

**ARTICLES OF ASSOCIATION  
OF  
WENZHOU KANGNING HOSPITAL CO., LTD.**

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## CHAPTER 1 GENERAL

**Article 1** To safeguard the legitimate rights and interests of Wenzhou Kangning Hospital Co, Ltd. (the “Company”) and its shareholders and creditors, and to regulate organization and acts of the Company, these Articles of Association are formulated pursuant to the Company Law of PRC (the “Company Law”), the Securities Law of PRC (the “Securities Law”), the Special Provisions of the State Council on the Overseas Offering and Listing of Shares by the Joint Stock Limited Companies (the “Special Provisions”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Guidelines on Articles of Association of Listed Companies, the Letter of Opinions on Supplements and Amendments to the Articles of Association of Companies Listed in Hong Kong, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), and other relevant provisions

**Article 2** The Company is a joint stock limited company duly incorporated in accordance with the Company Law and other relevant laws, administrative regulations or normative documents of the People’s Republic of China (the “PRC”).

With all shareholders of the original Wenzhou Kangning Hospital Co Ltd. as the promoters, through the overall conversion of the audited book net assets of the original Wenzhou Kangning (J)TJ ET BT /Span <</ActualT accJ

- Article 3** The registered Chinese name of the Company is 温州康宁医院有限公司 "Wenzhou Kangning Hospital Co., Ltd." .
- The English name of the Company is Wenzhou Kangning Hospital Co Ltd.
- Article 4** Domicile of the Company: Shengjin Road, Huanglong Residential District, Wenzhou  
Postal code: 325000  
Telephone number: 0577-88789117  
Fax number: 0577-88789117
- Article 5** The chairman of the board of directors (the "Board") is the Company's legal representative
- Article 6** The Company is a perpetual joint stock limited company and an independent business entity with independent corporate properties enjoys property ownership of legal person and civil rights in accordance with the laws, and shall assume civil liabilities. All the acts of the Company shall be in compliance with the requirements of the laws, regulations and normative documents of the PRC and shall protect the lawful rights and interests of shareholders. The Company is governed and protected by the laws, regulations and normative documents of the PRC
- Article 7** All the Company's assets are divided into equal shares. Each shareholder is responsible to the Company up to his/her/its subscribed shares. The Company is responsible for its debts up to its total assets
- Article 8** Approved through a resolution at the general meeting and by relevant authorities of the state, these Articles of Association take effect on the day when the overseas-listed foreign shares issued by the Company are listed and commence dealings on The Stock Exchange of Hong Kong Limited (hereinafter referred to as "HK Stock Exchange" or "Hong Kong Stock Exchange"), and supersede the previous articles of association of the Company which have been registered at and filed with the original competent administration for industry and commerce

**Article 9** From the effective date of these Articles of Association, these Articles of Association shall become a legally-binding document which regulates the Company's organization and acts, the rights and obligations between the Company and shareholders and amongst the shareholders.

These Articles of Association shall be legally binding on the Company, its shareholders, directors, supervisors and senior management, with such personnel being entitled to claim for rights on matters relating to the Company, and undertaking corresponding obligations in accordance with these Articles of Association.

Without prejudice to the provisions of Article 244, and according to these Articles of Association, one shareholder may sue the other shareholders, and the shareholders may sue the Company's directors, supervisors and senior management. The shareholders may sue the Company. The Company may sue the shareholders, directors, supervisors and senior management.

For the purposes of the preceding paragraph, the term "sue" shall include the initiation of proceedings in a court or application to an arbitration organization for arbitration.

The term "senior management" in these Articles of Association refers to the general manager (also known as "president"), executive deputy general manager(s), deputy general manager(s) (also known as "vice president(s)", including "senior vice president(s)"), chief financial officer, secretary to the Board and other personnel expressly appointed by the Board as the Company's senior management. The term "general manager" and "deputy general manager(s)" shall refer to "manager" and "deputy manager(s)" under the Company Law, and "chief financial officer" shall

The

## **CHAPTER 2 OPERATIONAL OBJECTIVES AND SCOPE**

**Article 11 The**

**Article 16** The Company may issue shares to investors inside the PRC and investors outside the PRC upon approval of the securities regulatory authorities under the State Council

For the purpose of the preceding paragraph, the term “investors outside the PRC” shall refer to investors from foreign countries or Hong Kong, Macao or Taiwan that subscribe for shares issued by the Company. The term “investors inside the PRC” shall refer to investors inside the PRC, excluding the above-mentioned regions, that subscribe for the shares issued by the Company

**Article 17** The shares issued by the Company to investors inside the PRC for subscription in Renminbi shall be referred to as “domestic shares”. The shares issued by the Company to investors outside the PRC for subscription in foreign currency shall be referred to as “foreign shares”. The foreign shares that are listed overseas shall be referred to as “overseas-listed foreign shares”. A holder of domestic shares and a holder of overseas-listed foreign shares are both holders of ordinary shares and shall have the same obligations and rights

The term “foreign currency” in the preceding paragraph shall refer to the lawful currency freely convertible in other countries or regions (other than RMB), which is recognized by state foreign exchange authority and acceptable to pay for the shares

The overseas-listed foreign shares issued by the Company which are listed in Hong Kong are referred to as H shares, namely, the RMB-denominated shares approved by the Hong Kong Stock Exchange for listing whose subscription and trading are in Hong Kong dollars

Approved by securities regulatory authorities under the State Council, the Company’s domestic shares may be listed and traded on an overseas stock exchange and converted into overseas-listed foreign shares. The conversion of such shares into overseas-listed foreign shares, listing and trading of such shares on overseas stock exchanges shall comply with the regulatory procedure, regulations and requirements of the foreign security markets. The conversion of domestic shares into overseas-listed foreign shares and listing on an overseas stock exchange shall not require the convening of a

**Article 18** As approved by the approval authorities of the Company authorized by the State Council, 50,000,000 ordinary shares were issued to the promoters of the Company upon establishment of the Company. Promoters and their respective shares subscribed are set out as follows:

No.	Name of promoters	Shareholding (share)	Percentage of shareholding
1.	Guan Weili	19,810,250	39.205%
2.	Guangzhou GL Capital Investment Fund LP	13,416,750	26.8335%
3.	Wang Hongyue	5,304,350	10.6087%
4.	Wang Lianyue	3,794,500	7.5890%
5.	Beijing CDH Weixin Venture Capital LP	3,347,750	6.6955%
6.	Beijing CDH Weisen Venture Capital LP	2,326,400	4.6528%
7.	Ningbo Xinshi Kangning Investment Management LP	1,543,000	3.0860%
8.	Ningbo Enci Kangning Investment Management LP	258,000	0.5160%
9.	Ningbo Renai Kangning Investment Management LP	199,000	0.3980%
	Total	<u>50,000,000</u>	<u>100%</u>

Upon the increase in the registered capital in March 2015, the name of shareholders of the Company, number of subscribed shares and their proportion in the share capital are set out as follows:

No.	Name of shareholders	Shareholding (share)	Percentage of shareholding
1.	Guan Weili	19,810,250	37.194%
2.	Guangzhou GL Capital Investment Fund LP	15,384,541	29.1374%
3.	Wang Hongyue	5,304,350	10.0461%
4.	Beijing CDH Weixin Venture Capital LP	3,838,754	7.2704%
5.	Wang Lianyue	3,794,500	7.1866%
6.	Beijing CDH Weisen Venture Capital LP	2,667,605	5.0523%
7.	Ningbo Xinshi Kangning Investment Management LP	1,543,000	2.9223%
8.	Ningbo Enci Kangning Investment Management LP	258,000	0.4886%
9.	Ningbo Renai Kangning Investment Management LP	199,000	0.3769%
	Total	<u>52,800,000</u>	<u>100%</u>

Article 19 Upon the establishment of the Company, as approved by China Securities Regulatory Commission (the “CSRC”) and the Hong Kong Stock Exchange, the Company has issued not more than 20,240,000 H shares (including H shares issued upon the exercise of the ~~Over~~allotment Option).

Upon completion of the aforesaid issue of H shares (including the exercise of the Over-allotment Option), the Company has a registered capital of RMB73,040,000. The shareholding structure is as follows: 73,040,000 ordinary shares, comprising 20,240,000 H shares and 52,800,000 domestic shares, the current shareholding structure of the Company is as follows:

No.	Name of shareholders	Shareholding (shares)	Percentage of shareholding
1.	Guan Weili	18,350,250	25.1236%
2.	Guangzhou GL Capital		

**Article 20** The domestic shares issued by the Company are centrally deposited at the China Securities Depository and Clearing Corporation Limited. The H shares of the Company are mainly under the central depository's custody, which belongs to Hong Kong Securities Clearing Company Limited and may also be held by shareholder in individual names.

**Article 21** After the plans for issuing overseas-listed foreign shares and domestic shares have been approved by the securities regulatory authorities under the State Council, the Company's Board may arrange for implementation of such plans by means of separate issuances.

The Company's plan for issuance of overseas-listed foreign shares and domestic shares in accordance with the preceding paragraph may be implemented within 15 months upon approval by the securities regulatory authorities under the State Council, unless otherwise stipulated by the securities regulatory authorities under the State Council.

**Article 22** Where the Company issues overseas-listed foreign shares and domestic shares separately within the total number of shares specified in the issuance plans, such shares shall be fully subscribed in one single issuance. Where special circumstances make it impossible for every such single issuance to be fully subscribed, the shares may be issued in tranches, subject to the approval of the securities regulatory authorities under the State Council.

**Article 23** At its establishment, the Company had a registered capital of RMB50,000,000. Prior to the issuance of H shares, the Company had a registered capital of RMB52,800,000.

Upon completion of the aforesaid issue of H shares, the registered capital of the Company is RMB73,040,000.

**Article 24** Unless otherwise stipulated in the laws, administrative regulations, listing rules of the place(s) in which the shares of the Company are listed, or these Articles of Association, the shares of the Company may be freely transferred according to the laws without any lien. The transfer of shares of the Company shall be registered with registration agency appointed by the Company.

**Article 25** The Company shall not accept its shares as the subject of a pledge.

**Article 26** The shares of the Company held by the promoters shall not be transferred within one year from the date of establishment of the Company. The shares issued before the Company public issuances of any shares shall not be transferred within one year from the date after the shares of the Company are listed and traded in a stock exchange.

The directors, supervisors and senior management of the Company shall report to the Company the shares held by them and the changes thereof. During the term of their office, the shares transferred by any of them each year shall not exceed 25% of the total shares of the Company that he holds. The shares of the Company held by the aforesaid persons shall not be transferred within one year from the date when the shares of the Company are listed and traded in a stock exchange. If any of the aforesaid persons leaves from his post, he shall not transfer the shares of the Company that he holds within six months from such departure. If the listing rules of the stock exchange of the place(s) in which the shares of the Company are listed provide otherwise on restrictions on transfers of H shares, such rules shall prevail.

**Article 27** If a director, supervisor or senior management of the Company, or a shareholder holding more than 5% of the shares of the Company sells the shares of the Company within six months after buying those shares, or buys the shares within six months after selling those shares, all the gains arising thereof shall belong to the Company, and such gains shall be collected by the Board of the Company. But if a securities company underwrites unsold shares, thereby holding more than 5% of the shares, the sale of these shares shall not be subject to the said six-month restriction. If listing rules of the stock exchange of the place(s) in which the shares of the Company are listed provide otherwise on restrictions on transfers of H shares, such rules shall prevail.

If the Company's Board does not execute in compliance with the preceding paragraph, the shareholders can request the Board to do so within 30 days. If the Board does not enforce such right within the aforesaid period, the shareholders are entitled to commence litigations in court in their own names for the interest of the Company.

If the Company's Board does not execute in compliance with the first paragraph, the director(s) liable shall assume joint and several responsibilities pursuant to laws.

## **CHAPTER 4 INCREASE, REDUCTION AND REPURCHASE OF SHARES**

**Article 28** According to operational and development needs, the Company may, according to the laws and regulations and resolutions of general meetings, increase stock capital pursuant to relevant provisions of these Articles of Association

The Company may increase stock capital by adopting the following means:

- (1) Issuing new shares to unspecified investors;
- (2) Placing new shares with existing shareholders;
- (3) Giving new shares to existing shareholders;
- (4) Converting the reserve funds into share capital;
- (5) Other means prescribed by the laws, administrative regulations or

**Article 31** The Company may, in the following circumstances, repurchase its own issued outstanding shares according to legal procedures and in accordance with the procedures provided for in these Articles of Association, and submit the same to the relevant state authorities for approval:

- (1) Cancellation of shares in order to reduce the Company's registered capital;
- (2) Merger with another company holding shares in the Company;
- (3) As a token of reward, distribution of shares to staffs of the Company;
- (4) Acquisition of shares held by shareholders (upon their request) who dissent from any resolution proposed in any general meeting on the merger or division of the Company;
- (5) Other circumstances where the laws and administrative regulations so permit.

