

**ARTICLES OF ASSOCIATION**  
**OF**  
**AVICHINA INDUSTRY & TECHNOLOGY COMPANY LIMITED**

**2018**

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## **Chapter One General Provisions**

**Article 1** AviChina Industry & Technology Company Limited (the “**Company**”) is a company limited by shares established in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), Special Provisions of the State Council for Companies Limited by Shares Issuing Shares and Seeking a Listing Outside the PRC, Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, Letter of Opinion on Supplements and Amendments to the Articles of Association of the Company Regarding Listing of Shares in Hong Kong and other relevant laws and administrative regulations of the PRC.

Following approval by Document Guozihan Number 2 [2003] of the State-owned Assets Supervision and Administration Commission of the State Council, the Company was established by means of promotion, was registered with the State Administration for Industry and Commerce on April 30, 2003.

The promoters of the Company are:

Promoter One: China Aviation Industry Corporation II (Upon the establishment of Aviation Industry Corporation of China, all the equity interests held by China Aviation Industry Corporation II will be held by Aviation Industry Corporation of China)

Promoter Two: China Huarong Asset Management Corporation

Promoter Three: China Cinda Asset Management Co., Ltd

Promoter Four: China Orient Asset Management Corporation

### **Article 2**

Registered name of the Company in Chinese: 中国航空科技工业股份有限公司

Name of the Company in English: AviChina Industry & Technology Company Limited

**Article 3** Domicile of the Company: 8th floor, Tower 2, No. 5A Rongchang East Street, Beijing Economic Technological Development Area, Beijing.

Postal Code: 100176

**Article 4** The Chairman shall be the legal representative of the Company.

**Article 5** The Company is a company limited by shares existing in perpetuity and an independent legal person, governed and protected by laws, administrative regulations and other relevant provisions of the PRC.

**Article 6** The Articles of Association shall come into effect after being passed by way of a special resolution at the general meeting and shall supersede the original Articles of Association registered with the authorities for industry and commerce.

The Articles of Association of the Company shall be a legally binding document that regulates the organization and acts of the Company as well as the rights and obligations between the Company and the shareholders and among shareholders from the date on which they become effective.

Shareholders may sue the Company in accordance with the Articles of Association. The Company may sue shareholders in accordance with the Articles of Association. Shareholders may sue shareholders in accordance with the Articles of Association. Shareholders may sue directors, supervisors, manager and other senior management staff of the Company in accordance with the Articles of Association.

For the purposes of the above paragraph, the term “sue” shall include the initiation of proceedings in a court or the application of arbitration to an arbitration organization.

Other senior management staff mentioned above shall include vice manager, the person in charge of financial affairs and Secretary to the Board.

**Article 7** The Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors, managers and other senior management staff. All the above persons may make claims related to Company matters in accordance with the Articles of Association.

The Company and its shareholders, Directors, supervisors, managers and other senior management staff shall all strictly comply with the national laws and regulations and the regulations and rules issued by the relevant regulatory authorities. Where there are other regulations or requirements by the industry authorities on the industry that the Company involves in (including but not limited to confidentiality matters and military matters), the Company shall execute in accordance with such regulations or requirements.

**Article 8** The Company may invest in other limited liability companies and companies limited by shares. It shall be liable for such invested companies to the extent of the amount of investment. The Company could not become a shareholder with unlimited liabilities of any other economic organizations.

**Article 9** In accordance with provisions under the Constitution of the Communist Party of China, the Company shall establish an organization for the Communist Party of China. The Party organization shall perform the core leading and political functions. The Company shall establish a working organ for the Party, allocate sufficient personnel to handle Party affairs and guarantee working funds for the Party organization. Prior to making decisions on material issues of the Company, the opinion of the Party organization of the Company shall be considered. When selecting senior managements, the Party organization shall consider and propose opinions and

suggestions on the candidates nominated by the Board or managers.

## **Chapter Two Purpose and Scope of Business**

**Article 10** The business purpose of the Company is: To establish and strengthen the corporate management system and operational mechanism adapting to the requirements of the market economy system; to create and improve value for customers relying on technological development and management innovation; to provide development opportunities to staffs, and to build value for shareholders and make contributions to society. Be practical to improve, be innovative to develop, building a strong brand and going out to the world.

**Article 11** The business scope of the Company shall be in accordance with the items approved by the authorities that are authorized by the State Council and the authorities of Industry and Commerce.

The business scope of the Company includes: design, research and development, manufacture and sales of the helicopters, regional jets, trainers, general-purpose aircraft, aircraft parts and components, aviation electronic products and other aviation products; design, research and development and manufacture of automobiles, automobile engines, transmissions, and automobile parts and components; sales of automobiles (sedans excluded); leasing of automobiles, aircraft and other electronic machinery; design, development, manufacture and sales of medical package machinery, textile machinery, food processing machinery, other machinery and electronic equipments; installation, debugging, maintenance and other after-sale services of the products stated above; investment, operation management of capital projects; self-management and agency for the import and export business of various products and technologies (except the importing and exporting of products or technologies restricted or forbidden by the State).

## **Chapter Three Shares, Transfer of Shares and Registered Capital**

**Article 12** The Company shall have ordinary shares at all times. It may have other kinds of shares according to the need, upon approval by the authorities that are authorized by the State Council to examine and approve companies.

**Article 13** All the shares issued by the Company shall have a par value which shall be RMB1.0 for each share.

**Article 14** The Company may issue shares to investors inside the PRC and to investors outside the PRC following approval from the securities regulatory authorities of the State Council.

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

**Article 15** The shares issued by the Company to investors in the PRC and to be subscribed for in Renminbi shall be referred to as “domestic invested shares”. Shares issued by the Company to investors outside the PRC and to be subscribed for in a foreign currency shall be referred to as “foreign invested shares”. Foreign invested shares that are listed overseas shall be referred to as “overseas listed foreign invested shares.” Holders of domestic invested shares and holders of overseas listed foreign invested shares are holders of ordinary shares of the Company and shall have the same rights and obligations.

The above-mentioned foreign currencies are those legal tenders, other than RMB, of other countries or regions that can be used to subscribe shares as recognized by the foreign exchange control authorities of the State.

Overseas listed foreign invested shares that are issued by the Company and listed in Hong Kong are referred to as H Shares. H Shares are those shares listed on the Hong Kong Stock Exchange and denominated in RMB and subscribed for and traded in Hong Kong dollars. The H shares could also be listed on the stock exchanges in the United States in the form of American Depositary Receipt (ADR).

**Article 16** Upon approval from the securities regulatory authorities of the State Council, domestic shareholders of the Company may transfer the shares held by them to overseas investors and such shares could be listed and traded on the overseas stock exchanges. Shares transferred and listed on an overseas stock exchange shall comply with the supervision procedures, regulations and requirements of the overseas stock exchange.

No general meeting or class shareholders’ meeting is required to be held for voting on the listing and trading of shares so transferred on such overseas stock exchange.

**Article 17** Upon approval from the securities regulatory authorities of the State Council, the domestic invested shares can be converted to overseas listed foreign invested shares, and listed and traded on the overseas stock exchanges. The listing and trading of the transferred shares on the overseas stock exchanges shall comply with the supervision procedures, regulations and requirements of the overseas stock exchange.

No general meeting or class shareholders' meeting is required to be held for voting on converting of domestic invested shares to overseas listed foreign invested shares and listing and trading on the overseas stock exchanges. Upon transfer to overseas listed foreign invested shares, the domestic invested shares shall be in the same class of original overseas listed foreign invested shares.

**Article 18** Having been approved by the securities regulatory authorities of the State Council, the total amount of ordinary shares that the Company issued was 3,116,518,500 shares at the time of its establishment, all of which were subscribed for and held by the promoters, including: 2,981,388,500 shares held by China Aviation Industry Corporation II, representing 95.66% of the Company's total issued ordinary shares at the time of its establishment; 104,620,000 shares held by China Huarong Asset Management Corporation, representing 3.36% of the Company's total issued ordinary shares at the time of its establishment; 15,470,000 shares held by China Cinda Asset Management Co., Ltd, representing 0.50% of the Company's total issued ordinary shares at the time of its establishment; 15,040,000 shares held by China Orient Asset Management Corporation, representing 0.48% of the Company's total issued ordinary shares at the time of its establishment;

**Article 19** Upon the approval of the securities regulatory authorities of the State Council, a total number of 1,679,800,500 shares of overseas listed foreign invested shares (including 1,527,090,000 shares issued by the Company, and 152,710,500 existing shares held by State-owned shareholder of the Company sold pursuant to the relevant requirements of the PRC regulations on reduction of State-owned shares), had been issued and sold after the establishment of the Company.

Upon the approval of the securities regulatory authorities of the State Council, the Company issued and sold 305,416,000 shares of overseas listed foreign invested shares on 10 March, 2010, and Aviation Industry Corporation of China sold 29,217,402 existing shares pursuant to the relevant requirements of the PRC regulations on reduction of state-owned shares. The Company issued 183,404,667 domestic shares on 18 January, 2012; the Company issued and allotted 342,000,000 shares of overseas listed foreign invested shares on 2 March, 2012; the Company issued 491,692,669 Domestic Shares in June 2016.

The current shareholding structure of the Company is: the total number of issued ordinary shares of the Company amounts to 5,966,121,836 shares, of which, 3,297,780,902 shares are held by Aviation Industry Corporation of China, representing 55.28% of the Company's total issued ordinary shares; 183,404,667 shares are held by AVIC Mechanical & Electrical Systems Co., Ltd., representing 3.07% of the Company's total issued ordinary shares; 99,488,927 shares are held by China Huarong Asset Management Corporation, representing 1.66% of the total issued ordinary shares; 14,706,448 shares are held by China Cinda Asset Management Co., Ltd, representing 0.25% of the Company's total issued ordinary shares;

14,306,990 shares are held by China Orient Asset Management Corporation, representing 0.24% of the Company's total issued ordinary shares; 2,356,433,902 shares are held by holders of overseas listed foreign invested shares, representing 39.50% of the Company's total issued ordinary shares.

**Article 20** After the plan for issuing overseas listed foreign invested shares and domestic invested shares has been approved by the securities regulatory authorities of the State Council, the Board may arrange for implementation of such plan by means of separate issues.

The Company's plan for separate issues of overseas listed foreign invested shares and domestic invested shares in accordance with the preceding paragraph may be implemented separately within 15 months of being approved by the securities regulatory authorities of the State Council.

**Article 21** When the Company issues overseas listed foreign invested shares and domestic invested shares separately within the total number of shares specified in the issue plan, every such issue shall be fully subscribed for each time. Where special circumstances make it impossible for every such issue to be fully subscribed for at one time, the shares may be issued at several stages, subject to the approval of the securities regulatory authorities of the State.

**Article 22** The registered capital of the Company is RMB5,966,121,836.

**Article 23** The Company may approve capital increase depending on its business and development requirements in accordance with the relevant provisions of the Articles of Association.

The Company may increase its capital by the following methods:

1. offer of new shares to non-specific investors;
2. rights issue to existing shareholders;
3. allotment of new shares to existing shareholders; and
4. other methods permitted by laws and administrative regulations.

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

The Company shall complete changes in registration with the authorities for industry and commerce and publish an announcement if it increases or decreases its registered capital.

**Article 24** The Company's foreign invested shares listed in Hong Kong shall comply with the following provisions:



1. All transfers of foreign invested shares listed in Hong Kong shall adopt written document, in general or common format or in any other formats that are acceptable to the Board; such transfer document can be signed by hand or machine printed without chopping of the Company stamp.

