a director, general manager and other senior management member of the Company or of the Company's parent company or any of their respective connected persons.

The prohibitions in the preceding paragraph shall not be applicable to the following circumstances:

- (1) the provision by the Company of a loan or a loan guarantee to a Company which is a subsidiary of the Company;
- (2) the provision by the Company of a loan or guarantee in connection with the making of a loan or any other funds to any of its directors, general manager and other senior management members of the Company to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of the engagement contract approved by the shareholders in a general meeting; and

- (3) The Company may make a loan or provide a guarantee in connection with the making of a loan to any of the relevant director, general manager and other senior management member of the Company or their respective connected persons in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the provision of guarantee in connection with the making of a loan.

**Article 128.** A loan made by the Company in breach of the provision of the preceding Article shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

**Article 129.** A loan guarantee provided by the Company in breach of paragraph 1 of Article 127 shall not be enforceable against the Company, except that:

- (1) the loan was advanced to an connected persons of any of the directors, general manager and other senior management members of the Company or of the Company's parent company where the lender did not know the relevant circumstances;
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 130.** For the purposes of the foregoing provisions of this Chapter, a guarantee includes the undertaking of responsibility or provision of property to secure the performance of obligations by the obligor.

**Article 131.** In addition to any rights and remedies provided by the laws and administrative regulations, where a director, general manager and other senior management member of the Company is in breach of his duties to the Company, the Company has the right to:

- (1) claim damages from the director, general manager and other senior management member of the Company in compensation for losses incurred by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the director, general manager and other senior management member of the Company or with a third party (where such third party knows or should know that there is such a breach of duties by such director, general manager and other senior management member of the Company);
- (3) demand the director, general manager and other senior management member of the Company to surrender the profits made by him as a result of breaching his duties;

- (4) recover any money received by the director, general manager and other senior management member of the Company which should have been otherwise received by the Company, including (without limitation) commissions;
- (5) demand payment of the interest earned or which may have been earned by the director, general manager and other senior management member of the Company on the money that should have been paid to the Company.

**Article 132.**

The Company shall, with the prior approval of shareholders in a general meeting, enter into a contract in writing with a director wherein his emoluments are stipulated, including;

- (1) the remuneration for acting as a director or senior management member of the Company;
- (2) the remuneration for acting as director or senior management member of any subsidiary of the Company;
- (3) the remuneration for other services offered for the management of the affairs of the Company and any of its subsidiaries; and
- (4) the payment to such a director by way of compensation for his/her loss of office, or as consideration for or in connection with his/her retirement from office.

Except otherwise provided in the abovementioned contracts, no proceedings may be brought by a director against the Company for any benefits due to him/her in respect of the matters mentioned in this article.

**Article 133.**

The contract for emoluments entered into between the Company and its directors should provide that in the event of a takeover of the Company, the Company's directors shall, subject to the prior approval of the shareholders in a general meeting, have the right to receive compensation or other payment for loss of office or retirement.

An acquisition of the Company referred to in the preceding paragraph means any of the following circumstances:

- (1) an offer made by any person to all shareholders; or
- (2) an offer made by any person with a view to have the offerer becoming a "controlling shareholder" within the same defined meaning as ascribed to it in Article 54 hereof.

If the relevant director does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of the said offer. The expenses incurred in distributing that sum pro rata amongst those persons shall be borne by the relevant directors and shall not be paid out of that sum.

**Article 134.**

The Company adopts a general counsel system to further exert the function of the general counsel in legal review and supervision of operation and management, thereby facilitating the legal operation and compliance management of the Company.

The general counsel is the specific leader of the Company's rule of law efforts and shall be responsible for legal affairs of the Company by coordinating and handling the decision-making, operation, and management of the Company. The general counsel reports directly to the general manager and the chairman and is accountable to the Board.

Significant matters to be discussed and considered at a decision-making meeting of the Company that requires legal review and verification must be submitted to the general counsel for legal review in advance. If the general counsel considers that such matters involve material risks, submission to the decision-making meeting shall be deferred. The general counsel shall attend the meetings of the party committee and the Board and participate in the general manager's work meetings to provide independent legal opinions on the legal issues related to the matters such as production and operation under consideration.

**CHAPTER XIV FINANCIAL AND ACCOUNTING SYSTEM  
AND PROFIT DISTRIBUTION**

**Article 135.**

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

**Article 136.**

At the end of each fiscal year, the Company shall prepare a financial report which shall be audited by an accounting firm in compliance with the law.