Apart from the conditions mentioned above, the Company does not carry out any activities for dealing in the Company's shares.

**Article 32** With approval from relevant state authorities to repurchase its own shares, the Company may proceed in any one of the following manners:

- (1) Making of a repurchase offer in the same proportion to all shareholders;
- (2) Repurchase through open transactions on a stock exchange;
- (3) Repurchase by agreement outside of a stock exchange;
- (4) Other methods recognized by relevant regulatory authorities.

**Article 33** In the event of a repurchase of shares by the Company by an agreement outside of a stock exchange, prior approval shall be obtained from the shareholders at a general meeting in accordance with the procedures stipulated in the Company's Articles of Association. Upon obtaining further prior approval of the shareholders at the general meeting in the same manner, the Company may terminate or amend contracts concluded in the manner set forth above or waive any of its rights under such contracts.

The contracts for the repurchase of shares referred to in the above paragraph include (but not limited to) agreements whereby repurchase obligations are undertaken and repurchase rights are acquired.

The Company shall not assign contracts for the repurchase of its own shares or any of its rights thereunder.

The price per share for repurchasing the Company's own redeemable shares proposed to be made otherwise than by tender or in the market shall be capped at a maximum price; where the repurchasing is proposed to be made by way of tender, tenders shall be made available to all holders of such shares on the same terms.

**Article 34** The acquisition of its shares by the Company for reasons set forth in Items (1) to (3) of Article 31 hereof shall be subject to the approval at the general meeting in accordance with the provisions hereunder. Upon the acquisition of its shares by the Company pursuant to the provisions under Article 31 hereof, under the circumstance set forth in Item (1), the shares so purchased shall be cancelled within ten days after the said acquisition; under the circumstances set forth in Items (2) and (4), the shares shall be transferred or cancelled within six months. The shares repurchased pursuant to the provisions under Item (3) of Article 31 hereof shall not exceed 5% of the total issued shares of the Company, and the funds used for the purpose of the acquisition shall be made available from the profit after tax of the Company. The shares so acquired shall be transferred to the employees within one year.

**Article 35** Upon cancellation of the portion of shares bought back, the Company shall apply to the original company registration authority for registration of the change in registered capital.

The amount of the Company's registered capital shall be reduced by the total par value of the shares cancelled.

**Article 36** Unless the Company has already entered the liquidation stage, it shall comply with the following provisions in buying back its issued and outstanding shares:

- (1) Where the Company buys back shares at their par value, the amount thereof shall be deducted from the book balance of distributable profits and/or from the proceeds of a new shares issuance made to buy back the old shares;

- (2) Where the Company buys back shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profits and/or from the proceeds of a new shares issuance made to buy back the old shares; and the portion in excess of the par value shall be handled according to the following methods:
  1. Where the shares bought back were issued at their par value, the amount shall be deducted from the book balance of distributable profits of the Company;
  2. Where the shares bought back were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profits and/or from the proceeds of a new shares issuance made to buy back the old shares; however, the amount deducted from the proceeds of the new shares issuance shall not exceed the total premium obtained at the time of issuance of the old shares so repurchased nor exceed the amount (including the premiums from the new shares issuance) in the Company's premium account (or capital common reserve account) at the time of repurchase;
- (3) The sums paid by the Company for the purposes set forth below shall be paid out of the Company's distributable profits:
  1. Acquisition of the right to buy back its own shares;
  2. Amendments to the contract for repurchase of its own shares;
  3. Release from any of its obligations under any repurchase contract.
- (4) After the aggregate par value of the cancelled shares has been deducted from the registered capital of the Company in accordance with relevant regulations, that portion of the amount deducted from the distributable profits and used to buy back shares at the par value of the bought back shares shall be included in the Company's premium account (or capital common reserve account).

## **CHAPTER 5 FINANCIAL ASSISTANCE FOR PURCHASE OF COMPANY SHARES**

**Article 37** The Company or its subsidiaries (including affiliates of the Company) shall not at any time provide any financial assistance in any form to purchasers or prospective purchasers of the shares in the Company. Purchasers of shares in the Company as referred to above shall include persons who directly or indirectly undertake obligations as a result of purchasing shares in the Company.

The Company or its subsidiaries (including affiliates of the Company) shall not at any time provide any financial assistance in any form to the above obligators in order to reduce or discharge their obligations.

The provisions of this Article shall not apply to the circumstances described in Article 39 of this Chapter.

**Article 38** For the purposes of this Chapter, the term “financial assistance” shall include (but not limited to) the financial assistance in the forms set out below:

- (1) Gift;
- (2) Guarantee (including the undertaking of liability or provisions of property by the guarantor in order to secure the performance of the obligation by the obligator), indemnity (not including, however, indemnity arising from the Company’s own fault) and release or waiver of rights;
- (3) Provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other party to the contract, or a change in the party to such loan or contract as well as the assignment of rights under such loan or contract;
- (4) Financial assistance in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a major reduction in the Company’s net assets.

For the purposes of this Chapter, the term “undertake obligations” shall include the undertaking of an obligation by the obligator by concluding a contract or making an arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation is undertaken by the obligator individually or jointly with any other person) or by changing its financial position in any other way.

**Article 39** The acts listed below shall not be regarded as the acts prohibited under Article 37 of this Chapter:

- (1) Where the Company provides the relevant financial assistance truthfully for the benefit of the Company and the main purpose of the financial assistance is not to purchase shares in the Company, or the financial assistance is an incidental part of an overall plan of the Company;
- (2) Lawful distribution of the Company's property in the form of dividends;
- (3) Distribution of dividends in scrip form;
- (4) Reduction of registered capital, repurchase of shares, adjustment of shareholding structure, etc. in accordance with these Articles of Association;
- (5) Provision of a loan by the Company within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance is paid out of the Company's distributable profits);
- (6) The contribution by the Company for an employee shareholding scheme (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance is paid out of the Company's distributable profits).

## **CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**

**Article 40** The Company's shares shall be in registered form.

In addition to the particulars provided for in the Company Law, the share certificates of the Company shall clearly state such other particulars as required to be specified by the stock exchange(s) on which the Company's shares are listed.

The Company may take the form of overseas depository receipt or other derivations of share certificate to issue overseas-listed foreign shares in accordance with laws and securities registration and depository practice of the listing venue.

During the listing of the Company's H shares on the main board of the Hong Kong Stock Exchange, the Company shall ensure that the following statements are included in all title documents (including H shares certificates) relating to its securities listed on the Hong Kong Stock Exchange and shall instruct and procure its share registrar to reject the registration of the subscription, acquisition or transfer of shares in the name of any individual holder unless and until the individual holder submits the appropriately signed form relating to such shares to the share registrar and the form shall include the following statements:

- (1) the share purchaser and the Company and each of the shareholders, and the Company and each of the shareholders agree to observe and comply with the requirements of the Company Law, Special Provisions and other relevant laws, administrative regulations and these Articles of Association
- (2) the purchaser of the shares agrees with the Company and each of the shareholders, directors, supervisors and senior management of the Company, and the Company, acting on behalf of itself and each of directors, supervisors and senior management of the Company, agrees with each of the shareholders that, they will refer to arbitration for settlement of all disputes and claims arising from these Articles of Association, or disputes and claims of rights in relation to the Company's affairs arising from any rights or obligations under the Company Law or other relevant laws and administrative regulations in accordance with the provisions of these Articles of Association, and that any referral to arbitration shall be deemed as an authorization to an arbitral court to hold a public hearing and announce its arbitration award to the public. Such award shall be final and conclusive
- (3) the purchaser of the shares agrees with the Company and each of the

**Article 41** The share certificates shall be signed by the chairman of the Board. Where the signatures of senior management of the Company are required by the stock exchange(s) on which the Company's shares are listed, the share certificates shall also be signed by such senior management. The share certificates shall become effective after the Company seal is affixed thereto or printed thereon. Under authorization of the Board, the Company may stamp on share certificate. The signature of legal representative or of senior management on the share certificates may also be in printed form. In the circumstance of paperless issuance and trading of the shares of the Company, provisions otherwise provided by local securities regulatory authorities of the place(s) in which shares of the Company are listed shall prevail.

**Article 42** The Company shall establish a register of shareholders in accordance with evidence from the securities registration organization, and shall enter therein the following particulars:

- (1) The name, address (domicile), occupation or nature of each shareholder;
- (2) The class and number of shares held by each shareholder;
- (3) The amount paid or payable for the shares held by each shareholder;
- (4) The serial number of the shares held by each shareholder;
- (5) The date on which each shareholder is registered as a shareholder;
- (6) The date on which each shareholder ceases to be a shareholder.

The register of shareholders is the conclusive evidence of shareholders' holding of the Company's shares, unless otherwise with opposite evidence.

**Article 43** The Company may, pursuant to an understanding or agreement reached between the securities regulatory authorities under the State Council and a securities regulatory organization outside the PRC, keep outside the PRC its original register of holders of overseas-listed foreign shares, and entrust the administration thereof to an agent outside the PRC. The original register of public shareholders of the H shares shall be kept in Hong Kong.

The Company shall keep at its domicile a duplicate of the register of holders of overseas-listed foreign shares. The appointed agency outside the PRC shall ensure that the register of holders of overseas-listed foreign shares and its duplicate are consistent at all times.

Where the original and duplicate of the register of holders of overseas-listed foreign shares are inconsistent, the original shall prevail.

**Article 44** The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

- (1) A register kept at the Company's domicile other than those specified in Items (2) and (3) of this Article;
- (2) The register(s) of holders of overseas-listed foreign shares kept in the place(s) of the stock exchange(s) outside the PRC on which the shares are listed;
- (3) Registers of shareholders kept in other places as the Board may decide necessary for listing of the Company's shares.

**Article 45** The various parts of the register of shareholders shall not overlap one another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the law of the places where each part is kept.

**Article 46** All paid H shares are freely transferable according to these Articles of Association. However, unless meeting the following conditions, the Board may decline to recognize any transfer instrument without giving any reasons:

- (1) Any transfer instrument or other instrument which relates to share ownership or may affect share ownership shall be registered, and HK\$250 (each transfer instrument) or such other higher fee determined by the Board (but such fees shall not exceed the maximum fee prescribed in the Listing Rules of the Hong Kong Stock Exchange from time to time) shall be paid for such registration;

- (2) The transfer instrument only involves H shares listed in Hong Kong;
- (3) The due stamp duty for transfer instrument has already been paid;
- (4) Relevant share certificate and such other evidence as the directors may reasonably require to prove the transferor's right to transfer shares are lodged;
- (5) Transfer of any share to no more than four joint holders in the event that the shares are to be transferred to joint holders;
- (6) The shares concerned are free of any lien in favor of the Company.

If the Board refuses to register any transfer of shares, the Company shall within two months from the date of formal application for the transfer provide the transferor and transferee with a notice of refusal to register such transfer.

Any shareholder of foreign shares may transfer all or part of his shares through an instrument in usual written form in the relevant place(s) in which the shares of the Company are listed or in such other form as the Board may accept. The transfer of H shares may adopt the standard transfer form prescribed by the Hong Kong Stock Exchange. The transfer instrument may be under hand but need not be under seal only or, if the transferor or transferee is a clearing house defined under Hong Kong Securities and Futures Ordinance or its nominee(s), a handwritten or machine imprinted signature shall be acceptable.

All instruments of transfer shall be maintained at the legal address, address of the share registrar of the Company or such places as the Board may designate from time to time.

**Article 47** No changes resulting from shares transfer may be made to the register of shareholders within 30 days prior to a general meeting or 5 days prior to the reference date set by the Company for the purpose of distribution of dividends. This is subject to any other provisions of the securities regulatory authorities in the place where the shares are listed.

**Article 48** When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities which require to confirm the identification of shareholders, the convener of the Board or the general meeting shall decide the record date. The shareholders whose names appear on the register of shareholders at the close of trading on the record date shall enjoy the relevant rights.

**Article 49** Any person that dissents from the register of shareholders and requires his name to be entered into or removed from the register may apply to a competent court for correction of the register.

**Article 50** Any shareholder who is registered in the register of shareholders or requires his name to be registered in the register of shareholders may apply to the Company for a replacement certificate in respect of such shares (the “Relevant Shares”) if his share certificate (the “Original Share Certificate”) is lost.