2. Unless otherwise provided by laws and administrative regulations, shares of the Company may be transferred freely with no lien attached.

#### **Chapter Four Reduction of Capital and Buy-Back of Shares**

**Article 25** The Company may reduce its registered capital in accordance with the provisions of the Articles of Association.

**Article 26** When the Company is to reduce its capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days of adopting the resolution to reduce its registered capital and shall publish a public announcement of the resolution in newspapers at least three times within 30 days of the said date. Creditors shall, within 30 days of receiving a written notice or within 90 days of the date of the first public announcement for those who have not received a written notice, be entitled to require the Company to pay its debts in full or to provide a corresponding guarantee for repayment.

The reduced registered capital of the Company may not be less than the statutory minimum.

**Article 27** The Company may, in the following circumstances, buy back its own issued and outstanding shares following the adoption of a pertinent resolution in accordance with the procedures provided for in the Articles of Association, and submission to and approval by the relevant State authorities:

1. cancellation of shares in order to reduce its capital;
2. merger with another company holding shares in the Company, or
3. other circumstances where laws or administrative regulations so permit.

**Article 28** After the Company is approved by relevant State authorities to buy back its own shares, it may proceed in any of the following manners:

1. making of a buy-back offer in the same proportion to all shareholders;
2. buy-back through open transactions on a stock exchange; or
3. buy-back by an agreement outside a stock exchange.

**Article 29** When the Company is to buy back shares by an agreement outside a stock exchange, prior approval shall be obtained from the shareholders' general meeting in accordance with the procedures provided for in the Articles of Association.

Upon prior approval by the shareholders' general meeting obtained in the same manner, the Company may rescind or change contracts concluded in the manner set forth above or waive any of its rights under such contracts.

For the purposes of the above paragraph, contracts for the buy-back of shares shall include (but not be limited to) agreements whereby buy-back obligations are undertaken and buy-back rights are acquired..

The Company may not assign contracts for the buy-back of its own shares or any of its rights thereunder.

**Article 30** After the Company has bought back its shares according to law, it shall cancel the portion of shares concerned within the period prescribed by laws and administrative regulations and shall apply to the authorities for industry and commerce 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 31** Unless the Company has already entered the liquidation stage, it must 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 profit and/or from the proceeds of a fresh share issue 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 profit and/or from the proceeds of a fresh share issue made to buy back the old share; 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 profit;

(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 profit and/or the proceeds of a fresh share issue made to buy back the old shares; however, the amount deducted from the proceeds of the fresh share issue may not exceed the total premium obtained at the time of issuance of the old shares nor may it exceed the amount in the Company's premium account (or capital common reserve account) (including the premiums from the fresh share issue) at the time of buy-back.

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) modification of any contract for buy-back of its own shares;
- (3) release from any of its obligations under any buy-back contract.

4. After the par value of the annulled 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 profit and used to buy back shares at par value of the bought back shares shall be included in the Company's premium account (or capital common reserve account).

## **Chapter Five Financial Assistance for the Purchase of Company Shares**

**Article 32** The Company or its subsidiaries 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 that directly or indirectly undertake obligations for the purpose of purchasing shares in the Company.

The Company or its subsidiaries shall not at any time provide any financial assistance in any form to the above obligors in order to reduce or discharge their obligations.

The provisions of this Article shall not apply to the circumstances described in Article 33 of this Chapter.

**Article 33** For the purpose of this Chapter, the term "financial assistance" shall include (but not be limited to) the financial assistance in the forms set out below:

1. gift;
2. guarantee (including the undertaking of liability or provision of property by the guarantor in order to secure the performance of the obligation by the obligor), indemnity (not including, however, indemnity arising from the Company's own fault) and release or waiver of rights;
3. provisions 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; and
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 purpose of this Chapter, the term "undertake obligations" shall include the undertaking of an obligation by the obligor 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 obligor individually or jointly with any other person) or by changing its financial position in any other way.

**Article 34** The acts listed below shall not be regarded as acts prohibited under Article 31 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 the form of shares;
4. reduction of registered capital, buy-back of shares, shareholding structuring, etc. in accordance with the 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 was paid out of the Company's distributable profits); and
6. the provision of money 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 was paid out of the Company's distributable profits).

## **Chapter Six Share Certificates and Register of Shareholders**

**Article 35** 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's shares can be transferred, or given away as a gift, or inherited and mortgaged in accordance with relevant laws and administrative regulations. The transfer or change of ownership of the shares should be registered with the Company's authorized share registrar.

**Article 36** The share certificates shall be signed by the Chairman. Where the signatures of other senior management staff 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 other senior management staff. The share certificates shall become effective after the Company seal is affixed thereto or printed thereon. The signature of the Chairman or of other senior management staff on the share certificates may be also be in printed form.

**Article 37** The Company shall keep a register of shareholders, in which the following particulars shall be recorded:

1. the name, address (domicile), profession 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 numbers of the shares held by each shareholder;
5. the date on which each shareholder is registered as a shareholder; and
6. the date on which each shareholder ceases to be a shareholder.

The register of shareholders shall be ample evidence of the holding of Company shares by a shareholder, unless there is evidence to the contrary.

**Article 38** The Company may, pursuant to an understanding or agreement reached between the securities regulatory authorities of the State Council and a securities regulatory organization outside the PRC, keep outside the PRC its register of holders of overseas listed foreign investment shares, and entrust the administration thereof to an agent outside the PRC. The original copy of the register of shareholders of overseas listed foreign invested shares should be kept in Hong Kong.

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

When the original and duplicate of the register of holders of overseas listed foreign invested shares are inconsistent, the original shall prevail

**Article 39** 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 provided for under items 2 and 3 of this paragraph;
2. the register(s) of holders of overseas listed foreign invested shares kept in the place(s) of the stock exchange(s) outside the PRC on which the shares are listed; and
3. registers of shareholders kept in such other places as the Board may decide necessary for listing purposes.

**Article 40** 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.

Foreign investment shares listed in Hong Kong for which the subscription monies have been paid in full can be freely transferred in accordance with the Articles of Association. Unless the transfer is carried on in compliance with the following conditions, the Board may refuse to recognize any instrument of transfer without giving any reasons.

(1) a fee (for each instrument of transfer) of HKD \$2.50 or a higher fee as agreed by the Hong Kong Stock Exchange has been paid to the Company for the registration of any transfer or any other documents relating to or which may affect ownership of the shares;

(2) the instrument of transfer only involves foreign invested shares listed in Hong Kong.

(3) the stamp duty chargeable on the instrument of transfer has been paid;

(4) the relevant share certificate and, upon the reasonable request of the Board, any evidence in relation to the transferor's right to transfer has been submitted;

(5) if the shares are to be transferred to joint holders, then the maximum number of joint holders shall not exceed four; and

(6) the relevant shares are not encumbered by any Company lien.

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

**Article 41** No changes in the shareholders' register due to the transfer of shares may be made within twenty (20) days before the date of a shareholders' general meeting or within five (5) days before the record date for the Company's distribution of dividends.

**Article 42** When the Company is to convene a shareholders' general meeting, distribute dividends, be liquidated or to carry out other acts requiring confirmation of equity interests, the Board shall decide a date for determination of equity interests. Shareholders whose names appear on the register at the end of that day shall be the shareholders of the Company.

**Article 43** Any person that challenges the register of shareholders and requires his name to be entered into or removed from the register may apply to a competent People's court for correction of the register.

If the Company refused to register the transfer of shares, the Company shall give both the transferor and the transferee notice of refusal to register such transfer within two months from the date on which the transfer application is officially made.

**Article 44** Any shareholder who is registered in the register of shareholders or any person who requests that his name to be entered into the register of shareholders may apply to the Company for issuance of 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 share certificates from holders of domestic investment shares who have lost their certificates shall be dealt with in accordance with relevant provisions of the Company Law.

Applications for the replacement of share certificates from holders of overseas listed foreign invested shares who have lost their certificates may be dealt with in accordance with the laws, stock exchange regulations and other relevant regulations of the place where the original register of holders of overseas listed foreign invested shares is kept.

Where holders of overseas listed foreign invested shares apply for replacement of their share certificates after losing their 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 reason for the application, the circumstances and proof of the loss of the share certificate and a declaration that no other person may require registration as a shareholder in respect of the relevant shares;

2. the Company shall not have received any declaration requesting 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 a public announcement of its intention to do so in the newspapers or periodicals designated by the Board; the period of the public announcement shall be 90 days, during which such announcement shall be published repeatedly at least once every 30 days. The newspapers designated by the Board shall be Chinese and English newspapers (each at least one);

4. before publishing the public 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 publication after having received a reply from the stock exchange confirming that the announcement has been displayed in the stock exchange. The Company shall display the public announcement in the stock exchange for a period of 90 days.

If the application for issuance of a replacement share certificate is made without the consent of the registered holder of the relevant shares, the Company shall mail to such shareholder a photocopy of the public announcement that it intends to publish;

5. at the expiration of the 90-day period provided for 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 under 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; and

7. all expenses of the Company for the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant has provided reasonable security.

**Article 45** After the Company has issued a replacement share certificate in accordance with the Articles of Association, it shall not delete from the register of shareholders the name of a bona fide purchaser of the replacement share certificate mentioned above or of a shareholder that is subsequently registered as the owner of the shares (provided that he is a bona fide purchaser).

**Article 46** The Company shall not be liable for any damages suffered by an person from the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the claimant can prove fraud on the part of the Company.

All joint shareholders of any shares shall be jointly and severally liable for payment of all amounts payable for such shares. In the case of joint shareholding, if one of the joint shareholders deceased, only the remaining joint shareholders can be accounted for by the Company as owners of the relevant shares, but the Board has the right to request proper death certification from the remaining joint shareholders for the purpose of amending the register of shareholders. With respect to joint shareholders, only the shareholder listed in the first place in the Company's register of shareholders has the right to receive the relevant share certificates, receive the Company's notification and attend and vote at the shareholders' general meetings of the Company. Any notification sent to and received by the aforementioned shareholder should be deemed as such notification has been sent to and received by all of the joint holders of the relevant shares

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

**Article 47** The Company's shareholders are persons that lawfully hold shares of the Company and whose names are entered in the register of shareholders.

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



A legal person that is a shareholder of the Company shall have its rights exercised by its legal representative or the proxy of its legal representative or (if the shareholder is a recognized clearing house as defined in the relevant ordinances of Hong Kong laws as amended from time to time (the “**recognized clearing house**”) or its proxy) a representative of a recognized clearing house (or its proxy) or their authorized persons.

The Company shall not exercise any of its rights to freeze or otherwise impair any of the rights attached to any of the Company’s shares by merely because the person or persons who are directly or indirectly interested therein has/have failed to disclose his/her interests to the Company.