The fiscal year of the Company shall coincide with the calendar year, i.e. from January 1 to December 31 on the Gregorian calendar.

**Article 137.**

Except as otherwise required by relevant laws, regulations, the listing rules of the stock exchange where the Company has its shares listed and the Articles of Association, the board of directors of the Company shall present before the shareholders at every annual general meeting such financial reports as are required by any laws, administrative regulations or directives promulgated by regional government and competent governmental authorities to be prepared by the Company.

- Article 138.** The Company's financial reports shall be made available for shareholders' inspection at the Company twenty days before the date of every annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.
- Except as otherwise required by relevant laws, regulations, the listing rules of the stock exchange where the Company has its shares listed and the Articles of Association, the Company shall deliver to each shareholder of overseas-listed foreign shares a copy of the aforesaid reports or the report of the board together with the balance sheet (including each document required to be annexed to the accompany balance sheets according to the laws) and the income statement or the statement of income and expenditure, or financial summary report not less than 21 days before the date of each annual general meeting by prepaid mail or other means permitted by the stock exchange in the localities where the Company has its shares listed at the address as shown in the register of members.
- Article 139.** Under the premise of compliance with the applicable requirements of laws, regulations and/or the relevant listing rules from time to time, the financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations.
- Article 140.** The interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations.
- Article 141.** The Company shall publish its financial reports twice in each financial year. The interim financial report shall be announced and despatched to shareholders within sixty days after the end of the first 6 months of each financial year, and the annual financial report shall be announced and despatched to shareholders within 120 days after the end of each financial year.
- Article 142.** The Company shall not keep accounting books other than those required by law.
- Article 143.** Capital reserve fund includes the following items:
- (1) premium on shares from the issuance of stocks at a price above the par value of the stocks;
  - (2) any other income required to be allocated to the capital reserves by the finance regulatory department of the State Council.

**Article 144.**

The Company may distribute a dividend in either or both of the following forms:

- (1) Cash;
- (2) Stock.

Dividends and other distributions declared by the Company to holders of domestic shares shall be declared and denominated in Renminbi, and paid in Renminbi within three months after declaration of dividends. Dividends and other distributions declared by the Company to holders of foreign shares shall be declared and denominated in Renminbi, and paid in foreign currency within three months after declaration of dividends. The exchange rate shall be based on the average middle exchange rate of the relevant foreign currency against Renminbi announced by the People's Bank of China over the five working days preceding the date on which such dividends or other distribution are declared. Foreign currencies payable by the Company to holders of foreign shares shall be obtained pursuant to relevant State regulations on the administration of foreign exchange. The board of directors is authorised by means of ordinary resolution at general meetings to distribute dividends to shareholders.

**Article 145.**

The Company shall appoint a receiving agent for holders of overseas listed foreign shares. The receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect of the overseas listed foreign shares.

The receiving agents appointed by the Company shall comply with the laws or relevant requirements of the stock exchange in the localities where the Company has its shares listed.

The receiving agents appointed for holders of overseas-listed foreign shares listed in the Hong Kong Stock Exchange shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

The Company has the right to terminate the despatch of dividend warrants to holders of overseas listed foreign shares by mail, provided that such right shall not be exercised until the dividend warrants have not been cashed for two consecutive occasions. However, where the dividend warrant is, for the first time, undelivered to the addressee and returned, the Company may also exercise such right.

In connection with exercising the authority to issue warrants to holders, no new warrants shall be issued to replace the lost ones unless the Company confirms the physical loss of the original warrants.

The Company has the right to sell, in such manner as the board of directors considers fit, any shares of an overseas listed foreign shareholder who is untraceable, subject to the following conditions:

- (1) the Company has distributed dividends for at least 3 times to such shares within 12 years, but none of such dividends was claimed during this period; and
- (2) The Company, after the termination of the 12 year period, made public announcement on the newspaper(s) at the jurisdiction where the Company has its shares listed, stating its intention to sell such shares, and notified the stock exchange(s) on which such shares are listed.

The board of directors may, for the interests of the Company, invest the dividend which is unclaimed for one year after the date on which the dividend is declared by the Company or apply such dividend for other purposes. Subject to the relevant Chinese laws and regulations, the Company may forfeit unclaimed dividends but only after the expiry of the applicable deadlines.