Applications for the replacement of domestic share certificates shall be dealt with in accordance with the relevant provisions of the Company Law.

Applications for the replacement of overseas-listed foreign share certificates shall be dealt with in accordance with the law, regulations, rules of stock exchanges and other relevant regulations of the place where the original register of holders of overseas-listed foreign shares is kept.

Where public shareholders of H shares apply for replacement of lost certificates, such replacement shall comply with the following requirements:

- (1) The applicant shall submit the application in the form prescribed by the Company accompanied by a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the applicant’s reasons for the application, the circumstances and proof of the loss of the share certificate and a declaration stating that no other persons may require registration as a shareholder in respect of the Relevant Shares.
- (2) The Company has not received any declaration requiring registration as a shareholder in respect of the shares from any person other than the applicant before it decides to issue a replacement share certificate.
- (3) If the Company decides to issue a replacement share certificate to the applicant, it shall publish an announcement of its intention in the newspapers designated by the Board; the period of the announcement shall be 90 days, during which such announcement shall be published repeatedly at least once every 30 days.

- (4) Before publishing the announcement of its intention to issue a replacement share certificate, the Company shall submit a copy of the announcement to be published to the stock exchange where it is listed and may proceed with the publication upon receipt of a reply from the stock exchange confirming that the announcement has been displayed in the stock exchange. The announcement shall be displayed in the stock exchange for a period of 90 days.

If the application for issuance of a replacement share certificate was made without consent of the registered holder of the Relevant Shares, the Company shall mail to such shareholder a photocopy of the announcement that it intends to publish.

- (5) Upon expiry of the 90-day period specified in Items (3) and (4) hereof, if the Company has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate according to the application of the applicant.
- (6) When the Company issues a replacement share certificate according to the requirements of this Article, it shall immediately cancel the Original Share Certificate and record such cancellation and the issuance of the replacement share certificate in the register of shareholders.
- (7) All expenses for the cancellation of the Original Share Certificate and issuance of a replacement share certificate shall be borne by the applicant. The Company shall be entitled to refuse to take any action until reasonable guarantee is obtained from the applicant.

**Article 51** After the Company has issued a replacement share certificate in accordance with the requirements of these Articles of Association, the name of a bona fide purchaser obtaining the replacement share certificate mentioned above or a shareholder who subsequently registers as the owner of the shares (provided that he is a bona fide purchaser) shall not be deleted from the register of shareholders.

**Article 52** The Company shall not be liable for any damages suffered by any person from the cancellation of the Original Share Certificate or the issuance of the replacement share certificate, unless the claimant is able to prove fraudulent act on the part of the Company.

## CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

**Article 53** The Company's shareholders are persons who lawfully hold shares of the Company and whose names have been registered in the register of shareholders.

Shareholders shall enjoy rights and have obligations according to the class and number of shares held. Holders of shares of the same class shall enjoy equal rights and have equal obligations.

Shareholders of every class shall enjoy equal rights in the distribution of dividend or distribution in any other form.

Where a shareholder of the Company is a legal person, his legal representative or the nominee of his legal representative shall exercise, on behalf of him, his rights.

Where two or more persons registered as joint shareholders of any share, they shall be deemed as joint holders of the relevant share, and shall be subject to the following terms:

- (1) The Company needs not register more than four persons as joint shareholders for any share;
- (2) All joint shareholders of any share shall bear the joint liabilities for all the payable amount of the relevant share.

In the circumstance of joint shareholders:

- (1) In case of death of one of the joint shareholders, only the other surviving joint shareholder(s) shall be deemed by the Company as owner of the shares, but for the purpose of revising the register of shareholder, the Board shall be entitled to demand the surviving joint shareholder(s) to provide a death certificate as the Board thinks fit.
- (2) For joint shareholders of any share, the person whose name stands first in the register of shareholders shall be entitled to receive share certificate of the relevant share, receive notice from the Company, and the service of notice to the aforesaid person shall be deemed as service of notice to all joint shareholders. Any of the joint shareholders may sign a proxy form; provided, however, where the number of the joint shareholders presenting in person or by proxy

at a meeting is more than one, the vote cast, no matter in person or by proxy, by the shareholder whose name appears in prior sequence shall be regarded as the sole and exclusive vote on behalf of the rest joint shareholders. For the purpose of such voting, the shareholder's priority shall be determined in accordance with the sequence of

(2) personal information of the directors, supervisors and senior management of the Company, including:

- a current and previous names and aliases;
- b main address (domicile);
- c nationality;
- d full-time and all other part-time occupations and duties;
- e identification credentials and their numbers

the status of the Company issued share capital;

reports of the aggregate par value, number and highest and lowest prices of each class of shares bought back by the Company since the last financial year as well as the expenses paid by the Company therefor;

bonds stubs, minutes of general meetings, special resolutions of the Company, resolutions of board meetings, resolutions of the meetings of 4 V Q F S W S J P T N S J Z U U F F and financial reports;

the Company's most recent audited financial statements, and report of the Board, auditors and the board of supervisors;

copy of the latest annual review report which has been filed with the competent administration for industry and commerce or other competent

- (6) When the Company terminates or liquidates, its share of remaining assets of the Company according to the shares held will be distributed;
- (7) If a shareholder dissents from the merger or division of the Company at a general meeting, he may request the Company to acquire his shares;
- (8) Other rights under the law, administrative regulations, departmental regulations and these Articles of Association

The Company shall not exercise power only because any person who directly or indirectly owns equity interest does not disclose its equity interest to the Company to frozen or by other means to damage any rights attached to the shares of the person

**Article 55** If any shareholder requests for access to the information or ask for documents prescribed in the preceding Article, he shall first provide written proof to certify the class and number of Company's shares he holds The Company shall provide the request documents after verification

If the 4 V Q F S W J T P S Z \$ PENNARD LIFE RESORT does not commence litigation upon receipt of the shareholder's written request stipulated under the preceding paragraph, or does not commence litigation within 30 days upon receipt of the request, or the situation is so urgent that it will cause irreparable loss to the Company if an immediate litigation is not commenced, the shareholders so stipulated under the previous paragraph are entitled to commence litigation directly at the court under their own names for the interests of the Company.

If any person intervenes with the lawful interests of the Company resulting in losses to the Company, a shareholder stipulated under the first paragraph is entitled to commence litigation at the court in accordance with the two preceding paragraphs.

**Article 58** If a director or senior management contravenes the law, administrative regulations or these Articles of Association, thereby damaging shareholders' interests, the shareholders can commence litigation in the court

**Article 59** Holders

- (5) Other obligations which shall be borne as required by the law, administrative regulations and these Articles of Association.

Shareholders shall not bear any liability for further contribution to share capital other than the conditions agreed to as a subscriber of the shares on subscription.

**Article 60** Shareholders who hold shares with voting rights of the Company as to over 5% and pledge their shares shall submit a written report to the Company on the day when the pledge occurs.

**Article 61** The controlling shareholder or de facto controller of the Company shall not use his connected relationship to damage the Company's interests. In case of a breach resulting in damage to the Company, he shall be liable for compensation.

The controlling shareholder and de facto controller of the Company have fiduciary duties towards the Company and public shareholders. The controlling shareholder shall strictly exercise his rights as a capital

- (3) Approving a director or supervisor (for his own or others' benefit) to deprive other shareholders of their personal interests, including (but not limited to) the rights to distributions and voting rights, but not including restructuring of the Company submitted to and passed at the shareholders general meeting in accordance with these Articles of Association

The term "controlling shareholder" mentioned in this Article refers to a person who satisfies any one of the following conditions:

- (1) He, acting individually or in concert with others, may elect more than half of the directors;
- (2) He, acting individually or in concert with others, may exercise or control the exercise of more than 30% of the Company's voting rights;
- (3) He, acting individually or in concert with others, holds more than 30% of the issued and outstanding shares of the Company;
- (4) He, acting individually or in concert with others, actually controls the Company in other ways

## **CHAPTER 8 GENERAL MEETING**

### **Section 1 General Provisions on General Meeting**

**Article 62** The general meeting shall be the organ of authority of the Company and shall exercise the functions and powers according to law

**Article 63** The general meeting shall exercise the following functions and powers:

Decide the operational policy and investment plan of the Company;

Elect and replace directors and supervisors who are not staff representatives  
Make decisions on matters in relation to the remuneration of the relevant directors and supervisors;

Review and approve the reports of the Board;

Review and approve the reports of the Board;

Review and approve the annual financial budgets and final accounting of the Company;

- (6) Review and approve the profit distribution plan and loss compensation plan of the Company;
- (7) Pass resolutions on increasing or reducing the registered capital of the Company;
- (8) Pass resolutions on merger, division, winding up, liquidation or changing the form of the Company;
- (9) Pass resolutions on the issuance of corporate bonds or other securities and listing plan;
- (10) Pass resolutions on the appointment, reappointment or dismissal of accounting firms by the Company;
- (11) Amend these Articles of Association;
- (12) Review and approve the external guarantee issues which shall be reviewed at the general meeting as prescribed in Article 64 of these Articles of Association;
- (13) Review purchases and sales of significant assets within a year exceeding 30% of the latest audited total assets of the Company;
- (14) Review and approve the changes of use of proceeds;
- (15) Review share incentive plans;
- (16) Review proposals of the shareholders who represent 3% or more of the Company's voting shares;
- (17) Review other matters to be resolved at the general meeting as required by the law, administrative regulations, department regulations, listing rules of the stock exchange of the place(s) in which the shares of the Company are listed or as prescribed by these Articles of Association.

In the absence of violation of the mandatory provisions under the relevant law, regulations, normative documents and listing rules of the stock exchange of the place(s) in which the shares of the Company are listed, the general meeting may authorize or entrust the Board to deal with matters so authorized or entrusted.

**Article 64** The following external guarantees of the Company shall be reviewed and passed at the general meeting:

- (1) Any guarantee in addition to the aggregate of external guarantees provided by the Company and its holding subsidiary with a total amount equal to or more than 50% of the Company's latest audited net assets;
- (2) Any guarantee in addition to the aggregate of external guarantees provided by the Company with a total amount equal to or more than 30% of the Company's latest audited total assets;
- (3) To provide guarantee to entities with more than 70% debt asset ratio;
- (4) A single guarantee whose amount exceeds 10% of the latest audited net assets;
- (5) To provide guarantee for shareholders, de facto controller and their connected parties;
- (6) Other guarantees which shall be passed at the general meeting as prescribed by the local stock exchange where the Company's shares are listed and these Articles of Association.

The term "external guarantee" refers to the guarantee provided by the Company to others, including guarantee provided to any of its controlling subsidiary. The term "total amount of external guarantee of the Company and its holding subsidiary" refers to the sum of total amount of the Company's external guarantee (including the Company's guarantee to its holding subsidiary) and the external guarantee provided by the Company's holding subsidiary.

When the general meeting is considering a resolution to provide guarantee for any shareholder, de facto controller or their connected parties, the said shareholder or the shareholders controlled by the said de facto controller shall abstain from voting on the resolution, and the resolution shall be





it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the proposal. Shares held by the above shareholders shall be calculated as at the date of submitting the written request

If the Board agrees to convene an extraordinary general meeting or class meeting, it shall issue a notice of convening a general meeting within 5 days upon being resolved by the Board.

**Article 72** Where the 4 V Q F S W J T P S Z \$ P N N J U U F F or shareholders co themselves in accordance with the provisions of this section, a written notice shall be submitted to the Board and filed with the securities regulatory authority and relevant stock exchange where the Company is located

When calculating the time limit of the notice, the date of the meeting convened shall be excluded.

**Article 76** The Company shall calculate the number of voting shares represented by the shareholders who intend to attend the meeting in accordance with the written replies received 20 days prior to the convening of the general meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches one half of the total number of the Company's voting shares, the Company shall convene the general meeting. If not, the Company shall within 5 days notify the shareholders again by publishing an announcement stating the matters to be considered as well as the date and place of the meeting. Upon notifying by the announcement, the Company is entitled to convene the general meeting.

An extraordinary general meeting shall not make decision on matters not specified in the notice.