**Article 48** Holders of ordinary shares of the Company shall enjoy the following rights:

1. collect dividends and other profit distributions on the basis of the number of shares held by them;
2. participate or to appoint proxies to participate in shareholders’ meetings and exercise voting rights;
3. supervise and control the Company’s business activities, and raise suggestions or inquiries;
4. transfer share in accordance with laws, administrative regulations and the Articles of Association;
5. obtain relevant information in accordance with the Articles of Association, which shall include:
  - (1) obtaining the Articles of Association after payment of a charge to cover costs;
  - (2) being entitled to browse and make a copy, after payment of reasonable charges, of:
    - (a) all parts of the register of shareholders;
    - (b) personal information on the directors, supervisors, manager and other senior management staff of the Company, including:
      - (b.1) current and previous names and aliases;
      - (b.2) main address (domicile);
      - (b.3) nationality;
      - (b.4) full-time and all other part-time occupations and duties; and
      - (b.5) identification documents and their numbers.
    - (c) the status of the Company’s share capital;
    - (d) reports of the aggregate par value, number of shares, and highest and lowest prices of each class of shares bought back by the Company since the last fiscal year as well as all the expenses paid by the Company therefor; and
    - (e) the minutes of shareholders’ meetings;
  - (3) being entitled to browse and make a copy, after payment of reasonable charges, of:
    - (a) all parts of the register of shareholders;
    - (b) personal information on the directors, supervisors, manager and other senior management staff of the Company, including:
      - (b.1) current and previous names and aliases;
      - (b.2) main address (domicile);
      - (b.3) nationality;
      - (b.4) full-time and all other part-time occupations and duties; and
      - (b.5) identification documents and their numbers.
    - (c) the status of the Company’s share capital;
    - (d) reports of the aggregate par value, number of shares, and highest and lowest prices of each class of shares bought back by the Company since the last fiscal year as well as all the expenses paid by the Company therefor; and
    - (e) the minutes of shareholders’ meetings;
6. participate in the distribution of the remaining property of the Company according to their shareholding when the Company is terminated or liquidated; and

7. other rights conferred by laws, administrative regulations and the Articles of Association.

**Article 49** Holders of ordinary shares of the Company shall have the following obligations:

1. to abide by the Articles of Association;
2. to pay subscription fees on the basis of the shares subscribed for by them and the method of capital injection; and
3. other obligations imposed by laws, administrative regulations and the Articles of Association.

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

**Article 50** In addition to obligations imposed by laws, administrative regulations or the listing rules of the stock exchange(s) on which the shares of the Company are listed, controlling shareholders may not, in the exercise of their shareholders' powers, make decisions prejudicial to the interests of all or part of the shareholders as a result of the exercise of their voting rights on the issues set forth below:

1. relieving a director or supervisor of the responsibility to act honestly in the best interest of the Company;
2. approving a director or supervisor (for his own or another person's benefit) of depriving the Company of its property in any way, including (but not limited to) any opportunities that are favorable to the Company; or
3. approving a director or supervisor (for his own or another person's benefit) to deprive other shareholders of their rights or interests including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with the Articles of Association.

**Article 51** For the purpose of the preceding Article, the term "controlling shareholder" shall refer to a person that satisfies any of the following conditions:

1. he, acting alone or in concert with others, has the power to elect more than half number of the directors;
2. he, acting alone or in concert with others, has the power to exercise or control the exercise of 30 percent or more of the Company's voting rights;
3. he, acting alone or in concert with others, holds 30 percent or more of the issued and outstanding shares of the Company; or
4. he, acting alone or in concert with others, actually controls the Company in any other manner.

## Chapter Eight Shareholders' General Meeting

**Article 52** The shareholders' general meeting is the organ with the authority of the Company and shall exercise its functions and powers according to law.

**Article 53** The shareholders' general meeting shall exercise the following functions and powers:

1. to determine the business policies and investment plans of the Company;
2. to elect and replace Directors and to decided on matters concerning the remuneration of Directors;
3. to elect and replace the supervisors who are appointed from shareholders' representatives, and to decide on matters concerning the remuneration of supervisors;
4. to consider and approve reports of the Board;
5. to consider and approve reports of the supervisory committee;
6. to consider and approve the Company's annual financial budget and final accounts proposals;
7. to consider and approve the Company's plans for profit distribution and making up losses;
8. to resolve on the increase or reduction of the registered capital of the Company;
9. to resolve on matters such as the merger, division, dissolution and liquidation of the Company;
10. to resolve on the issuance of Company bonds;
11. to resolve on the employment, dismissal from employment or non-renewal of employment of the accounting firm;
12. to amend the Articles of Association;
13. to consider proposals submitted by shareholders holding 3% or more (inclusive) of the shares with voting rights in the Company;
14. other matters that laws, administrative regulations and the Articles of Association require to be resolved by the shareholders' general meeting;
15. any other matters that the Listing Rules require to be considered by the Shareholders' general meeting.

**Article 54** Without the prior approval by the shareholders' general meeting, the Company may not enter into any contract with any person other than a director, a supervisor, manager or other senior management staff of the Company for the delegation of the whole business management or part of the important business management of the Company to that person.

**Article 55** Shareholders' general meetings can be classified as annual general meetings or extraordinary general meetings. Shareholders' meetings shall be convened by the Board. Annual general meetings are held once a year within six months after the end of the previous financial year.

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

1. the number of Directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Articles of Association;
2. the losses of the Company that have not been made up amount to one-third of the total amount of its share capital;
3. shareholder(s) holding 10 percent, or more of the Company's issued and outstanding shares carrying voting rights request(s) in writing for the convening of an extraordinary general meeting;
4. the Board deems necessary or the supervisory committee so requests; or
5. two or more independent directors so request.

**Article 56** Unless otherwise provided by the relevant laws, regulations and listing rules of the place where the securities of the Company are listed and the articles herein regarding means of shareholders communication, or waived by all shareholders of the Company on the receipt of a written notice, a written notice of a general meeting shall be given no less than thirty (30) days prior to the meeting, by notifying all of the shareholders who are registered on the register of members of the Company of the matters to be considered at the meeting and the date and the place of the meeting. A shareholder who intends to attend the general meeting shall deliver to the Company his written reply concerning the attendance at such general meeting not less than twenty (20) days prior to the date of the meeting.

The date of the meeting and the date of the notice shall not be included when determining the notification period.

The date of notice stated in this section is the date on which the Company or the Company's appointed share registrar delivers such notice to the relevant postal office for mailing.

**Article 57** When the Company convenes an annual general meeting, shareholders holding 3% or more of the total shares carrying voting rights of the Company separately or jointly shall have the right to submit new proposals in writing, and the Company shall place matters in the proposals within the scope of functions and powers of the shareholders' general meeting on the agenda, provided that such proposals are delivered to the Company within 20 days after dispatch of the aforesaid notice of the meeting.

The proposal submitted by the shareholders shall satisfy the following requirements:

1. the content of the proposal is not in conflict with provisions of the laws and regulations, and is within the business scope of the Company and the functions and

powers of shareholders' general meeting;

2. the matter is expressly stated and the business to be resolved is specific; and
3. it is to be presented or delivered to the Board in writing.

**Article 58** The Company shall, based on the written replies it receives 20 days before the date of the shareholders' general meeting from the shareholders, calculate the number of shares carrying voting rights represented by the shareholders who intend to attend the meeting. If the number of shares carrying voting rights represented by the shareholders who intend to attend the meeting amounts to more than half of the Company's total number of shares carrying voting rights, the Company may convene the meeting; if not, the Company shall, within five days, notify the shareholders again, by way of a public announcement, the matters to be considered at and the place and date of the meeting. The Company may then convene the meeting after such announcement.

An extraordinary general meeting shall not decide on matters that have not been stated in the notice of the meeting.

**Article 59** The notice of a shareholders' general meeting shall:

1. be made in writing, unless otherwise provided by the relevant laws, regulations and listing rules of the place where the securities of the Company are listed and the articles herein regarding means of shareholders communication;

2. specify the place, date and time of the meeting;
3. state the matters to be considered at the meeting;

4. state the record date for shareholders who are entitled to attend the shareholders' general meeting;

5. provide to the shareholders such information and explanation necessary to make a informed decisions on the matters to be considered; this principle includes (but not limited to) where the Company proposes a merger, buy-back of shares, capital restructuring or other reorganizations, specific conditions and contracts (if any) of the transactions to be considered shall be provided, and a conscientious explanation about the causes and results of the same shall also be provided;

6. if any Director, supervisor, manager and other senior management staff has a material interest in the matter to be considered at the meeting, he or she shall declare the nature and extent of his or her interest; if the effect of the matter to be considered on such director, supervisor, manager and other senior management staff as a shareholder is different from that on the shareholder of the same class of shares, he or she shall explain such difference.

7. contain the full text of any special resolution to be proposed at the meeting;

8. state expressly in writing that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his or her behalf and such proxy need not be a shareholder; and

9. specify the time and place for the serving of the instrument appointing a

proxy.

**Article 60** Unless otherwise provided by the relevant laws, regulations and listing rules of the place where the securities of the Company are listed and the articles herein regarding means of shareholders communication, a notice of a shareholders' general meeting shall be delivered to each shareholder (whether or not such shareholder is entitled to vote at the meeting) by ways set out in Article 179.

**Article 61** In the event that the notice of meeting has not been delivered to any person who has the right to receive such notice, or that such person does not receive such notice, the validity of the meeting thus held or of the resolution passed at such meeting will not be affected.

**Article 62** Any shareholder who is entitled to attend and vote at a shareholders' general meeting of the Company shall be entitled to appoint one or more other person (whether such other person is a shareholder or not) as his proxies to attend and vote on his behalf, and a proxy so appointed shall be entitled to exercise the following rights pursuant to the authorization of such shareholder:

1. the right to speak at the meeting;
2. the right to demand or join in demanding a poll;
3. the right to vote by show of hands or by poll, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by poll.

**Article 63** The instrument appointing a proxy shall be in writing, which shall be signed under the hand of the appointer or his attorney duly authorized in writing; if the appointer is a legal person, the instrument shall be either under the seal of the legal person or signed under the hand of a director or attorney duly authorized. Such an instrument shall specify the number of shares the proxy represents. In the case that the shareholder appoints more than one proxies, the instrument shall specify the number of shares each proxy represents.

**Article 64** The instrument appointing a proxy to vote shall be delivered to the address of the Company or any other place designated in the notice of the meeting at least 24 hours before the convening of the meeting to which such instrument is relevant, or 24 hours before the designated time for voting. If the instrument is signed by the other person authorized by the appointer, the power of attorney authorizing the signature or other authorization documents shall be notarially certified. Such power of attorney or other authorization documents notarially certified, together with the instrument appointing the proxy shall be placed at the address of the Company or any other place designated in the notice of the meeting.

If the appointer is a legal person, its legal representative or such person authorized by a resolution of the board of directors or other decision-making body of

such legal person can attend at any shareholders' general meeting of the Company as a representative of the appointer.

If a shareholder is a recognized clearing house (or its proxy), it could authorize one or more persons it considers appropriate as its representative at any shareholders' general meeting or any class shareholders' meetings; however, if more than one person are so authorized, the authorization letter should specify the number and class of shares relating to each of the authorized persons. The authorized person can represent a recognized clearing house (or its proxy) to exercise its rights in the same manner as it is a individual shareholder of the Company.

**Article 65** Any form of the instrument appointing a proxy issued to a shareholder by the Board for use to attend and vote at shareholders' general meetings of the Company shall enable the shareholder to freely instruct the proxy to vote in favor of or against the resolutions, and instructions shall be given in respect of each matter to be voted on at the meeting. Such instrument appointing a proxy shall indicate that if the shareholder does not give specific instructions, the proxy may vote as he thinks fit.

**Article 66** A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares to which the proxy is relevant, provided that the Company has not received any written notice in respect of such matter before the commencement of the relevant meeting.

**Article 67** Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution must be passed by more than half of the voting rights represented by the shareholders (including proxies) present at the meeting.