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

## **CHAPTER XV APPOINTMENT OF AN ACCOUNTING FIRM**

**Article 146.** The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial statements and the Company's other financial reports.

The first accounting firm of the Company may be appointed by the inaugural meeting of the Company before the first annual general meeting. The accounting firm so appointed shall hold office until the close of the first annual general meeting.

**Article 147.** The accounting firm appointed by the Company shall hold office from the close of the annual general meeting until the conclusion of the next annual general meeting.

**Article 148.** The accounting firm appointed by the Company shall have the following rights:

- (1) the right to inspect at any time the books, records and vouchers of the Company, and to require the directors, general manager or other senior management members of the Company to provide any relevant information and explanation thereof;
- (2) a right to require the Company to take all reasonable measures to obtain from its subsidiaries such information and explanation as are necessary for the purpose of discharging its duties;
- (3) a right to attend general meetings and to receive all notices of, and other information relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the Company's accounting firm.

**Article 149.** If there is a vacancy in the position of the accounting firm of the Company, the board may appoint an accounting firm to fill such vacancy before the convening of the general meeting. Any other accounting firm which has been engaged by the Company may continue to act during the period of existence of such vacancy.

**Article 150.** The shareholders in general meetings may, by ordinary resolution, remove an accounting firm before the expiration of its office, notwithstanding the stipulations in the contract between the Company and the accounting firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

**Article 151.** The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in a general meeting. The remuneration of an accounting firm appointed by the board shall be determined by the board.

**Article 152.** The Company's appointment of, removal of and non-reappointment of an accounting firm shall be resolved at shareholders' meeting.

**Article 153.** Prior to the removal or the non-reappointment of the accounting firm, notice of such removal or non-reappointment shall be given in advance to the accounting firm which shall be entitled to make representation at the general meeting. Where the accounting firm resigns its post, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

The accounting firm may tender resignation by delivery a written notice to the Company's legal address. The resignation shall become effective on the date of delivery or on such later date as may be stipulated in such resignation. Such notice shall include the following information:

- (1) a statement to the effect that there are no circumstances relating to its resignation which it considers should be brought to the attention of the shareholders or creditors of the Company; or
- (2) a statement of any such circumstances which should be brought to attention.

The Company shall, within fourteen days after the receipt of the notice as mentioned in the preceding paragraph, send a copy of the notice to the relevant competent authorities. If the notice contains the statement as mentioned in the item (2) of the preceding paragraph, a copy of such statement shall be placed at the domicile of the Company for the inspection of shareholders. The Company shall also send a copy of such statement by post (with postage paid) to each shareholder entitled to receive such report on the financial position of the Company at his address on the register of members.

Where the notice of resignation of the accounting firm contains the statement as mentioned in the item (2) of the second paragraph of this Article, the accounting firm may require the board of directors to convene an extraordinary general meeting for the purpose of receiving explanation about its resignation.

## **CHAPTER XVI MERGER AND DIVISION OF THE COMPANY**

**Article 154.** In the event of merger or division of the Company, a plan shall be proposed by the board of directors of the Company and shall be approved in accordance with the procedures stipulated in the Articles of Association and the relevant examining and approving formalities shall be processed as required by law. A shareholder who disagrees with the proposed merger or division shall have the right to demand the Company or the consenting shareholders to acquire his/her shares at a fair price. The resolution of merger or division of the Company shall be contained in a special document for inspection by shareholders.

The aforesaid document should also be despatched to the holders of overseas listed foreign shares by means set out in Article 169 hereof. The recipient's address should be based on the information contained in the register of members.

**Article 155.** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

For the Company's merger, the parties thereto shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days of the date of the Company's resolution on merger and shall make newspaper announcement or publish on the National Enterprise Credit Information Publicity System within thirty days of the date of the Company's resolution on merger. Creditors may, within thirty days after receipt of such notice from the Company, or within forty-five days of the date of the newspaper announcement for those who do not receive such notice, to demand that the Company repay their debts to that creditor or provide a corresponding guarantee for such debts.

Upon merger, the credits and liabilities of each of the parties thereto shall be carried on or assumed by the surviving party or the new company.

**Article 156.** In a division, the assets shall be split in an appropriate manner. For the division of the Company, all the parties involved in the division shall execute a division agreement, and prepare a balance sheet and an inventory of assets.