**Article 77** Notice of the general meeting shall include the following:

- (1) Time, place and duration of the meeting;
- (2) Specified matters and resolutions to be proposed at the meeting;
- (3) Provision to the shareholders of the detailed information and explanations necessary for the shareholders to make sound decisions about the matters to be discussed. This principle includes (but not limited to) the provision of the specific terms and contract(s), if any, of the proposed transaction(s) and serious explanations about the causes and effects when the Company proposes mergers, repurchase of shares, restructuring of share capital or other restructuring;
- (4) In the event that any of the directors, supervisors, managers or other senior management has material interests at stake in matters to be discussed, the nature and extent of the interests at stake shall be disclosed. If the matters to be discussed affect any director, supervisor, manager or other senior management as a shareholder in a manner different from how they affect the same type of other shareholders, the difference shall be explained;
- (5) Inclusion of the full text of any special resolution to be proposed for approval at the meeting;
- (6) A clear explanation in words indicating that the entire shareholders are entitled to attend and vote at the general meeting, or to appoint proxies to attend and vote at the meeting on his or her behalf and that such proxies are not necessarily shareholders;

- (7) Record date for shareholders entitled to attend the meeting;
- (8) Name and telephone number of the contact person;
- (9) Specified delivery time and place of the power of attorney for proxy voting at the meeting.

**Article 78** For matter of discussion involving the election of directors and supervisors, the notice of general meeting shall adequately disclose the detailed information of the candidates for such directors and supervisors, which shall at least include the following:

- (1) Personal particulars including education background, working experience and any part-time job;
- (2) Whether there is any connected relationship between the Company and the controlling shareholders and de facto controller of the Company;
- (3) Disclosure of the shareholdings in the Company;
- (4) Whether or not they have been penalized by CSRC or other related securities regulatory authorities and the stock exchange.

Apart from directors and supervisors elected through the cumulative voting system, each candidate of director or supervisor shall be individually proposed.

**Article 79** Notice of general meeting shall be served to the shareholder (whether has voting right on general meeting or not) either by hand or by post in a prepaid mail, addressed to such shareholder at his registered address as shown in the register of shareholders, or by publication on the Company's website or other website designated by stock exchange where the Company's shares are listed, subject to compliance with applicable laws, regulations and listing rules. For holders of domestic shares, the notice of a general meeting may also be given by publishing an announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority under the State Council within the period of 45 and 50 days before convening the meeting. Once the announcement is published, all holders of domestic shares shall be deemed to have received the notice in relation to the general meeting.

**Article 80** After issuance of the notice for the general meeting, the general meeting shall not be postponed or cancelled without proper reasons and the proposals specified in the notice shall not be withdrawn. In case of delay or cancellation, the convener shall make an announcement giving reasons at least 2 working days before the date when the meeting is convened, unless otherwise prescribed in listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed (if so, the latter shall prevail)

**Article 81** The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting

#### **Section 4 Convening General Meeting**

**Article 82** All shareholders on the register of shareholders on the shareholding record date shall be entitled to attend the general meeting, and vote in accordance with the provisions of the relevant laws, regulations and these Articles of Association

Any shareholder entitled to attend and vote at a general meeting shall have the right to appoint one or more persons (who may not be necessarily a shareholder) as his proxies to attend and vote on his behalf

Such proxies may exercise the following rights as entrusted by the shareholder:

- (1) The shareholder's right to speak at the general meeting;
- (2) The right to demand by himself or jointly with others in voting by way of poll;
- (3) Unless otherwise provided in the applicable listing rules or other securities laws and regulations, the right to vote may be exercised either by a show of hands or by poll. However, if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by poll

If a shareholder is a recognized clearing house or its agent within the

on behalf of the recognized clearing house or their agent (without presentation of evidence of their shareholding, notarized authorization

**Article 85** The instrument appointing a voting proxy shall be placed at the domicile of the Company or at such other places as specified in the notice of convening the meeting 24 hours prior to convening of the meeting at which the proxy is authorized to vote or 24 hours prior to the designated time of voting. Where the instrument is signed by another person authorized by the principal, the authorization letter or other documents authorizing the signatory shall be notarized. The notarized authorized letter or other authorized documents shall be placed together with the instrument appointing the voting proxy at the domicile of the Company or at such other places as specified in the notice of convening the meeting.

Where the principal is a legal person, its statutory representative or the person authorized by resolution of its board of directors or other decision-making body shall be entitled to attend the Company's general meetings as the representative of such legal person.

**Article 86** Any form issued by the Board of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast vote in favour of or against each resolution and enable the shareholders to give separate instructions on each matter to be voted on at the meeting.

The proxy form shall state that if the shareholder does not give specific instructions, the proxy shall vote at his/her/its own discretion.

**Article 87** Where the entrusting party is deceased or incapacitated to act or whose signed proxy form is withdrawn or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of the proxy form shall remain valid as long as the Company has not received a written notice of such matters before the commencement of the relevant meeting.

**Article 88** A registration record for attendees at the meeting shall be compiled by the Company. The registration record shall contain items including but not limited to the names of the attendees (or names of organizations), identity card numbers, residential addresses, the number of shares held or voting rights represented and names of the proxies (or name of organizations).

**Article 89** The convener shall verify the shareholders' qualifications according to the register of members provided by the securities registration and clearing institutions. The names of shareholders and the total number of shares with voting rights held by them shall be registered. The registration at the meeting shall end before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of shares held with voting rights.

**Article 90** The directors, supervisors and senior management of the Company shall, upon request of the general meeting, be present at such meeting for answering queries raised by the shareholders

**Article 91** The general meeting shall be convened and presided over by the chairman of the Board. Where the chairman of the Board is unable to discharge or fails to discharge his/her duties, a meeting shall be convened and presided over by the vice chairman of the Board (if there are two or more vice chairmen, the one elected by more than one of the directors shall preside over the meeting). Where the position of vice chairman does not exist, or where the vice chairman of the Board is unable to discharge or fails to discharge his/her duties, more than one half of the directors shall designate a director to convene and preside over the meeting. Where more than one half of the directors cannot designate a director to convene and preside over the meeting, the shareholders attending the meeting may elect one person to preside over the meeting. If for any reason the shareholders are unable to elect a chairman, the attending shareholders holding the largest number of voting shares (whether in person or by proxy) shall preside over the meeting.

If a general meeting is convened by the chairman of the board of supervisors shall preside over the meeting. If the chairman of the board of supervisors is

**Article 92** The

- (5) Shareholders' questions, opinions or suggestions and corresponding answers or explanations;
- (6) Names of vote counters and scrutinizer of the voting;
- (7) Other contents to be included as specified in these Articles of Association.

**Article 97** The convener shall ensure that the contents of the minutes are true, accurate and complete. Directors, supervisors, secretaries to the Board, conveners or his/her representative and the chairman of the meeting shall sign on the minutes. The minutes shall be kept together with the attendance register, proxy forms and valid records on internet voting and other means of voting, for a period of no less than 10 years.

**Article 98** The convener shall ensure that the general meeting be conducted continuously until final resolutions are made. If the general meeting is suspended or resolutions cannot be made because of force majeure and other special causes, the convener shall take necessary measures to resume the meeting or directly terminate that meeting as soon as practicable followed by a timely public announcement and report in accordance with the laws, regulations or listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed.

#### **Section 5 Voting and Resolutions at General Meetings**

**Article 99** Resolutions of the general meeting include ordinary resolutions or special resolutions.

Ordinary resolutions at a general meeting shall be passed by more than one half of the voting shares held by shareholders (including their proxies) attending the general meeting.

Special resolutions at a general meeting shall be passed by more than two-thirds of the voting rights held by shareholders (including their proxies) attending the general meeting.

**Article 100** When shareholders (including proxies) vote at the general meeting, they shall exercise their voting rights according to the number of voting shares they represent. Each share shall carry one voting right.

Shares held by the Company do not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a general meeting.

Subject to and conditional upon compliance with applicable laws, regulations or requirements of the listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed, the Board, independent non-executive directors and other shareholders who qualify with relevant specified conditions may solicit for the voting shares from shareholders

When the general meeting considers related party transactions, the related party shareholders shall not participate in the voting if so specified in the applicable law, regulations or listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed. Shares held with voting rights will not be counted within the total number of valid votes. The public announcement on the voting results of the general meeting shall fully disclose the voting results of the non-related party shareholders.

In accordance with the applicable laws, regulations and listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed, where any shareholder shall abstain from voting for any particular resolution, or is restricted to vote only for or against such resolution, any votes in violation of such requirement or restriction by the shareholders (or their proxies) shall not be counted in the voting results.

**Article 101** Voting is conducted by open ballot at the general meeting.

**Article 102** When a poll is taken at a meeting, a shareholder (including proxies) who have the right to two or more votes need not cast all his votes in the same way.

**Article 103** When the number of votes for and against a resolution is equal, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to one additional vote.

**Article 104** The following matters shall be passed by way of ordinary resolutions at a general meeting:

Work reports of the Board and the 4 V Q F S W J T P S Z \$ P N N J U

Profit distribution plan and loss compensation plan formulated by the Board;

The appointment and removal of non-employee representative supervisors among members of the Board and members of the 4V Q F S W J T P S Z \$ P N N J U U F F;

The remuneration and method of payment of members of the Board and members of the 4 V Q F S S V P N N J U U F F;

Annual budgets and final accounts of the Company;

Annual report of the Company

Matters other than those requiring the approval by way of special resolutions in accordance with the laws, administrative regulations, listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed or these Articles of Association.

**Article 105** The following matters shall be passed by way of special resolutions at a general meeting:

- (1) Increase or reduction in the registered capital and issue of any kinds of shares, warrants and other similar securities by the Company;
- (2) Issue of corporate bonds;
- (3) Division, merger, dissolution and liquidation of the Company or change of form of incorporation of the Company;
- (4) Amendment to these Articles of Association;
- (5) Acquisition and disposal of material assets within one year by the Company and events that involve a guarantee amount exceeding 30% of the latest audited total assets of the Company;
- (6) Equity incentive plan;
- (7) Other matters required by the laws, administrative regulations, listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed and these Articles of Association or those resolved at the general meeting by way of ordinary resolutions and deemed to be of significant impact to the Company and thereby required to be passed by way of special resolutions

**Article 106** The chairman of the meeting shall be held responsible for deciding whether or not a resolution of the general meeting has been passed. The decision shall be final and shall be announced at the meeting and recorded in the minutes of meeting

**Article 107** If the chairman of the meeting has any doubts about the voting result of a resolution, he may arrange the recounting of the votes. If the chairman of the meeting does not arrange the re-counting of the votes, a shareholder or proxy attending the meeting who dissents from the result announced by the chairman of the meeting shall be entitled to request the re-counting of votes immediately after such announcement, in which case the chairman of the meeting shall immediately arrange the re-counting of the votes.

**Article 108** If the counting of votes is conducted at a general meeting, the result of the counting shall be recorded in the minutes of meeting. ~~The~~ minutes of meeting, the attendance register and proxy forms shall be kept at the Company's domicile for a period of no less than 10 years.

**Article 109** Shareholders may examine photocopies of the minutes of meetings during the Company's office hours free of charge. If any shareholder requests for a photocopy of the relevant minutes of meetings, the Company shall send such photocopies within 7 days upon receipt of the payment for reasonable charges.

## **CHAPTER 9 SPECIAL PROCEDURES FOR VOTING AT CLASS MEETINGS**

**Article 110** Shareholders who hold different classes of shares shall be shareholders of different classes.

Shareholders of different classes shall enjoy rights and undertake obligations in accordance with the laws4r.3( wir migisrgatvhe)12.3((reulgar

For the change or abrogation of rights of class shareholders as a result of the changes in domestic and foreign laws, regulations and the listing rules of the stock exchange(s) of the place(s) where the shares of the Company are listed as well as the decisions made pursuant to the law by domestic and foreign regulatory authorities, no approval at general meeting or class meeting shall be required

**Article 112** The rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following conditions:

- (1) an increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) conversion of all or part of the shares of such class into shares of another class or conversion of all or part of the shares of another class into shares of such class or the grant of the right to such conversion;
- (3) a removal or reduction of rights to accrued dividends or cumulative dividends attached to the shares of such class;
- (4) a reduction or removal of a dividend preference or property distribution preference during the liquidation of the Company, attached to the shares of such class;
- (5) an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights or rights to acquire the securities of the Company attached to the shares of such class;
- (6) a removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to the shares of such class;
- (7) creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (8) an imposition of restrictions or additional restrictions on the transfer of or ownership of the shares of such class;
- (9) an issuance of rights to subscribe for, or convert into, the shares of



If the number of the voting shares represented by the shareholders intending to attend the meeting is more than one half of the total number of voting shares of that class at the meeting, the Company may hold the class meeting. If not, the Company shall within 5 days inform the shareholders once again of the matters to be considered at the meeting and the date and venue of the meeting in the form of a public announcement. Upon notification by a public announcement, the Company may hold the class meeting.

If there are any special requirements under the listing rules of the stock exchange(s) of the place(s) where the Company's shares are listed, such requirements shall prevail.