A special resolution must be passed by more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

**Article 68** A shareholder (including a proxy), when voting at a shareholders' general meeting, may exercise such voting rights as are attached to the number of voting shares which he represents. Each share shall have one vote. In the event that according to the provisions of the Listing Rules, shareholders (including proxies) should abstain from voting, or should only vote for or against certain resolutions, any votes in violation of the aforesaid provisions or restrictions shall be invalid.

**Article 69** Unless pursuant to the rules of the Hong Kong Stock Exchange or any other relevant stock exchange as amended from time to time, at any shareholders'

general meeting, a resolution shall be decided on a show of hands unless a poll is demanded (before or after voting is carried out by a show of hands):

1. by the chairman of the meeting;
2. by at least two shareholders present in person or by proxy entitled to vote thereat; or
3. by one or more shareholders present in person or by proxy and representing 10% or more of all shares carrying the right to vote at the meeting.

Unless a poll is demanded, a declaration by the chairman that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence on the number or proportion of votes in favor of or against such resolution.

The demand for a poll may be withdrawn by the person who demands the same.

**Article 70** A poll demanded on the election of the chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which the poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

**Article 71** On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in favor of or against the relevant resolution.

**Article 72** Where there are two or more candidates of Directors when electing directors at a shareholders' general meeting, each of the shares represented by the shareholder (including proxy) shall have the same number of votes as the number of candidates, and the votes can be cast all on electing one person, or be cast separately on electing more than one persons, but details have to be given on the allocations of such votes.

**Article 73** In the case of an equality of votes cast in favor of and against the relevant resolution, whether on a show of hands or by poll, the chairman of the meeting at which a show of hands takes place or at which the poll is demanded is entitled to have a casting vote.

**Article 74** The following matters shall be resolved by way of ordinary resolution at the shareholders' general meeting:

1. work reports of the Board and the supervisory committee;
2. profit distribution plans and plans for making up losses formulated by the



Board;

3. removal of members of the Board and members of the supervisory committee, their remuneration and method of payment of the remuneration;
4. annual budgets and final accounts, balance sheets and profit statements and other financial statements of the Company;
5. matters other than those which are required by the laws and administrative regulations or by the Articles of Association to be adopted by special resolution.
6. other matters required by the Listing Rules, except for the matters to be adopted by special resolution.

**Article 75** The following matters shall be resolved by way of special resolution at the shareholders' general meeting:

1. the increase or reduction in the share capital and the issuance of shares of any class, warrants and other similar securities;
2. the buy-back of shares of the Company;
3. the issuance of corporate bonds;
4. the division, merger, dissolution and liquidation of the Company;
5. the amendments to the Articles of Association;
6. any other matters considered by the shareholders in general meeting and resolved by way of an ordinary resolution to be of a nature which may have a material impact on the Company and should be adopted by a special resolution; and
7. any other matters that should be adopted by a special resolution in accordance with the provisions of the Listing Rules.

**Article 76** In the event that shareholders request to convene an extraordinary general meeting or a class shareholders' meeting, the following procedures shall be followed:

1. two or more shareholders that collectively represent more than 10% (including 10%) of the voting shares at the meeting proposed to be convened may sign and submit one or several written requests identical in form and content, urging the Board to convene an extraordinary general meeting or a class shareholders' meeting and clarifying the matters to be considered at the meeting. Upon such written request(s), the Board shall convene the extraordinary general meeting or the class shareholders' meeting at the earliest time possible. The aforementioned voting shares shall be calculated upon the date when the written request(s) is/are submitted.
2. if the Board fails to issue notices to convene the meeting within 30 days upon receipt of the aforesaid written request(s), the shareholder who has submitted the request may convene such a meeting on his own within 4 months after the Board receives the notice. The procedures thus taken shall conform to the procedures of the Board calling such shareholders' meeting.

In the event that the shareholders convene a meeting on their own as a result of the failure of the Board to do the same, all reasonable expenses thus incurred shall be borne by the Company, and shall be deducted from the money payable by the Company to the defaulting directors.

Save as those matters involving commercial secrets that cannot be disclosed in the shareholders' general meeting, the Board and the supervisory committee shall provide response or make explanations for the questions and suggestions raised by the shareholders.

**Article 77** The Chairman shall preside over the shareholders' general meeting and shall be the chairman of the meeting. In the absence of the Chairman, vice chairman of the Board shall convene and chair the meeting instead. If both the Chairman and the deputy chairman of the Board fail to attend the meeting, the Board may designate a Director to convene and chair the meeting. If no chairman of the meeting has been appointed, the chairman of the meeting may be elected by the shareholders attending the meeting, if, for any reason, the shareholders fail to elect the chairman of the meeting, the meeting shall be chaired by the shareholder (including proxy) present with the greatest number of shares carrying voting rights.

**Article 78** The chairman of the meeting shall be responsible for determining the adoption of a resolution at the shareholders' general meeting. Such a decision shall be final and binding, and shall be announced at the meeting and recorded in the minutes of the meeting.

**Article 79** If the chairman of the meeting is suspicious about the voting results of the proposal submitted for resolution, the votes cast on such resolution may be counted. If the chairman does not ask for such a count, yet objection exists among shareholders or their proxies attending the meeting, such persons with objection may request the count immediately after the announcement of the results and the chairman of the meeting shall proceed with the count right afterwards.

**Article 80** If a vote count is carried out during a shareholders' general meeting, the result of the count shall be recorded into the minutes of the meeting.

The minutes of the meeting accompanied by the book of signatures by the shareholders present and the instruments authorizing the proxies shall be kept at the place of residence of the Company. Such minutes, book and instruments mentioned above should not be destroyed within 10 years.

**Article 81** Shareholders may review the photocopies of minutes of the meeting during the business hours of the Company. Upon request by any shareholder for photocopies of relevant minutes of the meeting, the Company shall send out the photocopies within seven days after receipt of reasonable payment.

## Chapter Nine Special Procedures for Voting of Class Shareholders

**Article 82** Shareholders that hold different classes of shares shall be class shareholders.

Class shareholders shall enjoy rights and bear obligations in accordance with provisions of laws, administrative regulations and the Articles of Association.

**Article 83** If the Company intends to vary or abrogate the rights of class shareholders, it may do so only after such variation or abrogation has been approved by way of a special resolution at the shareholders' general meeting and by a separate class shareholders' meeting convened by the affected class shareholders in accordance with Articles 85 to 89, except for the circumstances that listing and trading on overseas stock exchange of shares transferred set out in Article 16 herein and the concerting of domestic invested shares to overseas listed foreign invested shares set out in Article 17 herein.

**Article 84** Rights of shareholders of a certain class shall be deemed to be varied or abrogated under the following circumstances:

1. the increase or decrease of the number of shares of such class, or increase or decrease of 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. the conversion of all or part of the shares of such class into shares of another class, or the conversion of all or part of the shares of another class into shares of such class or the grant of the right to such change;
3. the removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
4. the reduction or removal of a dividend preference, or a property distribution preference during liquidation of the Company, attached to shares of such class;
5. the addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights to rights issues or rights to acquire securities of the Company attached to shares of such class;
6. the removal or reduction of rights to receive amounts payable by the Company in particular currencies attached to shares of such class;
7. the 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. the imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
9. the issuance of rights to subscribe for, or convert into, shares of such class or another class;
10. the increase of the rights and privileges of shares of another class;
11. such restructuring of the Company as would cause shareholders of different

classes to bear disproportionate liabilities under the restructuring; or  
12. the amendment or deletion of the provisions of this Chapter.

**Article 85** Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, shall have right to vote at class shareholders' meetings in respect of any of the matters referred to in items (2) to (8) and items (11) to (12) of Article 84, except that interested shareholders shall not have the right to vote at class shareholders' meetings.

For the purposes of the preceding paragraph, the term "interested shareholders" shall have the following meaning:

1. if the Company is to issue a buyback offer to all of the shareholders in the same proportion or is to buy back its own shares through open transactions on a stock exchange in accordance with Article 28 of the Articles of Association, the controlling shareholder as defined in Article 51 of the Articles of Association shall be an "interested shareholder";

2. if the Company is to buy back its own shares by agreements outside a stock exchange in accordance with Article 28 of the Articles of Association, holders of shares to which such agreements relate shall be "interested shareholders";

3. shareholders that, under a proposed restructuring of the Company, would bear liabilities in a proportion smaller than that of the liabilities borne by other shareholders of the same class, and shareholders that have an interest in a proposed restructuring of the Company that is different from the interest in such proposed restructuring of other shareholders of the same class, shall be "interested shareholders".

**Article 86** Resolutions of a class shareholders' meeting may be passed only by two-thirds or more of the equity interests carrying voting rights that are represented at the meeting in accordance with Article 85.

**Article 87** Unless otherwise provided by the relevant laws, regulations and listing rules of the place where the securities of the Company are listed and the articles herein regarding means of shareholders communication, when the Company is to hold a class shareholders' meeting, it shall issue a written notice 30 days prior to the meeting informing all the registered shareholders of that class of the matters to be considered at and the date and place of the meeting. Shareholders that intend to attend the meeting shall, within 20 days prior to the day on which the meeting is to be held, serve a written reply on the Company stating that they will attend the meeting.

If the number of shares carrying the right to vote at the meeting represented by the shareholders intending to attend the meeting is more than half of the total number of shares of that class carrying the right to vote at the meeting, the Company may hold the class shareholders' meeting. If not, the Company shall, within five days, inform the shareholders once again of the matters to be considered at and the date and place

of the meeting in the form of a public announcement. After such notification by public announcement, the Company may hold the class shareholders' meeting.

**Article 88** If a class shareholders' meeting is to be called by issuance of a meeting notice, notice of such meeting need be delivered only to the shareholders entitled to vote thereat.

The procedure according to which class shareholders' meetings are held shall, to the extent possible, be identical to the procedure according to which shareholders' general meetings are held. Provisions of the Articles of Association relevant to procedures for the holding of shareholders' general meetings shall be applicable to class shareholders' meetings.

**Article 89** In addition to holders of other classes of shares, holders of domestic invested shares and overseas listed foreign invested shares shall be deemed to be shareholders of different classes;

The special procedures for voting of class shareholders shall not apply:

1. where, as approved by way of a special resolution at the shareholders' general meeting, the Company issues, either separately or concurrently, domestic invested shares and overseas listed foreign invested shares every 12 months, and the number of the domestic invested shares and overseas listed foreign invested shares intended to be issued does not exceed 20 percent of the issued and outstanding shares of the respective classes;
2. where the plan for issuance of domestic invested shares and overseas listed foreign invested shares upon the establishment of the Company is completed within 15 months of being approved by the securities regulatory authorities of the State Council; or
3. where situations regarding the listing and trading on overseas stock exchange of shares transferred set out in Article 16 herein and the transfer of domestic invested shares to overseas listed foreign invested shares set out in Article 17 herein occur.

## **Chapter Ten Board of Directors**

**Article 90** The Company shall have a Board comprising nine Directors. The Board shall include a Chairman and one or two vice-chairmen. Of these, more than half of the Board members (including half of the Board members) shall be external Directors (refer to Directors who do not hold any positions in the Company), at least one third (inclusive) of the Board members shall be independent non-executive Directors and there shall be not less than three independent non-executive Directors.

**Article 91** Directors shall be elected at a shareholders' general meeting, for a term of three years each. At the expiry of a director's term of office, the term is

renewable upon re-election. The director candidates of the first session of the Board shall be named by the promoters and shall be elected at the Company's establishment meeting. The term of office for each director shall be effective at the date of being elected.