The Company shall notify all creditors within ten days after adoption of the resolution on division and shall make an announcement in newspapers or publish on the National Enterprise Credit Information Publicity System within thirty days.

The debts of the Company before division shall be borne by the companies established after division according to the concluded agreement.

**Article 157.** When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

## **CHAPTER XVII DISSOLUTION AND LIQUIDATION OF THE COMPANY**

**Article 158.** Under any of the following circumstances, the Company shall be lawfully dissolved and liquidated:

- (1) The shareholders' general meeting adopts a resolution to dissolve the Company;
- (2) The Company needs to be dissolved for the purpose of merger or division;
- (3) The Company is declared bankrupt by law as a result of failure to pay debts upon maturity;
- (4) The Company is ordered to be closed down due to violation of the laws and administrative regulations.

**Article 159.** Where the Company is dissolved by virtue of the reasons set out in item (1) in the preceding Article, the Company shall establish a liquidation committee within 15 days, and the members of the liquidation committee shall be selected at shareholders' general meeting in the form of ordinary resolution.

Where the Company is dissolved pursuant to the item (3) of the preceding article, the people's court shall according to the relevant laws, organise the shareholders, the relevant authorities and the professionals to form a liquidation committee for the liquidation work.

Where the Company is dissolved pursuant to the item (4) of the preceding article, the relevant competent department shall organise the shareholders, the relevant authorities and the professionals to form a liquidation committee for carrying out the liquidation work.

**Article 160.** Where the board of directors decides to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the board of directors shall include a statement in its notice convening a shareholders' general meeting to consider the liquidation to the effect that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within twelve months from the commencement of the liquidation.

Upon passing of the resolution on liquidation at the general meeting, all functions and powers of the board of directors of the Company shall be immediately terminated.

The liquidation committee shall follow the instructions from the general meeting, make at least one report each year to the general meeting on the income and expenditure of the liquidation committee as well as the Company's business and progress on the liquidation, and present the final report to the general meeting on completion of the liquidation.

**Article 161.** The liquidation committee shall notify creditors within ten days from the date of its establishment and make newspaper announcement within sixty days of that date. Creditors should, within thirty days after receipt of the notice, or for those who do not receive the notice, within forty-five days from the date of the announcement, declare their claims to the liquidation committee. The liquidation committee shall register the claims according to the requirements of the law.

**Article 162.** During the liquidation period, the liquidation committee shall exercise the following functions and duties:

- (1) check the Company's property and prepare the balance sheet and an inventory of assets;
- (2) notify the creditors by notice or announcement;
- (3) dispose of and settle the outstanding affairs of the Company;
- (4) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (5) settle all credits and debts;
- (6) allocation of the Company's remaining assets after the settlement of debts;
- (7) participate in civil proceedings on behalf of the Company.

**Article 163.** After checking the Company's assets and preparing a balance sheet and a list of assets, the liquidation committee shall formulate a liquidation plan and submit the same to the shareholders' general meeting or the competent authority for confirmation.

The liquidation expenses, including remunerations for the members and consultants of the liquidation committee, shall be paid from the Company's assets in priority before repayment of the debts of other creditors.

After the shareholders' general meeting resolved to dissolve the Company or after the Company is declared bankrupt or ordered to close down in accordance with the law, no one shall distribute the Company's assets without the approval of the liquidation committee.

The assets of the Company shall be liquidated in the following order of priority: payment of liquidation expenses, staff wages, social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the Company's debts.

The remaining assets of the Company upon repayment as specified in the preceding paragraph shall be distributed to the shareholders according to the class of their shares and their shareholding.

During the liquidation period, the Company remains in existence; however, it shall not carry out any business activities irrelevant with the liquidation.

The Company's assets shall not be distributed to its shareholders prior to repaying debts in accordance with the foregoing provisions.

**Article 164.**

In the event of the Company's liquidation owing to dissolution, if the liquidation committee, after liquidating the Company's assets and preparing a balance sheet and a list of assets, discovers that the Company's assets are insufficient to repay off its debts, it shall apply to the People's Court for bankruptcy and liquidation in accordance with the law.

After the bankruptcy application is accepted by the People's Court, the liquidation committee shall prepare and hand over the liquidation matters to the bankruptcy administrator designated by the People's Court.

**Article 165.**

Following the completion of liquidation, the liquidation committee shall present a report on liquidation and prepare a statement of the receipts and payments and the financial books for the period of the liquidation which shall be verified by PRC certified public accountants and then submitted to the shareholders' general meeting or relevant competent authorities for confirmation.