**Article 116** The notice of the class meeting shall be delivered only to the shareholders entitled to voting thereat.

The procedures of a class meeting shall, to the extent possible, be identical with the procedures of a general meeting. Unless otherwise specified in this Chapter, the provisions of the Articles of Association of the Company in relation to the procedures for the holding of a general meeting shall be applicable to a class meeting.

**Article 117** In addition to the holders of other classes of shares, holders of domestic shares and overseas-listed foreign shares are deemed to be different classes of shareholders.

The special procedures for voting in the class meetings shall not apply under the following circumstances:

- (1) Where the Company issues domestic shares and overseas-listed foreign shares, upon approval in the form of a special resolution by its shareholders at a general meeting, either separately or concurrently, once every 12 months and the number of each of the domestic shares and overseas-listed foreign shares to be issued is not more than 20% of the same type of shares in issue;
- (2) Where the Company's plan to issue domestic shares and overseas-listed foreign shares upon its incorporation is implemented within 15 months from the date of approval by the securities regulatory authorities under the State Council;
- (3) Where with the approval by the securities regulatory authorities under the State Council, the shareholders convert their unlisted domestic shares into overseas-listed foreign shares for overseas listing and trading.

## CHAPTER 10 BOARD OF DIRECTORS

### Section 1 Directors

**Article 118** Directors shall be elected by the general meeting and serve a term of 3 years for each session. A director may serve consecutive terms if re-elected upon the expiry of his term, unless it is otherwise stipulated by the relevant laws, regulations, these Articles of Association and listing rules of the place(s) where the Company's shares are listed.

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- (5) disclose fully and fairly his interests in the contracts with the Issuer;  
and
- (6) apply such degree of skill, care and diligence as may reasonably be expected of a person of his/her knowledge and experience and holding a directorship in a listed company.

**Article 120** The notice concerning proposed nomination of a director candidate and the written notice regarding the indication of the candidate's intention to accept the nomination shall be sent to the Company with a shortest term of at least 7 days. The date of entitlement of the abovementioned term shall not be earlier than the first day upon the issue of the notice for convening the shareholder's meeting for this purpose, and the date of expiry shall not be later than 7 days prior to the date of convening the shareholder's meeting.

Subject to compliance with relevant laws, regulations and the Listing

**Article 123** When a director's resignation takes effect or his term of service expires, the director shall complete all transfer procedures with the Board and his fiduciary duties towards the Company and the shareholders do not necessarily cease after the end of his term of service and shall still be in effect for a period of two years. The duty of confidentiality in respect of trade secrets of the Company survives his resignation or expiry of his term of office, until such trade secrets become publicly available information. Other duties may continue for such period as the principle of fairness may require, depending on the length of time which has elapsed between the occurrence of the event concerned and the termination of tenure, and the circumstances and terms under which the relationships between them and the Company have been terminated.

**Article 124** In the absence of specification in these Articles of Association or legitimate authorization by the Board, no director shall act in his personal capacity on behalf of the Company or the Board. When a director acts in his personal capacity, but a third party may reasonably believe that the director is representing the Company or the Board, that director shall declare his stance and capacity in advance.

**Article 125** If a director breaches the laws, administrative regulations, departmental regulations or these Articles of Association when carrying out his corporate duties and causes loss to the Company, he shall be held responsible for damages.

## **Section 2 Independent Non-executive Directors**

**Article 126** The Company shall have independent non-executive directors. Independent non-executive directors refer to such directors of the Company that serves no duties other than the directors' duties, has no relationship with the Company and its substantial shareholders (referring to such shareholders who individually or collectively hold more than 5% of the total number of voting shares) that may hinder their independent objective judgments, and satisfies the requirements on independence by the listing rules of the stock exchange of the place where the Company's shares are listed.

Unless otherwise provided in this section, the relevant provisions set out in Chapter 15 of these Articles of Association shall apply to the qualifications and obligations of independent non-executive directors. An independent non-executive director shall satisfy the following basic conditions:

- (1) Be qualified to be a director of a listed company under the laws, administrative regulations, listing rules of the stock exchange(s) on which the Company's shares are listed and other relevant provisions;
- (2) Be independent within the meaning of the listing rules of the stock exchange(s) of the place(s) where the Company's shares are listed;
- (3) Have the basic knowledge of the operation of a listed company, and be familiar with the relevant laws, administrative regulations, rules and regulations;
- (4) Possess more than five years of experience in law, economics or such other working experience as required for discharging duties of an independent non-executive director; and
- (5) Such other conditions as required under these Articles of Association.

**Article 127** No less than one-third of the Board members and no less than three Board members of the Company shall be independent non-executive directors; among whom, at least one independent non-executive director must have appropriate professional qualifications or accounting or related financial management expertise. Should the number of the independent non-executive directors fail to meet the number of the independent non-executive directors as required by these Articles of Association because the independent non-executive directors fail to satisfy the conditions of being independent or because it is inappropriate for the independent non-executive directors to perform their duties on the occurrence of some event(s), the Company shall appoint additional independent non-executive directors to meet such required number.

At least one independent non-executive director of the Company shall ordinarily reside in Hong Kong.

**Article 128** An independent non-executive director shall have the same term of office as that of other directors of the Company, and upon expiry, may be re-elected for a consecutive term of no more than 6 years.

Prior to the expiry of the term of his/her office, an independent non-executive director may not be dismissed in the absence of proper reasons. Dismissal of any independent non-executive director prior to such expiry of the term of office shall be disclosed as a special matter by the Company.

Other than the power conferred upon by the Company Law and other relevant laws, regulations, listing rules of the stock exchange(s) of the place(s) where the Company's shares are listed and these Articles of Association, an independent non-executive director shall have the following special power:

- (1) Significant connected transactions, as determined according to the criteria issued, from time to time, by the regulatory bodies in the place(s) of listing, shall be submitted to the Board for discussion after having been endorsed by the independent non-executive directors. Prior to making any judgment, the independent directors may engage an intermediary institution to issue an independent

**Article 130** Matters relating to independent non-executive directors not covered in this section shall be handled according to the relevant applicable laws, regulations or listing rules of the stock exchange(s) of the place(s) where the Company's shares are listed.

### **Section 3 Board of Directors**

**Article 131** The Company shall set up the Board which shall be accountable to the general meeting.

**Article 132** The Board shall be composed of 8 directors, including 3 independent non-executive directors. The Board shall have one chairman. Whether or how to set up the post of the vice chairman of the Board shall be decided by the general meeting in form of an ordinary resolution. The provisions related to the vice chairman as provided herein shall be only applicable to such circumstances where the position(s) of vice chairman is set up in the Company, same as below.)

The chairman and vice chairman (or vice chairmen) of the Board shall be elected and dismissed by more than one half of all the directors. The chairman and vice chairman (or vice chairmen) of the Board shall serve a term of 3 years and may be re-elected upon the expiry of their terms.

**Article 133** The Board exercises the following functions and powers:

- (1) to be responsible for convening general meetings and reporting its work to the general meetings;
- (2) to implement resolutions of the general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the annual financial budgets and final accounts of the Company;
- (5) to formulate the Company's profit distribution plans and plans on making up losses;
- (6) to formulate proposals for the Company to increase or decrease its registered capital, issue corporate bonds or other securities and pursue any listing thereof;

- (7) to formulate plans for mergers, division, dissolution and alteration of corporate form of the Company;
- (8) to formulate plans for the Company's substantial acquisitions and purchase of the shares of the Company;
- (9) within the scope authorized by the general meeting, to decide, among others, the Company's external investment, purchase and sale of assets, provision of security on the Company's assets, matters on external guarantees, entrusted wealth management, connected transactions and others;
- (10) to decide on the establishment of internal management organizations of the Company;
- (11) to determine the establishment of the special committees under the Board, appoint or dismiss the chairman (convener) of such committees;
- (12) to appoint or dismiss the general manager, the secretary to the Board and the company secretary; to appoint or dismiss the senior management including the standing deputy general managers, the deputy general managers and the chief financial officer of the Company in accordance with the nominations made by general manager, and to decide on their remunerations;
- (13) to formulate the basic management system of the Company;
- (14) to formulate proposals to amend these Articles of Association;
- (15) to formulate the incentive stock option plan of the Company;
- (16) to manage information disclosure of the Company;
- (17) to propose to the general meeting the appointment or replacement of the accounting firms which provide auditing service to the Company;
- (18) to listen to work reports of the general manager of the Company and review the work of the general manager;
- (19) to consider, review and approve the matters on the Company's external guarantee which shall not fall into the scope required to be considered by the general meeting as provided in Article 64 hereunder;



**Article 134** The Board shall formulate the rules of procedures for meetings of the Board to ensure implementation of the resolutions of the general meeting, improve the efficiency of work and ensure scientific decision-making. The rules of procedures for the Board stipulate the procedures for holding the Board meetings and voting at the Board meeting, and shall be appended to these Articles of Association, being formulated by the Board and approved by the general meeting.

**Article 135** The Board shall establish the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, and may establish other special committees including the Strategic Committee, to advise and consult with the Board on major decisions.

Audit Committee shall comprise at least 3 members and all of whom shall be non-executive directors, among whom, one member shall be an independent non-executive director possessing proper qualification in compliance with the relevant requirements of the Listing Rules or appropriate accounting expertise or related financial management expertise. The independent non-executive directors shall form a majority in the members of the Audit Committee. The person who serves as the chairman of the Committee shall be an independent non-executive director. The independent non-executive directors shall form a majority in the members of the Remuneration and Appraisal Committee, and the chairman thereof shall be an independent non-executive director.

**Article 136** When the Board is disposing of fixed assets and should the sum of the expected value of the fixed assets proposed for disposal by the Board and the value derived for the fixed assets that were disposed of within 4

**Article 137** The chairman of the Board shall exercise the following functions and powers:

- (1) to preside over general meetings and to convene and preside over Board meetings;
- (2) to procure and check the implementation of resolutions of the Board;
- (3) to sign on share certificates, bond certificates and other securities issued by the Company;
- (4) to organize the formulation of various rules for the operation of the Board and to coordinate for the operation of the Board;
- (5) to sign on important documents of the Board and to externally sign on such legally binding documents on behalf of the Company;
- (6) to exercise the powers and functions as a legal representative;
- (7) to nominate candidates for the secretary to the Board, members and chairmen of the special committees under the Board;
- (8) to listen to regular or irregular work reports of the senior management of the Company, and provide guiding opinion regarding the implementation of the Board resolutions;
- (9) in event of an emergency of force majeure including massive natural disasters, to exercise the special right of disposal over the Company's affairs, being in line with the requirements of laws and the interests of the Company, and to report to the Board and the general meeting thereafter;
- (10) such other functions and powers stipulated by laws, administrative regulations, departmental rules and regulations, and these Article of Association and conferred upon by the Board.

The vice chairman shall assist the chairman of the Board in work. Should the chairman be unable to or fail to carry out his duties, the vice chairman shall carry out the duties of the chairman (and if the Company has two or more vice chairmen, the vice chairman nominated by more than one half of the directors shall carry out the duties of the chairman) where the position of vice chairman does not exist, or where the vice chairman is unable to or fails to carry out his duties, more than one half of the directors shall jointly nominate a director to carry out such duties.

**Article 138** The Board meetings shall include regular meetings and extraordinary meetings.

Regular meetings of the Board of directors shall be held at least 4 times a year. Such meetings shall be convened by the chairman of the Board. Notice of and documents for meetings shall be delivered to all directors and supervisors 14 days before the meeting is held. Regular meetings of the Board shall not include the obtaining such approval from the Board by means of circulation of written resolutions.

The chairman, any shareholder holding more than one tenth voting rights more than one third of the directors or the 4VCF S W J T P S ZU \$ P O N J the general manager may propose the holding of an extraordinary meeting of the Board. The chairman of the Board shall convene and preside over the extraordinary meeting of the Board within 10 days upon receipt of the proposal, and shall give written notice to all directors and supervisors 5 days before the meeting is held

In case of urgency, the extraordinary board meeting may be held upon approval by the chairman of the Board, not being subject to the requirement of meeting notice as set out in Article, provided that reasonable notice shall be given to directors, supervisors and the general manager.

Board meetings may be convened by means of telephone conference, v

directors can fully express their views, and all directors who participate in B

the meeting in person. For a Board meeting held by means of telecommunication, the notice of meeting shall set out the details for

participate in such meeting shall express their votes to the Company via facsimile by the deadline date for such voting as stated in the notice of meeting, and the original copy of such voting decision, which shall be signed by such directors themselves, shall be sent to the Board of the Company.