A written notice of the intention to propose a person for election as a director and a notice in writing by that person indicating his acceptance of such proposal are required to be given to the Company seven days before the date of such shareholders' general meeting.

The shareholders' general meeting, under the precondition of compliance with relevant laws and regulations, may remove any directors whose term of office has not expired by means of ordinary resolution. (However, the claim requests that may be filed in accordance with any contract are not affected.)

The Chairman and the vice-chairman shall be elected and removed by more than half of all the members of the Board. The term of office of both the Chairman and the vice-chairman is three years, which is renewable upon re-election.

Directors need not be the Company's shareholders..

**Article 92** The Board shall be accountable to the shareholders' general meeting and exercise the following functions and powers:

1. to convene shareholders' general meetings and to report on its work to the shareholders' general meeting;
2. to implement the resolutions of the shareholders' general meeting;
3. to decide on the business plans and investment plans of the Company;
4. to formulate the annual financial budgets and final accounts of the Company;
5. to formulate the profit distribution plans and plans for making up losses of the Company;
6. to formulate plans for the increase or reduction of the registered capital of the Company and plans for the issue of bonds;
7. to draft plans for the merger, division or dissolution of the Company;
8. to draft plans for changes in the corporate form of the Company;
9. to engage or dismiss the Company's general manager, and based on the recommendations of the general manager, to engage or dismiss the deputy general manager(s) and the chief financial officer(s) of the Company, decide on their remuneration, authorize the manager to determine investment, financing programs, connected transactions and annual guarantee plans for the Company's subsidiaries, each amount of which shall be within the respective caps as approved by the Board;
10. to formulate the basic management systems of the Company;
11. to formulate proposals for any amendments to the Articles of Association;
12. to decide on the establishment of special committees and the appointment and dismissal of relevant persons in charge;

13. to propose the appointment and change of the Company's accounting firms at the shareholders' general meetings;

14. to consider and decide on the changes to the proportion of shares of subsidiaries held in PRC listed companies due to the issue of new shares (including new issue or placement) by such listed companies;

15. to consider and decide on the transfer, pledge or creation of rights of any third parties of all or part of shares held in PRC listed companies by subsidiaries

16. to consider and decide on all resolutions to be proposed at the general meetings of PRC listed companies in which subsidiaries have interests and subsidiaries' votes are necessary in accordance with the articles of association of such listed companies;

17. to draft material acquisition or disposal proposals of the Company (assets acquired or disposed of (including interests) exceeding 20% of the net assets shown in the latest Company's balance sheets considered at the general meeting); and

18. to exercise any other powers conferred by the shareholders' general meetings or by the Articles of Association.

Resolutions by the Board on matters referred to in the preceding paragraphs may be passed by the affirmative votes of more than half of the Directors with the exception of resolutions on matters referred to in items 6, 7, and 11 above which shall require the affirmative votes of more than two-thirds of the Directors. The Board shall comply with State laws, administrative regulations, the Articles of Association and shareholders' resolutions to perform duties.

Resolutions by the Board in respect of the matters specified in items 14, 16, and 17 above, if required to be passed at the shareholders' general meeting pursuant to the relevant requirements of the Hong Kong Stock Exchange, should be proposed and considered at the shareholders' general meeting after being passed.

**Article 93** The shareholders' general meeting, under the precondition of compliance with relevant laws and regulations, may remove any Directors (include Chairman or any other Directors) whose term of office has not expired by means of ordinary resolution, but can not remove the Director without giving any reasons. (However, the claim requests that may be filed in accordance with any contract are not affected.)

**Article 94** The Board shall establish several special committees such as auditing, remuneration and strategy committees to assist the Board to perform its duties or provide suggestions and advice to the Board for decision-making.

**Article 95** When the Board intends to dispose of fixed assets and the sum of the expected value of the consideration for the proposed disposal and the value of the consideration for disposal of fixed assets made in the four months immediately

preceding the proposed disposal exceeds 33 percent of the value of the fixed assets shown in the latest balance sheet presented at the shareholders' general meeting, the Board may not dispose of or agree to the disposal of the fixed assets without the approval of the shareholders' general meeting.

For the purposes of this Article, the term "disposal of fixed assets" shall include the assignment of certain interests in assets but exclude the provision of fixed assets as security.

The validity of transactions whereby the Company disposes of fixed assets shall not be affected by the breach of the first paragraph of this Article.

**Article 96** The Chairman shall exercise the following functions and powers:

1. to preside over shareholders' general meetings and to convene and preside over meetings of the Board;
2. to procure and inspect the implementation of the resolutions of the Board;
3. to execute the securities issued by the Company; and
4. to exercise other functions and powers conferred by the Board.

If the Chairman is unable to perform his or her duties or fails to perform his or her duties, his or her duties shall be performed by the vice-chairman of the Board as entrusted by the Chairman.

**Article 97** Meetings of the Board shall be held at least twice every year and convened by the Chairman. Notice of the meeting shall be given to all of the Directors at least ten days prior to the date of the meeting. When there is an urgent matter, extraordinary meetings of the board of directors may be held upon proposal by more than three of the directors or the chairman of the Company.

Under the following circumstance, the Chairman of the Board shall convene an interim meeting of the Board within 5 business days if:

1. it is proposed by more than one-third of the Directors;
2. it is proposed by the supervisory committee;
3. it is proposed by more than two (including two) independent Directors;
4. the Chairman deems it necessary;
5. subsidiaries are required to vote on all resolutions at the shareholders' general meeting convened by listed companies in the PRC in which such subsidiaries have interests, except resolutions in respect of connection transactions.

**Article 98** The Board meeting or interim Board meeting should be notified via telephone or by fax, e-mail, mail or hand delivery, etc.



The time and venue of the Board meetings can be pre-stipulated by the Board and shall be recorded in the meeting minutes. If the meeting minutes have been delivered to all Directors at least ten days before the next Board meeting, no notice is needed for the convening of such meeting.

In the event that the Board has not decided on the time and venue of the Board meeting, or in case of urgent matters, where an extraordinary meeting of the Board should be convened as soon as possible, the Chairman or the Secretary to the Board shall, within reasonable period, notify the Directors of the time and venue of the Board meeting via telephone, fax, e-mail, mail or hand delivery, etc.

In the event that a Director is present at the meeting and has not raised any objection that he has not received notice of meeting prior to the meeting or at the time of the meeting, , it shall be deemed that the meeting notice has been delivered to such Director.

The Board meetings may be convened via conference calls or with the help of similar communication equipments. As long as the participating directors can hear clearly the speeches of other Directors and they can communicate, all participating directors shall be deemed to be present at the meeting in person.

**Article 99** Board meetings shall be held only if more than half of the Directors are present.

Each Director shall have one vote. A resolution of the Board must be passed by more than half of all the Directors.

Where there is an equality of votes cast both for and against a resolution, the Chairman shall have a casting vote.

The written resolution signed by all Directors should be deemed effective as the resolution has been passed at a legitimate Board meeting. The written resolution may consist of more than one copies of the documents, each of which shall be signed by one or more Directors. A resolution signed by Directors or with Directors' name on it and delivered by fax, e-mail, mail or hand delivery to the Company shall be deemed a document signed by the Directors themselves for purposes of this Article.

**Article 100** Meetings of the Board shall be attended by the Directors in person. If a Director is unable to attend a meeting for any reason, he or she may entrust in writing another Director to attend the meeting on his or her behalf. The instrument of entrustment shall specify the scope of authorization.

The Director entrusted to attend meeting shall exercise the Director's rights

within the scope of authorization. Any Director who has neither attended in person nor entrusted any Director to attend the meeting shall be deemed as giving up its right to vote and the meeting.

**Article 101** The Board shall keep minutes of its decisions on the matters considered at its meetings. The Directors attending a meeting and the person taking minutes shall sign the minutes of that meeting. The Directors shall bear liability for the decisions of the Board. Where a resolution of the Board is in violation of laws, administrative regulations or the Articles of Association, thereby causing serious losses to the Company, the Directors who took part in the resolution shall be liable to the Company for damages. However, where a Director can prove that he expressed his opposition to such resolution when it was put to the vote, and that such position was recorded in the minutes of the meeting, the director may be relieved from such liability.

**Article 102** Meetings of the Board shall in principle be held at the place where the Company's domicile or its subsidiary is located, but if resolved by the Board, meetings can be held in any other place in the PRC.

**Article 103** The expenses incurred by the Directors for participation in the Board meetings shall be borne by the Company. Such expenses shall include the travel expense from the Director's own location to the venue of the meeting (if the meeting is to be held not at the Director's location), dining and accommodation expenses during the meeting and local transportation expenses.

**Article 104** The Board may set up a committee or a working group comprised of two or more Directors from time to time, and authorize the committee or working group to exercise the right and duties of the Board and certain discretionary power; the relevant committee and working group shall act within the scope of authorization from the Board, and abide by the rules set by the Board from time to time. The Board may decide to dissolve the relevant committee or working group or change its scope of authorization at any time.

The quorum of a Board committee or working group shall be either two members or more than half of the members of the committee or working group, whichever is the greater. The provisions in relation to the procedures and minutes of the Board meeting in Articles 97 to 102 shall also apply to the relevant committee or working group, unless such relevant provisions are replaced by the rules set by the Board according to the preceding paragraph.

Unless otherwise specified by the Board, the general manager who is not a Director may attend the Board meeting, and has the right to receive notice and relevant documents of the meeting; however, the general manager, except the one who is also a Director, do not have the right to vote at a Board meeting.

## **Chapter Eleven Secretary to the Board**

**Article 105** The Company shall have one or two secretaries to the Board who shall be a senior management staff of the Company.

**Article 106** The Secretary to the Board shall be a natural person with the necessary professional knowledge and experience and shall be appointed by the Board. His or her main duties shall be as set forth below:

1. to ensure the completeness of the Company's organizational documents and records;
2. to ensure that the Company prepares and submits the documents and reports required by relevant authorities (including but not limited to authorities for industry and commerce) according to law;
3. to ensure that the Company's register of shareholders is properly established and that persons entitled to relevant records and documents of the Company obtain such relevant records and documents in a timely manner;
4. to be responsible for arranging and coordinating the disclosure of corporate information;
5. to be responsible for confidentiality of price sensitive information and establishing effective confidential system and measures; and
6. to perform duties and obligations (including other functions authorized by the Board) which are regulated by laws and regulations, regulatory authorities of the place where the Company is listed and/or the Articles of Association on Secretary to the Board.

**Article 107** A Director or a member of the senior management staff of the Company (except for the manager and the person in charge of financial affairs) may concurrently hold the office of Secretary to the Board. No accountant of an accounting firm engaged by the Company may concurrently hold the office of Secretary to the Board.

If the office of Secretary to the Board is held by a Director and certain act is to be done by a Director and the Secretary to the Board separately, the person who concurrently holds the offices of Director and Secretary to the Board may not perform the act in both capacities.

## **Chapter Twelve Company Manager**

**Article 108** The Company shall have one manager and several deputy managers, who shall be appointed or dismissed by the Board. Unless otherwise specified, the manager in the Articles of Association refers to the general manager, the deputy

manager refers to the deputy general manager, and the person in charge of financial affairs shall mean the chief financial officer.