The liquidation committee shall submit the aforesaid documents to the company registration authorities, apply for cancellation of the Company's registration, and announce the Company's dissolution within 30 days after confirmation at the general meeting or by the relevant competent authorities.

## **CHAPTER XVIII PROCEDURES FOR AMENDMENT OF THE ARTICLES OF ASSOCIATION**

**Article 166.** The Articles of Association may be amended in accordance with the laws, administrative regulations and the provisions of the Articles of Association.

**Article 167.** Any amendments to the Articles of Association shall be made in the following procedures:

- (1) the board of directors shall, in accordance with the Articles of Association, pass a resolution to propose to the shareholders' general meeting to amend the Articles of Association, and draw up a proposal for such amendments;
- (2) the amendments proposal shall be notified to shareholders, and a shareholders' general meeting shall be convened to vote on the amendments;
- (3) subject to the relevant requirements of the Articles of Association of the Company, the amendments submitted to the general meeting for approval are approved by way of special resolution.

**Article 168.** Amendments to the Articles of Association requiring the approvals from the competent authority(ies) shall be submitted to the competent authority(ies) for approval after being adopted in general meetings; if there is any change relating to the registered particulars of the Company, application shall be made for change in registration in accordance with the law.

## **CHAPTER XIX NOTICES**

**Article 169.** Notices, communications or any other written materials of the Company may be sent by:

- (1) hand;
- (2) mail;
- (3) facsimile or email;
- (4) announcement on the website of the Company and websites designated by the Hong Kong Stock Exchange in accordance with the laws, administrative regulations and relevant rules of the securities regulatory authority where the Company's shares are listed;
- (5) announcement;
- (6) other means as agreed in advance between the Company and the recipient or as accepted by the recipient after receiving a notice;

- (7) such other methods accepted by the securities regulatory authority of the place where the Company has its shares listed or provided for by the Articles of Association.

Notwithstanding anything otherwise provided herein with respect to the form of issuance or notification of any notice, communication or other written materials, subject to the compliance with the relevant provisions of the securities regulatory authority in the locality where the Company has its shares listed, the Company may elect to issue any corporate communication of the Company in the form as provided in item (4) under the first paragraph of this Article, in lieu of the delivery of written document to each shareholder of overseas listed shares by hand or by prepaid post. The corporate communication referred to above means any document issued or to be issued by the Company for the shareholders' reference or for the shareholders to act upon, including but not limited to report of the board of directors (including the balance sheet and income statement), annual reports (including the annual financial report), interim reports (including the interim financial report), listing documents, meeting notices, circulars, proxy forms, receipts and other communication.

**Article 170.**

In case that the competent securities regulatory authority in the locality where the Company has its shares listed requires that the Company send, mail, despatch, release, announce or provide the Company's relevant documents by other means in both English and Chinese versions, if the Company has made appropriate arrangement to determine whether its shareholders hope to receive the English or the Chinese version only, the Company may (according to the preference expressed by shareholders) send the English or Chinese version only to relevant shareholders to the extent allowed by the applicable laws and regulations and according to the applicable laws and regulations.

**Article 171.**

In the case of delivery by specially assigned person, the recipient shall sign (or affix his/her seal to) the receipt, and the signature date shall be the date of service; in the case of posting, the date of service shall be the forty-eighth (48th) hour from the date of posting; in the case of a fax or email or website announcement, the date of service shall be the day when the notice is sent, i.e. the date indicated in the fax advice; in the case of a public announcement, the date of service shall be the date on which the first announcement is published, and relevant announcement shall be published on the newspapers or websites meeting the relevant requirements.

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

**CHAPTER XX SUPPLEMENTARY PROVISIONS**

**Article 172.**

All "over", "within" and "under" in the Articles of Association include the numbers themselves; "more than", "beyond" and "more" does not include the numbers themselves.

**Article 173.** “Accounting firm(s)” as mentioned in the Articles of Association shall have the same meaning as “Auditor(s)”.

**Article 174.** The Articles of Association are prepared in Chinese. Should there be any discrepancies between the versions in other languages and the Chinese version, the Chinese version shall prevail.

The Articles of Association shall be construed by the board of directors of the Company. Any matters not covered by the Articles of Association shall be proposed by the board of directors for consideration and approval at the shareholders’ general meeting.