If there exists conflict of interests deemed to be material by the Board found in the matters to be considered by

substantive matters shall be handled by means of

which the directors and their associates, have no material interest in the transaction should be present at such Board meeting



The appointed director who attends the meeting shall exercise a director's duties within the authorized scope. If a director fails to attend a Board meeting in person and fails to appoint a representative to attend the meeting, he/she shall be deemed to have waived his/her voting rights at the meeting.

The Company shall bear the reasonable expenses incurred by directors attending the Board meetings. Such expenses may include costs for transportation from the place(s) where the directors reside to the venue of the meeting (if such venue is not located at the place where directors are

**Article 147** The minutes of the Board shall consist of the following:

- (1) date and venue of the meeting and the name of the convener;
- (2) the name of the director present and name of director being appointed to attend on the other's behalf (proxy);
- (3) the agenda;
- (4) the main points of directors' speeches;
- (5) the voting method of each resolution and the result (and the result shall specify the number of votes for, against and abstaining from such resolution).

#### **CHAPTER 11 SECRETARY TO THE BOARD**

**Article 148** The Company shall have one secretary to the Board. The secretary is a senior management officer of the Company.

**Article 149** The secretary to the Board shall be a natural person with the requisite professional knowledge and experience and shall be appointed by the Board.

The principal duties of the secretary to the Board are:

- (1) to ensure that the Company has a complete set of organizational documents and records;
- (2) to ensure that the Company prepares and submits the reports and documents as required by the authorities pursuant to laws;
- (3) to ensure that the register of shareholders of the Company is kept in a proper manner and that the persons entitled to the access to the relevant records and documents of the Company may obtain the same in a timely manner;
- (4) to carry out any other duties as prescribed by laws, administrative regulations, departmental rules and regulations or these Articles of Association.

**Article 150** Directors or other senior management officers may concurrently act as the secretary to the Board. No accountant(s) of the accounting firm that is appointed by the Company may concurrently act as the secretary to the Board.

Where the secretary to the Board concurrently act as a director, for an act which is required to be made by a director and the secretary to the Board separately, the person who concurrently acts as a director and the secretary to the Board may not perform the act in dual capacity.

**Article 151** The Company's directors, general manager and related internal departments shall support the secretary to the Board to perform his or her duties legally and shall provide guarantee in respect of organizational setup, staff deployment, and funding. All relevant departments of the Company shall actively cooperate with the secretary to the Board regarding the work of the latter's working organization.

## **CHAPTER 12 COMPANY SECRETARY**

**Article 152** The Company shall appoint a company secretary to ensure good communication between and among the members of the Board and to ensure such Board members to follow the policies and procedures of the Board. The company secretary shall report duty to the chairman of the Board and/or the general manager, advise the Board on corporate governance matters through the chairman of the Board and/or the general manager, and shall also arrange for on-job training and professional development of directors.

**Article 153** The selection, appointment and dismissal of a company secretary shall be subject to approval by the Board. Decisions in this regard shall be made by convening physical meeting of the Board but not by way of written resolutions. The company secretary shall be an individual who, by virtue of his academic or professional qualifications or relevant experience is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary. The Company may select its company secretary from and among the employees of the Company who should have day-to-day knowledge of the Company's business. It may also engage an external service provider as its company secretary, in which case it should designate a senior management to act as a contact point with such external service provider.

**Article 154** The company secretary shall undergo no less than 15 hours of professional training in each financial year.

**Article 155** All directors should have access to the advice and services of the company secretary to ensure that Board procedures, and all applicable law, rules and regulations, are observed.

## CHAPTER 13 GENERAL MANAGER

**Article 156** The Company shall have a team of managers who, under the steering of the Board, implements the decisions of the Board and supervises the Company's daily business operation. A general-manager responsibility system shall be run within the team of managers.

The Company shall have one general manager, one standing deputy general manager and several deputy general managers to assist the general manager, and also have one chief financial officer. The general manager, standing deputy general manager, deputy general managers and chief

- (6) to draft the basic management system of the Company;
- (7) to formulate detailed rules and regulations of the Company;
- (8) to propose to the Board the appointment or dismissal of the Company's standing deputy general manager, deputy general manager(s) and chief financial officer;
- (9) to appoint or dismiss other management officers other than those required to be appointed or dismissed by the Board;
- (10) to exercise other powers conferred upon by these Articles of Association or the Board

**Article 159** The Company's general manager shall attend the meetings of the Board. A non-director manager shall not have the right to vote at such meetings.

**Article 160** The general manager shall formulate the detailed working rules of the general manager, and such working rules shall be submitted to the Board for approval.

The working rules of the general manager shall include the following:

conditions, procedures and the number of participants for convening meetings of the managers officers

respective duties and division of work among the general manager and other senior management;

limits of authority in using company funds and assets as well as the signing of significant contracts together with the system of reporting to the Board and the

other matters deemed to be necessary by the Board.

**Article 161** When exercising his functions and powers, the general manager of

CHAPTER 14 4 6 1 & 3 7 \* 4 0 3 : \$\*055.& &

Section 1 Supervisors

**Article 162** The term of office of a supervisor shall be 3 years. Upon its expiry, the supervisor's term of office shall be renewable upon re-election and re-appointment

**Article 163** A director and a senior management officer cannot concurrently act as a supervisor

**Article 164** When a supervisor's term of office expires while a new supervisor is not yet appointed, or when a supervisor resigns during his term of office, leading to the number of members in the 4 Q F S W J T P S \$ P N N J U U F F falling below the quorum, and before the new appointed

Section 2 Supervisory Committee

Article 169 The Company shall establish a Supervisory Committee

Article 170 The Supervisory Committee shall be composed of five supervisors, one of whom shall be the chairman of the Supervisory Committee

The appointment and dismissal of the chairman of the Supervisory Committee shall be passed by more than two-thirds of its members

Article 171 The Supervisory Committee shall be composed of shareholder representative supervisors, independent supervisors and employee representative supervisors. The shareholder representative supervisors and independent supervisors shall be elected and dismissed by the general meeting and the employee representative supervisors shall be no less than one-third of the members of the Supervisory Committee and democratically elected and dismissed by the Company's ntab Tc 0 Tw 5.815 04

- (6) to submit proposals to the general meetings;
- (7) to propose to convene an extraordinary meeting of the Board;
- (8) to represent the Company in negotiating with or in bringing legal action against the directors and senior management officers in accordance with the provisions of the Company Law;
- (9) to conduct investigations upon discovery of abnormality in the business operation and engage professional firms such as accounting firms and law firms to assist its work where necessary. The cost shall be borne by the Company;
- (10) any other functions and powers as stipulated by these Articles of Association

**Article 173** The meeting of the 4 V Q W J T P S Z \$ P N N J U U F shall be every six months, which shall be convened and presided over by the chairman of the 4 V Q F S W J T P S Z \$ P N N J U U F. As a supervisor to convene an extraordinary meeting of the board of supervisors.

Where the chairman of the board of supervisors is incapable of performing or fails to perform his duties, a supervisor elected by not less than half of the supervisors shall convene and preside over the meeting of the board of supervisors.

**Article 174** The 4 V Q F S W J T P S Z \$ P N N J U U F shall formulate the working rules for the board of supervisors in order to ensure the efficiency of work and scientific decision-making. The convening and voting procedures stipulated in the working rules of the 4 V Q F S W J T P S Z \$ P N N J U U F (Appendix Articles) shall be drafted by the board of supervisors and approved by the general meeting.

**Article 175** A meeting of the 4 V Q F S W J T P S Z \$ P N N J U U F shall be conducted unless it is attended by more than half of the supervisors. Voting at the meeting of 4 V Q F S W J T P S Z \$ P N N J U U F shall be carried out by a ballot and each supervisor shall have one vote. A supervisor shall attend meetings of the board of supervisors in person, or appoint in writing another supervisor to attend the meeting on his behalf during his absence with cause. The proxy form shall specify the extent of authorization.

Resolutions at the meeting of the board of supervisors shall be passed by more than two-thirds of the

**Article 176** The discussed issues shall be recorded in the minutes of the meeting of the 4V Q F S W J T P S Z \$ P Nds attending. Supervisors shall sign on the minutes of meetings.

Supervisors are entitled to request that an explanation of their comments made at the meetings be noted in the minutes. Minutes of meeting of the board of supervisors shall be maintained as company files for at least ten years.

**CHAPTER 15 QUALIFICATIONS AND OBLIGATIONS OF THE  
COMPANY'S DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

**Article 179** A person may not serve as a director, supervisor or senior management of the Company if any of the following occasions occur:

- (1) A person without capacity or with restricted capacity for civil acts;
- (2) A person who has committed an offence of corruption, bribery, embezzlement of property, misappropriation of property or sabotaging the social economic order shall be penalized because of committing such offence; or who has been deprived of his political rights, in each case where less than 5 years have elapsed upon the completion of implementation of such punishment or deprivation;
- (3) A person who is a former director, factory manager or general manager of a company or enterprise which has undergone bankruptcy

- (9) Anyone judged by the competent authorities to be in violation of the provisions of the relevant securities laws, has been involved in fraud or dishonest acts where less than 5 years has elapsed since the date on which the judgment was made;
- (10) Anyone who is not a natural person;
- (11) Other circumstances stipulated by laws, administrative regulations or departmental rules and regulations or rules of securities regulators and stock exchange(s) in the place(s) where the shares of the Company are listed

The breach of the foregoing provisions regarding the election of directors and supervisors or the appointment of the senior management shall render such election or appointment null and void. Should the occasion(s) set forth in the foregoing provisions occur during a tenure of a director, supervisor or member of the senior management, the Company shall relieve such person from his/her duties

**Article 180** The validity of the acts of the directors, supervisors or senior management for representing the Company to bona fide third parties shall not be affected by any acts not in compliance, with respect to their appointment, election or qualifications

**Article 181** In addition to the obligations imposed by laws, administrative regulations or listing rules of the stock exchange(s) in the place(s) where the shares of the Company are listed, the Company's directors, supervisors and senior management owe a duty to each Shareholder, in the exercise of the functions and powers conferred upon them by the Company:

- (1) not cause the Company to exceed the business scope as stipulated in its business license;
- (2) act honestly in the best interests of the Company;
- (3) not expropriate the Company's property in any form, including (but not limited to) such opportunities advantageous to the Company;
- (4) not deprive the shareholders of their individual rights or interests, including (but not limited to) rights to distribution and voting rights, save pursuant to a restructuring of the Company submitted to general meeting for approval in accordance with these Articles of Association

**Article 182** Each of the Company's directors, supervisors and senior management owes a duty, in the exercise of his rights and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise under similar circumstances

**Article 183** The Company's directors, supervisors, and senior management must, in the exercise of their functions and powers, abide by the principles of good faith and shall not place themselves in a position where their personal interests conflict with their obligation. This principle shall include (but not limited to) the performance of the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise functions and powers within the scope of their functions and powers and may not go beyond the scope of such powers;
- (3) to personally exercise the discretion vested in him, not to allow himself to be manipulated by another person and, may not to delegate the exercise of his discretion to another party unless permitted by laws and administrative regulations or with the informed consent of the general meeting;
- (4) to treat shareholders of the same class equally and to treat Shareholders of different classes fairly;
- (5) not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in these Articles of Association or with the informed consent of the general meeting;
- (6) not to use the Company property for his own benefit in any way without the informed consent of the general meeting;
- (7) not to exploit his position to accept bribes or other illegal income, nor misappropriate the Company's funds or expropriate the Company's property by any means, including (but not limited to) opportunities advantageous to the Company;
- (8) not to accept commissions in connection with Company's transactions without the informed consent of the general meeting;
- (9) to abide by the Articles of Association, perform his duties faithfully, and protect the interests of the Company and not to exploit his position and power in the Company to advance his own private interests;

- (10) not to make use of the convenience brought by his duties, nor seek for himself or others the business opportunities originally belonged to the Company, operate for himself or others business similar to the Company's and compete with the Company in any way without the informed consent of the general meeting;
- (11) not to misappropriate Company funds or deposit the Company funds or assets in an account under his own or other's name;
- (12) not to, violate the provisions of these Articles of Association, by lending funds to any other person or providing security for the Company's shareholders or other person with any properties of the Company, without the consent of the general meeting or the Board;
- (13) not to damage the interests of the Company by using his associated relationship;
- (14) not to disclose such confidential information which was related to the Company and was acquired by him or her during his or her office without the informed consent of the general meeting, and not to use such information except for the purposes of the interests of the Company; however, such information may be disclosed to the court or other government authorities under any of the following circumstances:
  1. there exist mandatory requirements;
  2. it is subject to the requirement of the public interest; or
  3. it is subject to the requirement of the interests of such directors, supervisors or senior management of the Company