**Article 109** The Company manager shall be accountable to Board and shall exercise the following functions and powers:

1. to be in charge of the production, operation and management of the Company, and to organize the implementation of the resolutions of the Board;
2. to arrange for the implementation of the Company's annual business plans and investment plans;
3. to draft the plan for establishment of the Company's internal management organization;
4. to draft the Company's basic management system;;
5. to formulate the basic rules and regulations of the Company;
6. to propose to the Board to engage or dismiss the Company's deputy manager(s) and the person in charge of financial affairs;
7. to engage or dismiss management personnel other than those that shall be engaged or dismissed by the Board;
8. to exercise the power to mortgage, lease, sublet or transfer the Company's assets, approve a certain amount of investment, financing programs, connected transactions and annual guarantee plans for the Company's subsidiaries, all within the authorization of the Board; and
9. other functions and powers conferred by the Articles of Association and the Board.

Deputy manager(s) and the person in charge of financial affairs shall assist the manager and be accountable to him.

**Article 110** The Company's manager shall attend the meeting of the Board; but if he is not a Director, he does not have the right to vote at such meeting.

**Article 111** In the exercise of his functions and powers, the Company's manager shall perform his duties in good faith and with diligence in accordance with laws, administrative regulations and the Articles of Association.

### **Chapter Thirteen Supervisory Committee**

**Article 112** The Company shall have a supervisory committee.

**Article 113** The supervisory committee shall comprise three supervisors, including two shareholder representative supervisors and one employee representative supervisor, to serve a term of office of three years and may be eligible for re-election.

The supervisory committee shall have one chairman, whose appointment and dismissal shall be subject to the affirmative vote of at least two-thirds of the members

of the Supervisory committee.

**Article 114** The shareholder representative supervisors shall be elected or removed from office by the shareholders' general meeting; employee representative supervisor shall be elected or removed from office by the Company's employees in a democratic election.

**Article 115** The Company's directors, manager, and other senior management staff (including but not limited to the person in charge of financial affairs) shall not serve concurrently as a supervisor.

**Article 116** The supervisory committee shall convene a meeting at least twice a year and the meeting shall be convened by the chairman of the supervisory committee. In the event that the chairman is unable to perform or does not perform his duty, a supervisor shall be elected by more than half of the supervisors to convene and chair the meeting.

**Article 117** The supervisory committee shall be accountable to the shareholders' general meeting and exercise the following functions and powers in accordance with law:

1. to inspect the financial affairs of the Company;
2. to supervise the performance of corporate duties by Directors, managers and other senior management staff, and propose to dismiss the aforesaid staff whoever becomes in breach the laws, administrative regulations, the Articles of Association or the resolutions of shareholders' general meetings;
3. if an act of a director, manager or other senior management staff is detrimental to the Company's interests, to request him or her to correct such act;
4. to verify financial information such as the financial reports, business reports and profit distribution plans, etc. that the Board intends to submit to the shareholders' general meeting and, if in doubt, to appoint, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information;
5. to propose the holding of an extraordinary general meetings;
6. to represent the Company in negotiations with or instituting legal proceedings against a Director; and
7. other functions and powers provided for in the Articles of Association.

The supervisors shall attend the Board meetings as non-voting attendants.

**Article 118** Under appropriate circumstances with justifiable reason, the supervisors shall be entitled to require the chairman of supervisory committee to convene interim meetings of supervisory committee. Notice of every supervisory committee meeting shall be given within 10 days in advance via telephone, fax, e-mail, mail or hand delivery, etc., which shall include the time and venue of the meeting, the matters to be considered at the meeting and the date of such notice.

No meeting of the supervisory committee shall be convened unless two thirds of the supervisors are present. The meeting of the supervisory committee shall be carried on through voting by open ballot, and each supervisor shall have one vote. In the case of equality of votes cast for and against the relevant resolution, the chairman of the supervisory committee shall have a casting vote. Where any supervisor is unable to attend the meeting for a certain reason, he may, by issuing a written power of attorney, entrust another supervisor to attend the meeting on his behalf, and the scope of authorization shall be stated in the power of attorney.

The resolutions of the supervisory committee include resolutions of the regular and interim meetings which shall be passed by the affirmative votes of more than two-thirds of all the members of the supervisory committee.

**Article 119** Minutes shall be kept for the meetings of the supervisory committee, on which the supervisors have the right to record explanatory information of their speeches at the meetings. Supervisors and the person taking the minutes shall sign on the minutes. The minutes shall be kept as company archive by the Secretary to the Board for a term of 10 years.

**Article 120** The supervisors shall be responsible for the resolutions of the supervisory committee. In case a resolution of the supervisory committee is in violation of laws, administrative regulations, and the Articles of Association and causes any severe losses to the Company, the supervisors who are involved in making such resolution shall be responsible to pay compensation. However, if a supervisor is proven to have expressed his objection in the voting on such resolution which was recorded in the minutes, the supervisor can be released from relevant liabilities.

**Article 121** The supervisory committee carries out the recording system of execution of its resolutions. All resolutions of the supervisory committee shall be executed or be supervised by the designated supervisor. The designated supervisor shall record the execution of the relevant resolution of the supervisory committee and report the execution results to the supervisory committee.

**Article 122** The supervisors and the supervisory committee shall not be responsible for the resolutions of the Board. However, if the supervisory committee is of the view that the resolutions of Board are in violation of laws, administrative regulations, the Articles of Association or compromises the interests of the Company, the supervisors and the supervisory committee shall proposed re-considering on the resolutions by the Board.

**Article 123** The reasonable expenses incurred by the supervisory committee in the engaging of professionals such as lawyers, registered accountants and practicing auditors in the exercise of its functions and powers shall be borne by the Company.

The expenses incurred from the supervisors' participation in the meeting of the supervisory committee shall be borne by the Company. Such expenses include the travel expense from the supervisors' location to the venue of the meeting (if the meeting is not held at the location of the supervisor), dining and accommodation expenses during the meeting, rental of the venue of the meeting and local transportation expenses.

**Article 124** The supervisors shall faithfully perform their supervisory duties in accordance with laws, administrative regulations and the Articles of Association.

#### **Chapter Fourteen Qualifications and Obligations of the Directors, Supervisors, Managers and Other Senior Management Staff**

**Article 125** None of the following persons may serve as a Director, supervisor, manager or other senior management staff of the Company:

1. persons without legal capacity or with limited capacity for civil acts;
2. persons who were sentenced to criminal punishment for the crime of corruption, bribery, misappropriation of property or diversion of property or for disrupting the order of the socialist market economy, where not more than five years have elapsed since the expiration of the period of punishment; or persons who were deprived of their political rights for committing a crime, where not more than five years have elapsed since the expiration of the period of deprivation;
3. persons who served as directors, or factory directors or managers, who bear personal liability for the bankruptcy liquidation of their companies or enterprises, where not more than three years have elapsed since the date of completion of the bankruptcy liquidation;
4. persons who served as the legal representatives of companies or enterprises that had their business licenses revoked for breaking the law, where such representatives bear individual liability therefor and not more than three years have elapsed since the date of revocation of the business license;
5. persons with comparatively large debts that have fallen due but have not been settled;
6. persons whose cases have been placed on the docket and are being investigated by the judicial authorities because they violated the criminal law, and such cases are still pending;
7. persons who may not serve as leaders of enterprises by virtue of laws;
8. non-natural persons;
9. persons ruled by a competent authority to have violated securities-related regulations, where such violation involved fraudulent or dishonest acts and not more than five years have elapsed since the date of the ruling; and
10. any national civil servant.

**Article 126** The validity of an act of a Director, the manager or other senior management staff of the Company on behalf of the Company shall not, vis-à-vis a *bona fide* third party, be affected by any non-compliance in his holding of such office, election or qualifications.

**Article 127** In addition to obligations imposed by laws and the listing rules of the stock exchanges on which shares of the Company are listed, Directors, supervisors, managers and other senior management staff of the Company shall owe each shareholder the following obligations in the exercise of the functions and powers granted to them by the Company:

1. not to cause the Company to exceed the scope of business stipulated in its business license;
2. to act honestly in the best interest of the Company;
3. not to deprive the Company of its property in any way, including (but not limited to) any opportunities that are advantageous to the Company; and
4. not to deprive shareholders of their individual rights or interests, including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with the Articles of Association.

**Article 128** Directors, supervisors, managers and other senior management staff of the Company shall be obligated, in the exercise of their rights or discharge of their obligations, to perform their acts with the care, diligence and skill that a reasonably prudent person should exercise in comparable circumstances.

**Article 129** Directors, supervisors, manager and other senior management staff of the Company must, in the performance of their duties and responsibilities, abide by the fiduciary principle and shall not place themselves in a position where their personal interests and their duties may conflict. This principle shall include but not be limited to the fulfillment of the following obligations:

1. to act honestly in the best interest of the Company;
2. to exercise powers within the scope of their functions and powers and not to exceed such powers;
3. to personally exercise the discretion vested in him or her and not allow himself or herself to be manipulated by another person and, unless permitted by laws or with the informed consent of the shareholders' general meeting, not to delegate the exercise of his or her discretion;
4. to accord equal treatment to shareholders of the same class and fair treatment to shareholders of different classes;
5. not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in the Articles of Association or with the informed consent of the shareholders' general meeting;
6. not to use Company property for his or her own benefit in any way without the



informed consent of the shareholders' general meeting;

7. not to use his or her functions and powers as a means to accept bribes or other forms of illegal income, and not to illegally appropriate Company property in any way, including but not limited to any opportunities that are advantageous to the Company;

8. not to accept commissions in connection with the Company's transactions without the informed consent of the shareholders' general meeting;

9. to abide by the Articles of Association, to perform his or her duties faithfully, to protect the interests of the Company, and not to use his or her position, functions and powers in the Company to seek personal gain;

10. not to compete with the Company in any way without the informed consent of the shareholders' general meeting;

11. not to embezzle Company funds or lend them to others, not to deposit Company assets in accounts opened in his own or in another's name, and not to use Company assets as security for the debts of the Company's shareholders or other individuals; and

12. not to disclose confidential information relating to the Company that was acquired by him during his office without the informed consent of the shareholders' general meeting, and not to use such information except in the interests of the Company; however, such information may be disclosed to a court or other competent government authorities if:

(1) provided for by law;

(2) required in the public interest; or

(3) required in the own interest of such director, supervisor, manager or other senior management staff of the Company.

**Article 130** A Director, a supervisor, the manager or other senior management staff of the Company may not incite the following persons or organizations (“**connected persons**”) to do what such Director, supervisor, manager or other senior management staff may not do:

1. the spouse or a minor child of such Director, supervisor, manager or other senior management staff of the Company;

2. a trustee of such Director, supervisor, manager or other senior management staff of the Company or of any person referred to in item (1) hereof;

3. a partner of such Director, supervisor, manager or other senior management staff of the Company or of any person referred to in items (1) and (2) hereof;

4. a company over which such Director, supervisor, manager or other senior management staff of the Company, individually or jointly with any person referred to in items (1), (2) and (3) hereof or any other Director, supervisor, manager or other senior management staff of the Company, has *de facto* control;

5. a director, a supervisor, the manager or other senior management staff of a company being controlled as referred to in item (4) hereof;

6. any other person who should be considered as an associate of such Director, supervisor, manager and other senior officers pursuant to the Listing Rules.

**Article 131** The fiduciary obligation of the Directors, supervisors, manager and other senior management staff of the Company do not necessarily cease with the termination of their tenure. Their confidentiality obligation in relation to the Company's trade secrets shall survive the termination of their tenure. The terms for which other obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter and the circumstances and conditions under which the relationship with the Company is terminated.