Gains generated by such personnel set forth in this Article in violation hereof this Article shall belong to the Company, and for any loss suffered by the Company as a result thereof, the personnel in violation hereof this

(1) t

A director shall not vote by a contract, transaction or arrangement in which he himself or any of his associates has significant interests, nor shall such director be included in the quorum for a meeting

Unless the interested director, supervisor or senior management of the Company has disclosed such interest to the Board as required under the first paragraph of this Article and the matter has been approved by the Board at a meeting where he was not counted in the quorum and had refrained from voting, the Company shall have the right to revoke the contract, transaction or arrangement, except where the other party is a bona fide party acting without knowledge of the breach of obligation by the director, supervisor or senior management concerned

A director, supervisor or senior management of the Company shall be deemed to have some interest in a certain contract, transaction or arrangement in which a Connected Person of such director, supervisor or senior management has some interest

**Article 188** In the event that a director, supervisor or senior management of the Company gives a written notice to the Board before the Company considers to establish the contract, transaction or arrangement for the first time, stating that due to the contents of the notice, such director, supervisor or senior management of the Company has an interest in the contract, transaction or arrangement that may subsequently be made by the Company, such director, supervisor or senior management shall be deemed, for the purposes of the preceding Articles of this Chapter, to have declared his/her interest, insofar as attributable to the scope stated in the notice

**Article 189** The Company may not, in any manner, pay tax for or on behalf of its directors, supervisors or senior management

**Article 190** The Company may not directly or indirectly provide a loan or loan security for a director, supervisor or senior management of the Company and of the Company's parent company, or Connected Persons of the foregoing persons

The provisions of the preceding paragraph shall not apply to the following circumstances:

- (1) the Company provides a loan to its subsidiary or the Company provides a loan security for its subsidiary;
- (2) the Company provides a loan, loan security or other funds to a director, supervisor or senior management of the Company pursuant to an appointment contract approved by the general meeting, so as to enable such director, supervisor or senior management of the Company to pay the expenses incurred for the purposes of the Company or for performing his/her duties of the Company; and
- (3) In the event that the normal business scope of the Company includes provision of loans and loan security, the Company can provide loans and loan security to a relevant director, supervisor or senior management of the Company or to a Connected Person thereof, and provided that the conditions for the provision of loans and loan security shall be normal business conditions

**Article 191** As for such loan provided by the Company in violation of the preceding Article, the recipient of such loan shall immediately repay such loan regardless of the terms of the loan

**Article 192** As for such loan guarantee provided by the Company in breach of paragraph 1 of Article 190, no enforcement shall be imposed upon the Company, except for the following conditions:

- (1) when the loan is provided to a Connected Person of a director, supervisor or senior management of the Company or its parent company, the loan provider is not aware of the circumstance;
- (2) the collateral provided by the Company has been lawfully sold by the loan provider to a bona fide purchaser

**Article 193** For the purposes of the preceding Articles of this Chapter, the term “security” shall include an act whereby a guarantor assumes its liability or provides property to guarantee in order to secure the performance of obligations by an obligator

**Article 194** When a director, supervisor and senior management of the Company is in breach of his/her duties to the Company, the Company shall have the right to adopt the following measures in addition to various rights and remedies as provided in laws and administrative regulations:

- (1) to demand the relevant director, supervisor or senior management to compensate for the losses suffered by the Company as a consequence of his/her dereliction of duty;

- (2) to revoke any contract or transaction concluded by the Company with the relevant director, supervisor or senior management or contracts with a third party (where such third party is aware of or should be aware of that the director, supervisor or senior management representing the Company is in breach of his/her obligations to the Company);
- (3) to demand the relevant director, supervisor or senior management to surrender the gains derived from the breach of his obligations;
- (4)

- (1) The directors, supervisors or senior management of the Company shall undertake that he/she shall observe and comply with the Company Law, the Special Provisions, these Articles of Association, the Codes on Takeovers and Mergers in Hong Kong, the Codes on Share Repurchase in Hong Kong, and other regulations formulated by the Hong Kong Stock Exchange, and shall agree that the Company shall be entitled to the remedies provided in these Articles of Association and that neither the contract nor his office may be transferred;
- (2) The directors, supervisors or senior management of the Company shall undertake that he/she shall observe and perform his/her duties to the shareholders as stipulated in these Articles of Association; and
- (3) The arbitration clause shall be provided for in Article 244 hereof.

**Article 196** The contract regarding emoluments entered into by and between the Company and its directors and supervisors shall provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject to the prior approval of the general meeting, have the right to receive compensation or other payment for loss of their office or for their retirement.

For the purposes of the preceding paragraph, the term "a takeover of the Company" shall refer to any of the following occasions:

- (1) anyone makes a tender offer to all the shareholders;
- (2) anyone making a tender offer aims at that the offeror becomes a controlling shareholder which has the same definition as that provided herein.

If the relevant director or supervisor fails to comply with this Article, any fund received by him/her shall belong to those persons that have sold their shares as a result of their acceptance of foregoing offer, and the expenses incurred from the distribution of such fund on a pro rata basis shall be borne by the relevant director and supervisor and may not be paid out of such fund.

**Article 197** The Company may establish a liability insurance system as required for directors, supervisors and senior management in order to reduce the risks which may arise from the performance of duties by such personnel in normal manner.

## CHAPTER 16 FINANCIAL ACCOUNTING SYSTEM AND DISTRIBUTION OF PROFITS

**Article 198** The Company shall formulate its own financial and accounting systems in accordance with the provisions of laws, administrative regulations and accounting standards of China developed by the competent department in charge of finance under the State Council.

**Article 199** The Company shall adopt the calendar year as its fiscal year which shall begin from 1 January and end on 31 December of the Gregorian calendar per annum.

The Company shall prepare financial reports at the end of each fiscal year, and such reports shall be examined and verified according to laws.

**Article 200** At each annual general meeting, the Board shall submit to the shareholders such financial reports prepared by the Company pursuant to the relevant laws, administrative regulations and such regulatory documents promulgated by the local governments and the competent authorities. The annual general meeting for a particular year shall be held within no more than six months from the settlement date to which the annual accounts for that year is made up.

**Article 201** The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to an annual general meeting to be convened. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred herein in this Chapter.

The financial reports mentioned in the preceding paragraph shall include the report of the Board, together with the balance sheet (including each document required to be attached thereto in accordance with the laws and administrative regulations of the PRC or others), profit and loss account or income and expenditure statement, or (to the extent that it is not in violation of the relevant PRC laws) the summary of financial reports approved by Hong Kong Stock Exchange.

At least 21 days before the annual general meeting is convened, and in any event no more than four months from the end of the relevant year, the Company shall deliver the foregoing reports to each holder of overseas-listed foreign shares by postage-paid mail or other means (including through posting at the Company website or other websites as designated by the relevant stock exchange or sent by electronic means) permitted by the laws and regulations or listing rules of the stock exchange(s) in the place(s) in which the shares are listed, at the recipient's address as registered in the shareholders register.

The Company shall also send interim financial reports to each holder of overseas-listed foreign shares for the first six months of each fiscal year. The time of delivery shall be three months upon the completion of such six-month period.

**Article 202** The financial statements of the Company shall be prepared not only in accordance with the PRC accounting standards, laws and regulations but also in accordance with the international accounting standards or the accounting standards of the place(s) outside the PRC where shares of the Company are listed if the financial statements prepared in accordance

**Article 207** Where a company distributes its after-tax profits of the current year, it shall allocate 10% of the profits as the Company's statutory common reserve. The Company may make no more allocation should the accumulative balance of the Company's statutory common reserve account for more than 50% of the Company's registered capital.

Should the accumulative balance of the Company's statutory common reserve be insufficient to make up for the losses of the Company of the previous year, the current year's profits shall first be used for making up such losses before the statutory common reserve is allocated according to the provisions of the preceding paragraph.

After the Company has allocated the statutory common reserve from the after-tax profits, it may allocate a discretionary common reserve from the after-tax profits, upon a resolution being made by the general meeting.

After the Company has made up for the losses and has allocated statutory common reserve, it shall distribute the remaining profits to the shareholders based on their shareholding ratios, except for distribution made not based on the shareholding ratios as provided herein these Articles of Association.

Should the general meeting distribute the profits to the shareholders before the losses has been made up and the statutory common reserves has been allocated, in violation of the provisions of the preceding paragraph, the profits thus distributed in violation of such provisions must be returned to the Company.

No profit shall be distributed in respect of the shares of the Company being held by the Company.

**Article 208** The reserve of the Company is used to make up for the Company's losses, expand the production operation of the Company or increase the Company's capital. However, capital reserve shall not be used to make up for the Company's losses.

When statutory common reserve is converted into capital, the remaining balance of such reserve shall not be less than 25% of the registered capital of the Company before the conversion.

**Article 209** The Company may distribute dividends in one of the following forms (or in more than two forms simultaneously):

- (1) cash;
- (2) share;
- (3) other methods permitted by laws, administrative regulations, departmental rules and regulation, and the regulatory rules of the place(s) of listing.

The Company shall pay cash dividends and other payments in RMB to domestic shareholders. Such payments made by the Company to holders of foreign shares shall be denominated and declared in Renminbi and paid in Hong Kong dollars. Such Hong Kong dollars required for the Company's payment of cash dividends and other payments to the holders of foreign shares shall be handled pursuant to the relevant provisions of the State administration of foreign exchange.

The Board shall be authorized by way of an ordinary resolution passed by the general meeting to implement the dividend distribution of the Company.

**Article 210** Any amount paid up in advance of calls on any share of the Company may carry interest but shall not entitle the holders of the share to participate in a dividend subsequently declared in respect thereof such prepaid amount for said share(s).

**Article 211** The Company shall appoint a receiving agent for holders of overseas-listed foreign shares to collect on behalf of the relevant shareholders the dividends distributed and other funds payable in respect of overseas listed foreign shares.

The receiving agent appointed by the Company shall meet the requirements of the laws of the place(s) of such listing, or the relevant provisions of the stock exchange(s) of such listing.

The receiving agent appointed by the Company for holders of overseas-listed foreign shares listed on the HK Stock Exchange shall be a trust company registered pursuant to the Trustee Ordinance of Hong Kong.

Subject to complying with the relevant PRC laws and regulations and the provisions of the Hong Kong Stock Exchange, the Company may exercise the right to forfeit unclaimed dividends, but such right shall not be exercised until and upon the expiration of the applicable corresponding limitation period after the dividend has been declared to be distributed

The Company has the right to cease delivering such dividend warrants by post to holders of overseas-listed foreign shares, provided that such power shall not be exercised until and such dividend warrants have been so left uncashed on two consecutive occasions. However, such power may also be exercised by the Company should such warrant be undelivered and returned for the first attempt of delivery

In the event of exercising the right to issue warrants to holders, no new warrants shall be issued to replace the lost ones unless the Company confirms, without any reasonable doubts, that the original warrants have been destroyed

The Company has the right to sell the shares of a holder of the overseas-listed foreign shares where such holder cannot be contacted in such manner deemed to be appropriate by the Board but the Company must observe the following conditions:

- (1) during a period of twelve years, there have been at least three distribution of such dividends in respect of the shares in question and no dividend during that period has been claimed;
- (2) upon the expiry of the twelve-year period, the Company shall give a notice stating its intention to sell the shares by way of an announcement published in one or more newspaper in the place where the Company is listed and shall notify the stock exchange(s) of such listing of such shares of such intention

**Article 212** After the general meeting of the Company has resolved on the plan to allocate profits, the Board shall complete the distribution of dividends (or dividend shares) within 2 months after the meeting is convened

**Article 213** The Company will give full consideration to the interests of shareholders and shall implement reasonable profit distribution policy according to the business situation and market environment. The Company's profit distribution policy shall maintain its continuity and stability to the greatest extent, and give priority to cash dividends according to the specific profit-sharing ratio which is to be passed by a resolution by the general meeting pursuant to laws

## CHAPTER 17 APPOINTMENT OF AN ACCOUNTING FIRM

**Article 214** The Company shall engage an independent accounting firm that complies with the relevant provisions of the State to audit the annual reports and other financial reports of the Company

The first accounting firm of the Company may be appointed by the inaugural meeting prior to the first annual general meeting. The appointment period of such accounting firm shall end upon the conclusion of the first annual general meeting

Should the Company's inaugural meeting fail to exercise its functions and power under the preceding paragraph, the Board shall exercise such functions and power

**Article 215** The term of engagement of an accounting firm engaged by the Company shall commence from the conclusion of the current annual general meeting to and until the conclusion of the next annual general meeting

**Article 216** An accounting firm engaged by the Company shall be entitled to the following rights:

- (1) the right of access, at any time, to the account books, records or vouchers of the Company and the right to require directors and other senior management of the Company to provide the relevant information and explanation;
- (2) the right to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanation necessary for the accounting firm to perform its duties;
- (3) the right to attend general meetings, receive a notice or other information concerning any meetings which all shareholders have

Notwithstanding anything in the contract between the accounting firm and the Company, the general meeting may, by means of an ordinary resolution, dismiss any accounting firm prior to the expiration of its term of appointment. Such accounting firm's right to claim damages from the Company in respect of such dismissal shall not be affected thereby.