**Article 132** A Director, a supervisor, the manager or other senior management staff of the Company may, by informed decision of the shareholders' general meeting, be relieved from liability for a specific breach of his or her obligations, except in the circumstances as specified in Article 50 of the Articles of Association.

**Article 133** If a Director, a supervisor, the manager or other senior management staff of the Company is, directly or indirectly, materially interested in a contract, transaction or arrangement concluded or planned by the Company (excluding his or her engagement contract with the Company), he or she shall disclose the nature and extent of his or her interest to the Board at the earliest opportunity, whether or not the matter is normally subject to the approval of the Board.

A Director shall not vote on any contract, transaction or arrangement in which he or she or his or her associates have a material interest and which is to be approved by the Board. Additionally, he or she shall not be counted in the quorum for the meeting.

Unless the interested Director, supervisor, manager or other senior management staff of the Company has disclosed such interest to the Board as required under the first paragraph hereof and the matter has been approved by the Board at a meeting in which he or she was not counted in the quorum and had refrained from voting, the Company shall have the right to void the contract, transaction or arrangement, unless the other party is a bona fide party acting without knowledge of the breach of obligation by the Director, supervisor, manager or other senior management staff concerned.

A Director, a supervisor, the manager or other senior management staff of the Company shall be deemed to be interested in any contract, transaction or arrangement in which a connected person or an associate of that Director, supervisor, manager or other senior management staff is interested.

**Article 134** If a Director, a supervisor, the manager or other senior management staff of the Company gives a written notice to the Board before the conclusion of the contract, transaction or arrangement is first considered by the Company stating that, by reason of the contents of the notice, he is interested in the contract, transaction or arrangement that may subsequently be made by the Company, such Director,

supervisor, manager or other senior management staff of the Company shall be deemed for the purposes of the preceding Articles of this Chapter to have declared his interest, to the extent stated in the notice.

**Article 135** The Company shall not in any manner pay tax on behalf of its Directors, supervisors, manager or other senior management staff.

**Article 136** The Company shall not directly or indirectly provide a loan to, or loan guarantees for its Directors, supervisors, manager and other senior management staff or those of its parent company, or provide loans to or loan guarantees for connected persons of the above-mentioned persons.

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

1. the provision by the Company of a loan to or a loan guarantee for a subsidiary of the Company;
2. the provision by the Company of a loan, loan guarantee or other moneys to a Director, a supervisor, the manager or other senior management staff of the Company under an engagement contract approved by the shareholders' general meeting, so as to enable him to meet the expenses incurred for the purposes of the Company or for the performance of his or her Company duties; or
3. the provision by the Company of a loan or a loan guarantee to a relevant Director, a supervisor, the manager or other senior management staff of the Company or to a connected person thereof on normal commercial terms, if the ordinary scope of business of the Company includes the lending of money or the provision of loan guarantees.

**Article 137** A loan provided by the Company in breach of the preceding Article shall be immediately repayable by the recipient of the loan, regardless of the terms of the loan.

**Article 138** A loan guarantee provided by the Company in breach of the first paragraph of Article 135 shall be unenforceable against the Company, unless:

1. the loan was provided to a connected person of a Director, a supervisor, the manager or other senior management staff of the Company or of its parent company, and at the time the loan was advanced the lender did not know the relevant circumstances; or
2. the collateral provided by the Company has been lawfully sold by the lender to a *bona fide* purchaser.

**Article 139** For the purposes of the preceding Articles of this Chapter, the term "guarantee" shall include an act whereby the guarantor assumes liability or provides property to guarantee or secure the performance of obligations by the obligor.

**Article 140** If a Director, a supervisor, the manager or other senior management staff of the Company breaches his or her obligations to the Company, the Company shall, in addition to any rights and remedies provided by law, have the right to:

1. require the relevant Director, supervisor, manager or other senior management staff to compensate for the losses sustained by the Company as a consequence of his or her dereliction of duty;

2. rescind any contract or transaction concluded by the Company with the relevant Director, supervisor, manager or other senior management staff and contracts or transactions with a third party (where such third party is well aware or should have known that the Director, supervisor, manager or other senior management staff representing the Company was in breach of his or her obligations to the Company);

3. require the relevant Director, supervisor, manager or other senior management staff to surrender the gains derived from the breach of his or her obligations;

4. recover any monies received by the relevant Director, supervisor, manager or other senior management staff that should have been received by the Company, including but not limited to commissions;

5. require the relevant Director, supervisor, manager or other senior management staff to return the interest that is earned or may be earned on the monies that should have been given to the Company; and

6. to recover the monies and properties obtained by the relevant Director, supervisor, manager or other senior management staff as a result of breaching their duties to the Company through legal procedures.

**Article 141** The Company shall conclude written contracts with each Director and supervisor of the Company concerning his or her remuneration. Such contracts shall be approved by the shareholders' general meeting before they are entered into. The aforementioned remuneration shall include:

1. remuneration in respect of his or her service as a Director, supervisor or senior management staff of the Company;

2. remuneration in respect of his service as a Director, supervisor or senior management staff of a subsidiary of the Company;

3. remuneration for other services provided toward the management of the Company or a subsidiary thereof; and

4. the payment by way of compensation for his or her loss of office or retirement to the aforementioned Directors and supervisors in respect of redundancy or retirement.

A Director or supervisor may not sue the Company for benefits due to him or her on the basis of the aforementioned matters, except under a contract as mentioned above.

**Article 142** The Company shall specify in the contract concluded with a Director or supervisor of the Company concerning his or her remuneration that in the event of

a takeover of the Company, a Director or supervisor of the Company shall, subject to prior approval of the shareholders' general meeting, have the right to receive the compensation or other monies obtainable for loss of office or retirement.

For the purposes of the preceding paragraph, the term "a takeover of the Company" shall mean either of the following:

1. anyone making a purchase offer to all of the shareholders; or
2. anyone making a purchase offer with a view to the offer or becoming a controlling shareholder as defined in Article 51 of the Articles of Association.

If the relevant Director or supervisor has failed to comply with this Article, any sums received by him or her shall belong to those persons that have sold their shares as a result of their acceptance of the aforementioned offer, and the expenses incurred in the pro rata distribution of such sums shall be borne by the relevant Director or supervisor and shall not be paid out of such sums.

## **Chapter Fifteen Financial and Accounting Systems and Distribution of Profit**

**Article 143** The Company shall formulate its financial and accounting systems in accordance with PRC laws and the PRC accounting standards formulated by relevant finance authorities of the State Council.

**Article 144** The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be audited by an accounting firm in accordance with the law.

The Company's financial reports shall include the following financial and accounting statements and schedules:

1. balance sheet;
2. profit and loss statement;
3. cash flow statement;
4. statement explaining financial position;
5. profit distribution statement; and
6. notes to the financial statements.

The Company shall adopt the Gregorian calendar year as its fiscal year, which shall commence on January 1 and end on December 31 of the same Gregorian calendar year.

**Article 145** Unless otherwise provided by relevant laws, regulations and listing rules of the place where the securities of the Company are listed and the articles herein regarding means of shareholders communication, the Board shall place before the shareholders at every annual general meeting such financial reports which the

relevant laws, administrative regulations and regulatory documents promulgated by competent regional and central governmental authorities require the Company to prepare.

**Article 146** The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to an annual general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Chapter.

Unless otherwise provided by relevant laws, regulations and listing rules of the place where the securities of the Company are listed and the articles herein regarding means of shareholders communication, the Company shall send copies of report of the Board, balance sheet (including each document required by the applicable laws and regulations) and profit and loss account or income and expenditure account (including the aforesaid financial reports) to each holder of overseas listed foreign invested shares by prepaid mail at his address shown in the register of shareholders at least 21 days prior to an annual general meeting.

**Article 147** The financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations, unless the laws and regulations or the listing rules of the place where shares of the Company are listed require that the financial statements of the Company shall also be prepared in accordance with international accounting standards or the accounting standards of the place outside the PRC where shares of the Company are listed. If there are material differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in the notes to such financial statements. For purposes of the Company's distribution of after-tax profits of a given fiscal year, the lesser of the amounts of after-tax profits shown in the aforementioned two kinds of financial statements shall govern.

**Article 148** Interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations, and also be prepared in accordance with the international accounting standards or the accounting standards of the place outside the PRC where shares of the Company are listed.

**Article 149** The Company shall publish financial reports twice every fiscal year, namely an interim financial report within 60 days after the end of the first six months of the fiscal year and an annual financial report within 120 days after the end of the fiscal year.

**Article 150** The Company may not keep account books other than the statutory account books.

**Article 151** The capital common reserve shall include the following funds:

1. the premiums obtained from the issue of shares above par; and
2. other revenue required by the relevant finance authorities of the State Council to be included in the capital common reserve.

**Article 152** The Company may distribute profits in either or both of the following forms:

1. Cash; and/or
2. Shares.

Dividends and other payments by the Company to holders of domestic investment shares and holders of overseas listed foreign investment shares of the Company by transactions in the stock markets trading interconnection mechanism shall be distributed and paid in Renminbi within three months after the declaration date; whereas those to holders of overseas listed foreign investment shares (except the holders of overseas listed foreign investment shares of the Company by transactions in the stock markets trading interconnection mechanism) shall be denominated and declared in Renminbi and paid in foreign currency within three month after the declaration date. The exchange rate shall be determined based on the average closing exchange rate between RMB and the relevant foreign currency issued by the People's Bank of China for the five consecutive working days prior to the date of declaration of dividends or distributions. The foreign currency for the cash dividends and other payments by the Company to holders of overseas listed foreign investment shares (except the holders of overseas listed foreign investment shares of the Company by transactions in the stock market trading interconnection mechanism) shall be handled in accordance with state regulations on foreign exchange control. Subject to authorization by the shareholders' general meeting, the Board may decide on distribution of interim dividends.

**Article 153** Profits after payment of the relevant taxation shall be distributed in the following order:

1. make up of losses;
2. transfer to statutory common reserve fund;
3. transfer to discretionary common reserve fund;
4. payment of dividends to ordinary shares;

The specific distribution proportion in a certain year stated in items 3 and 4 of this Article shall be prepared by the Board pursuant to the business situation and development needs, and shall be approved by the shareholders' general meeting.

**Article 154** Before making up for losses and transfers to the statutory common reserve fund and welfare reserve fund, the Company shall distribute no dividends.

**Article 155** When distributing its after-tax profits of a given year, the Company shall draw 10 percent of the profits as the statutory common reserve fund. The Company shall no longer be required to make transfers to its statutory common reserve fund once the aggregate amount of such reserve reaches 50 percent of its registered capital.

**Article 156** The Company may, subject to a resolution of the shareholders' general meeting, make a transfer from its after-tax profits to the discretionary common reserve fund.

**Article 157** The Company shall appoint receiving agents for holders of overseas listed foreign investment shares to collect on behalf of the relevant shareholders the dividends distributed and other monies payable in respect of overseas listed foreign investment shares.

The receiving agents appointed by the Company shall meet the requirements of the laws of the place, or the relevant regulations of the stock exchange, where shares are listed.

The receiving agents appointed by the Company for the holders of overseas listed foreign investment shares listed on the Hong Kong Stock Exchange shall be trust companies registered under the *Trustee Ordinance* of Hong Kong.

Subject to the laws of the PRC, the Company may exercise the power to forfeit unclaimed dividends, provided that it does so only after the expiration of the applicable relevant period.

The Company has the power to cease sending dividend warrants by mail to a given holder of overseas listed foreign investment shares, but may exercise such power only if such warrants have been left uncashed on two consecutive occasions. However, the Company may exercise such power after the first occasion on which such a warrant is returned undelivered.