**Article 219** The amount of remuneration of an accounting firm or the manner in which the remuneration is determined shall be decided upon by the general meeting. The amount of remuneration of the accounting firm appointed by the Board shall be decided by the Board.

**Article 220** The appointment, dismissal or no re-appointment of an accounting firm by the Company shall be decided upon by the general meeting and reported to the securities regulatory authorities under the State Council for the filing and record.

Where it is intended to pass a resolution at a general meeting to appoint an accounting firm which is not holding a currency position to fill any

- (4) The accounting firm to leave office is entitled to attend the following meetings:
  1. the general meeting at which its term of office shall expire;
  2. the general meeting at which the corresponding vacancy caused by its dismissal shall be filled; and
  3. the general meeting convened for the resignation that it takes initiative to render.

The accounting firm to leave office is entitled to receive all notices or other information related to the foregoing meetings, and to speak at the foregoing meetings regarding such matters related to it as the former accounting firm of the Company.

**Article 221** Where the Company dismisses or no longer reappoint an accounting firm, it shall notify the accounting firm in advance. The accounting firm is entitled to present its views to the general meeting. Where an accounting firm proposes its resignation, it shall explain to the general meeting whether there are any irregularities in the Company.

- (1) The accounting firm may resign from its position through by placing the resignation notice in writing at the legal address of the Company. Such notice shall take effect since the date on which it is placed at the legal address of the Company or a later date as specified in the notice. The notice shall include the following statements:
  1. in its opinions that its resignation does not involve any statement that should be made to shareholders or creditors of the Company; or
  2. any other such occasions that shall be presented.
- (2) Within 14 days upon the receipt of such notice in writing as referred to in paragraph (1) of this Article, the Company shall deliver a copy of the notice to the competent authorities provided that the notice contains such statements as above mentioned in paragraph (1) 2. of this Article, the Company shall prepare and place copies of such statements at the company for inspection by shareholders. The Company shall also deliver duplicates of such foregoing statements by postage prepaid mail to each holder of overseas-listed foreign shares at the recipient's address registered in the shareholders register, or, subject to observing the applicable laws, regulations

and listing rules, the Company shall post such information at the company website or such site specified by the stock exchange(s) of the place(s) where the Company's shares are listed.

- (3) If the accounting firm's resignation notice contains any statement referred to in paragraph (1) of this Article, the accounting firm may request the Board to convene an extraordinary general meeting of shareholders to hear its explanations on the situation of its resignation.

## **CHAPTER 18 MERGER, DIVISION, DISSOLUTION AND LIQUIDATION**

### **Section 1 Merger and Division**

**Article 222** The merger or division of the Company shall require the proposal put forward by the Board. After such proposal has been passed in accordance with the procedures specified in the Articles of Association of the Company, the relevant examination and approval procedures regarding such proposal shall be carried out according to law. Shareholders that object to such proposal on the merger or division of the Company shall have the right to require the Company or shareholders who are in favor of such proposal on merger or division to purchase their shares at a fair price. The contents of such resolutions approving the merger or division of the Company shall be compiled into a special document for inspection by shareholders.

For holders of overseas-listed foreign shares, the foregoing documents shall be served by post or in a manner permitted by the relevant laws, regulations or listing rules of the stock exchange(s) of the place(s) where the shares of the Company are listed.

**Article 223** The merger of a company may be effected by way of a merger or a new consolidation.

As for a merger, both parties to the merger shall enter into an agreement of merger with each other and prepare the balance sheets and checklists of properties. The companies involved shall notify the creditors according to the Company Law, and shall make a public announcement on newspaper recognized by the stock exchange of the place(s) where the Company's shares are listed, and shall clear off its debts or provide corresponding guarantees as the creditors request so.

In the case of a merger, the respective creditors' rights and debts of all parties thereto the merger shall be inherited by the existing company, or the newly established company upon the merger.

**Article 224** As for the division of a company, the properties thereof shall be divided accordingly

As for the division of a company, the balance sheets and checklists of properties of the Company shall be prepared. The companies involved shall notify the creditors according to the provisions of the Company Law, and make a public announcement on newspaper recognized by the exchange of the place(s) where the Company's shares are listed

Debts owed by the Company prior to the division shall be jointly assumed by the existing companies upon the division, save as otherwise agreed by written agreement with the Company and the creditors prior to the division.

**Article 225** Where any of the registered items is changed due to a merger or division of a company, the Company shall process the changes of registration with the company registration authority. Should the Company be dissolved, it shall be de-registered according to laws. If a new company is established, it shall go through the registration for company establishment according to laws

## **Section 2    Dissolution and Liquidation**

**Article 226** The Company shall be dissolved and liquidated pursuant to laws should the Company be under any of the following circumstances:

- (1) Any of the causes for dissolution as stipulated in these Articles of Association is present;
- (2) The general meeting resolves to dissolve it;
- (3) It is necessary to be dissolved due to merger or division of the Company;
- (4) The Company is declared bankrupt according to laws for being unable to pay its due debts;
- (5) Its business license is revoked or it is ordered to close down or to be dissolved according to laws; or

- (6) In the event that the Company has encountered serious difficulties in operation and management and that the interests of the shareholders of the Company are caused to suffer from substantial loss due to the continuing existence of the Company while such issue cannot be solved by any other means, the shareholders who hold 10% or more of the voting rights of all the shareholders of the Company may file an application with the people's court to dissolve the Company pursuant to laws.

**Article 227** Where the Company is dissolved according to the provisions of Article 226 (1), (2), (5) or (6) of these Articles of Association, a liquidation team shall be formed within 15 days of the occurrence of the causes of dissolution, to carry out liquidation. The liquidation team shall be composed of the directors or any other people as determined by the general meeting. Where no liquidation team is formed within the time limit, the creditors may file an application with the people's court to designate relevant persons to form a liquidation team to carry out liquidation.

Where the Company is dissolved according to the provisions of Article 226 (4) of these Articles of Association, the people's court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation team to carry out liquidation.

**Article 229** The liquidation team shall, within 10 days of its formation, notify the creditors, and shall, within 60 days, make a public announcement on newspaper recognized by the stock exchange(s) where the shares of the Company is/are listed. Creditors shall, within 30 days of the receipt of the notice or within 45 days of the release of the public announcement in the case of failure to receive said notice, file their creditors' rights with the liquidation team.

Where creditors file their creditors' rights, they shall explain about the matters related to creditors' rights, and shall provide the evidencing materials. The liquidation team shall register the creditors' rights.

The liquidation team may not clear off any of the debts of any creditors during the period of filing creditors' rights.

**Article 230** The liquidation team shall exercise the following functions and power during the period of liquidation:

- (1) liquidating the properties of the Company, and preparing the balance sheets and asset checklists separately;
- (2) informing creditors by a notice or public announcement;
- (3) disposing of and liquidating the unfinished businesses of the Company;
- (4) clearing off the outstanding taxes and the taxes incurred from the process of liquidation;
- (5) clearing off credits and debts;
- (6) disposing of the residual properties after settling such debt; and
- (7) participating in the civil litigation on behalf of the Company.

**Article 231** After the liquidation team has liquidated the properties of the Company and has prepared the balance sheets and checklists of properties, it shall prepare a plan of liquidation, and report it to the general meeting or the people's court for confirmation.

The remaining assets that result from paying off the liquidation expenses, wages of employees, social insurance premiums and statutory compensation, the outstanding taxes and the debts of the Company may be distributed according to the ratios of shareholding of the shareholders.



## CHAPTER 19 AMENDMENT TO ARTICLES OF ASSOCIATION

**Article 235** The Company may amend these Articles of Association in accordance with the provisions of laws, administrative regulations and these Articles of Association.

**Article 236** Under any one of the following circumstances, the Company shall amend its Articles of Association:

- (1) After amendment has been made to the Company Law or the relevant laws or administrative regulations, the contents of the Articles of Association shall conflict with the amended laws or administrative regulations;
- (2) The changes that the Company have undergone are not in consistence with the records made in the Articles of Association; or
- (3) The general meeting decides that the Article of Association should be amended.

**Article 237** Amendment to the Articles of Association passed by resolutions at the general meeting shall be required to be examined and approved by the competent authorities, and shall be submitted to the competent authorities for approval. Should the registration of the Company be involved, the change to such registration shall be handled according to laws.

**Article 238** The Board shall amend these Articles of Association according to the resolutions of the general meeting and the opinions of the relevant competent authority.

Notwithstanding the foregoing paragraph, in the following circumstances, the general meeting may pass a resolution to authorize the Board to amend these Articles of Association in line with the following principles:

- (1) Where as a result of the implementation of the general meeting's resolution, there is the need to make necessary non-substantive modifications (as required in accordance with the resolutions of the general meeting which involve amendments to, among others, the registered capital amount, the number of shares and the name and address of the Company in the Articles of Association), the Board shall have the right to modify these Articles of Association according to specific circumstances;

- (2) In the event that changes in the text or the order of the articles are necessary for filing the Articles of Association approved by the general meeting with the competent authority the Board is entitled to amend these Articles of Association in accordance with the requirements of the competent authority

**Article 239** Any amendment to these Articles of Association that involves information to be disclosed as required by the law, regulations or the listing rules of the place(s) in which the shares of the Company are listed, shall be publicly announced as required

## **CHAPTER 20 NOTICE**

**Article 240** Notices of the Company may be served through means as follows:

- (1) delivery by hand;
- (2) by post;
- (3) by fax or email;
- (4) subject to the law, regulations and listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed, post at the Company's website or such website designated by the relevant stock exchange;
- (5) by public announcement;
- (6) other means as prescribed between the Company and the recipient or as confirmed means upon notice; or
- (7) other means approved by the relevant regulatory agency of the place(s) in which the shares of the Company are listed or as set out in these Articles of Association

Where the Company issues a notice by public announcement, all relevant personnel shall be deemed to have received such notice once the public announcement has been made

Unless otherwise required by these Articles of Association, if the notices t

## Listing Rules The

**Article 243** Where relevant corporate documents must be in English accompanied by a Chinese version and be served through delivery, post, distribution, sending out, announcement or other means according to the requirements of the listing rules of the stock exchange(s) of the place(s) in which the shares of the Company are listed, in respect of shareholders who under proper arrangements by the Company confirm to receive such information only in English or Chinese version as well as to the extent of the applicable laws and regulations, the Company may send such documents in the English or Chinese version to relevant shareholders as they so wish.

## **CHAPTER 21 SETTLEMENT OF DISPUTES**

**Article 244** The Company shall comply with the following rules in settling disputes:

- (1) Whenever any disputes or claims arise from any rights or obligations as provided in these Articles of Association, the Company Law and other relevant laws and administrative regulations between a holder of overseas-listed foreign shares and the Company, between a holder of overseas-listed foreign shares and a director or supervisor or the general manager or other senior management of the Company, and between a holder of overseas-listed foreign shares and a holder of domestic shares, the parties concerned shall resolve such disputes and claims through arbitration.

Where a dispute or claim described above is submitted for arbitration, the entire dispute or claim shall be resolved through arbitration; all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are shareholders, directors, supervisors, general manager or other senior management of the Company or the Company, shall submit to arbitration.

Disputes over who is a shareholder and over the share register do not have to be resolved through arbitration.

- (2) The party seeking arbitration may elect to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or by the Hong Kong International Arbitration Centre in accordance with its arbitration rules. Once the party seeking arbitration submits a dispute or claim to arbitration, the other party must submit to the arbitral body selected by the party seeking the arbitration.

If the party seeking arbitration elects to arbitrate the dispute or claim at the Hong Kong International Arbitration Centre, then either party may apply to have such arbitration conducted in Shenzhen according to the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (3) The laws of the PRC shall govern the arbitration of disputes or claims described in Item (1) above, unless otherwise provided by the law or administrative regulations.
- (4) The award of the arbitral body is final and shall be binding on the parties thereto.

## **CHAPTER 22 SUPPLEMENTARY ARTICLES**

### **Article 245 Definition**

- (1) In these Articles of Association, “acting in concert” means the act of two or more people that in form of agreement (whether ore agree