In respect of exercising the right to issue warrants to the holders, unless it confirms that the original warrants have been destroyed, the Company shall not issue any new warrants to replace the lost ones.

The Company has the power to sell by a method deemed fit by the shareholders' general meeting the shares of a holder of overseas listed foreign investment shares who is untraceable, provided that it complies with the following conditions:

(1) the Company was, during a period of 12 years, required to pay at least three dividends in respect of the shares in question but no dividend during that period was



claimed; and

(2) on expiry of the 12 years the Company gives notice of its intention to sell the shares by way of an announcement published in one or more newspapers in the place where the Company is listed and notifies the securities regulator of the place where its shares are listed of such intention.

## **Chapter Sixteen Engagement of Accounting Firms**

**Article 158** The Company shall engage an independent accounting firm that complies with relevant provisions of PRC laws to audit the annual financial reports and review other financial reports of the Company.

The first accounting firm of the Company may be engaged by the establishment meeting prior to the first annual general meeting. Such accounting firm shall hold office until the conclusion of the first annual general meeting.

If the establishment meeting does not exercise its power under the preceding paragraph, the Board shall exercise such power.

**Article 159** The term of engagement of an accounting firm engaged by the Company shall commence upon the adjournment of the annual general meeting of the Company and end upon the adjournment of the next annual general meeting.

**Article 160** An accounting firm engaged by the Company shall have the following rights:

1. the right of access to the account books, records or vouchers of the Company and the right to require Directors, the manager and other senior management staff of the Company to provide relevant information and explanations;
2. the right to require the Company to take reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties; and
3. the right to attend shareholders' meetings in a non-voting capacity, to receive notice of or other information concerning any meetings of or concerning which shareholders have a right to receive notice or other information, and to be heard at any shareholders' meetings on any matter which relates to it as the accounting firm of the Company.

**Article 161** If the position of accounting firm becomes vacant, the Board may appoint an accounting firm to fill such vacancy before a shareholders' general meeting is held. However, if there are other accounting firms holding the position of accounting firm of the Company while such vacancy persists, such accounting firms may continue to act.

**Article 162** The shareholders' general meeting may by ordinary resolution decide to dismiss any accounting firm prior to the expiration of its term of engagement, notwithstanding anything in the contract between the accounting firm and the Company, but without prejudice to such accounting firm's right, if any, to claim damages from the Company in respect of such dismissal.

**Article 163** The remuneration or method of determining the remuneration of an accounting firm shall be decided upon by the shareholders' general meeting. The remuneration of an accounting firm engaged by the Board shall be determined by the Board.

**Article 164** The engagement, dismissal or non-renewal of engagement of an accounting firm shall be decided upon by the shareholders' general meeting.

Where a resolution at a shareholders' general meeting is to be passed to appoint as accounting firm other than an incumbent accounting firm, to fill a casual vacancy in the office of accounting firm, or to remove an accounting firm before the expiration of its term of office, matters shall be handled in accordance with the following provisions:

1. the proposal of engagement or dismissal shall be sent, before issuance of the notice of the shareholders' general meeting, to the accounting firm proposed to be appointed or the accounting firm proposing to leave its post or the accounting firm that has left its post in the relevant fiscal year;

leaving includes leaving by removal, resignation and retirement;

2. if the accounting firm leaving its post makes representations in writing and requests their notification to the shareholders, the Company shall (unless the representations are received too late):

(1) in any notice of the resolution given to shareholders, state the fact of the representations having been made by the accounting firm that is leaving its post; and

(2) serve a copy of the representations as an attachment to the notice on the shareholders by the method specified in the Articles of Association;

3. if the representations of the accounting firm are not sent in accordance with the preceding subparagraph (2), the accounting firm may (in addition to its right to be heard) require that the representations be read out at the meeting, and may make a further complaint.

4. an accounting firm that is leaving its post shall be entitled to attend:

(1) the shareholders' general meeting at which its term of office would otherwise have expired;

(2) any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and

(3) any shareholders' general meeting convened on its resignation;

and to receive all notices of, and other information relating to, any such meeting, and to be heard at any such meeting which it attends on matters which concern it as

former accounting firm of the Company.

**Article 165** When the Company dismisses or does not renew the engagement of an accounting firm, it shall give advance notice to the accounting firm. The accounting firm shall have the right to present its views before the shareholders' general meeting. In the event that the accounting firm makes its resignation, it shall state to the shareholders' general meeting on whether there is any inappropriate affairs.

1. An accounting firm may resigns by depositing at the Company's legal address a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall contain the following statement:

(1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or

(2) a statement of any such circumstances.

Such notice shall become effective on the date of such deposit or on such later date as may be stipulated in such notice

2. Where a notice is deposited under the preceding paragraph 1, the Company must within 14 days send a copy of the notice to the competent authority. If the notice contained a statement as mentioned in the preceding subparagraph 1(2), the Company shall make a copy of such statement available at its offices for inspection by shareholders. The Company shall additionally send a copy of the aforementioned statement to each holder of overseas listed foreign investment shares by prepaid mail at the their address shown in the register of shareholders.

3. Where the accounting firm's notice of resignation contains a statement in respect of subparagraph 1(2) of this Article, it may require the Board to convene an extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

## **Chapter Seventeen Merger and Division**

**Article 166** The merger or division of the Company shall require the preparation of a proposal by the Board. After such proposal has been adopted in accordance with the procedures specified in the Articles of Association, relevant approval procedures shall be carried out in accordance with the law. Shareholders that oppose the proposal for the merger or division of the Company shall have the right to require the Company or shareholders that are in favor of such proposal to purchase their shares at a fair price. The contents of resolutions approving the merger or division of the Company shall be compiled in a special document for inspection by shareholders.

Holders of overseas listed foreign investment shares shall additionally be served copies of the aforementioned document by ways set out in Article 179.

**Article 167** The Company may carry out mergers either in the form a merger by absorption or the form of a merger by new establishment.

If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement. The parties to the merger shall prepare a balance sheet and a property list. Within 10 days from the date of adoption of the merger resolution, the Company shall notify its creditors and within 30 days it shall publish an announcement in the designated newspapers at least three times.

When the Company is merged, the claims and debts of each party to the merger shall be succeeded to by the company surviving the merger or the new company established subsequent to the merger.

**Article 168** If the Company is to be divided, its property shall be divided accordingly.

For division of the Company, the parties to the division shall enter into a division agreement and prepare a balance sheet and a property list. Within 10 days from the date of adoption of the division resolution, the Company shall notify its creditors and within 30 days it shall publish an announcement in the designated newspapers at least three times.

The post-division companies shall be jointly and severally liable for the pre-division debts of the Company.

**Article 169** If a change occurs in the Company's registered particulars due to its merger or division, the change shall be registered with the Company's registrar in accordance with the law. If the Company is dissolved, de-registration of the Company shall be carried out in accordance with the law. If a new company is established, registration of the establishment of such company shall be carried out in accordance with the law.

## **Chapter Eighteen Dissolution and Liquidation**

**Article 170** The Company shall be dissolved in accordance with the law if:

1. the shareholders' general meeting resolves to dissolve the Company;
2. dissolution is necessary as a result of the merger or division of the Company;
3. the Company is legally declared bankrupt because it is unable to pay its debts as they fall due;
4. the Company is ordered to closed down because of its violation of laws and administrative regulations.

**Article 171** If the Company is dissolved pursuant to item 1 of the preceding Article, it shall establish a liquidation committee and liquidation shall commence within 15 days from the date on which the cause for dissolution arose. The liquidation committee shall be composed of persons determined by the shareholders' general meeting by ordinary resolution.

If the Company is to be dissolved pursuant to item 3 of the preceding Article, the People's Court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

If the Company is to be dissolved pursuant to item 4 of the preceding Article, the relevant governing authorities shall organize the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out the liquidation.

**Article 172** If the Board decides that the Company should be liquidated (otherwise than because of a declaration of bankruptcy), the notice of the shareholders' general meeting convened for such purpose shall include a statement to the effect that the Board has made full inquiry into the position of the Company and that the Board is of the opinion that the Company can pay its debts in full within 12 months after the commencement of liquidation.

The functions and powers of the Board shall terminate immediately upon the adoption by the shareholders' general meeting of a resolution to carry out liquidation.

The liquidation committee shall take instructions from the shareholders' general meeting, and not less than once a year make a report to the shareholders' general meeting on the committee's receipts and expenditures, the business of the Company and the progress of the liquidation. It shall make a final report to the shareholders' general meeting when the liquidation is completed.

**Article 173** The liquidation committee shall notify creditors within a period of 10 days from the date of its establishment and publish an announcement of the liquidation in the newspapers at least three times within 60 days. Claims shall be registered by the liquidation committee.

**Article 174** The liquidation committee shall exercise the following functions and powers during liquidation:

1. to inventory the Company's property, and to prepare a balance sheet and a property list;
  2. to notify creditors by notice and public announcement;
  3. to dispose of unfinished business of the Company relating to the liquidation;
  4. to pay all outstanding taxes in full;
  5. to liquidate claims and debts;
  6. to dispose of the Company's property remaining after the debts are paid in full;
- and
7. to represent the Company in civil actions.

**Article 175** After the liquidation committee has inventoried the Company's property and prepared a balance sheet and a property list, it shall formulate a liquidation plan and submit such plan to the shareholders' general meeting or the relevant governing authorities for confirmation.

The liquidation expenses including the payment to liquidation members and consultants, shall be appropriated in priority from the assets of the Company before paying off other creditors.

After the resolution of the shareholders' general meeting to dissolve the Company or the Company is declared bankrupt according to law or ordered to close down, without the permission of the liquidation committee, no persons shall be entitled to dispose of the Company's property.

The property of the Company shall be distributed in accordance with the following sequence: paying off the liquidation expenses, wages of employees and labor insurance premiums, outstanding taxes and the debts of the Company.

The remaining property of the Company after paying off all the debts and expenses as prescribed by the preceding paragraph shall be distributed in accordance with the classes of the shares and in proportion to the number of shares held by the shareholders.

Relevant remaining property shall be distributed in proportion to the number of ordinary shares held by the shareholders.

During liquidation, the Company may not engage in new business activities.

The members of the liquidation committee shall be faithful in the discharge of their duties and perform their liquidation obligations in accordance with the law. The members of the liquidation committee may not use their power and authority to accept bribes or other illegal income or misappropriate the Company's property. If the Company or a creditor sustains a loss due to a willful act or gross negligence on the part of a member of the liquidation committee, such liquidation committee member shall be liable for damages.

**Article 176** If the liquidation committee, having inventoried the Company's property and prepared a balance sheet and a property list, discovers that the Company's property is insufficient to pay its debts in full, it shall apply to the People's Court for a declaration of bankruptcy.

After the People's Court has ruled to declare the Company bankrupt, the liquidation committee shall turn over the liquidation matters to the People's Court.

**Article 177** Following completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, as well as a revenue and expenditure statement and financial account books in respect of the liquidation period, and, after verification thereof by a PRC certified public accountant, submit the same to the shareholders' general meeting or the People's Court for confirmation.

Within 30 days from the date of confirmation of the aforementioned documents by the shareholders' general meeting or the People's Court, the liquidation committee shall submit the same to the relevant company registrar, apply for cancellation of the Company's registration and publicly announce the Company's termination.

## **Chapter Nineteen Amendment Procedures of the Articles of Association**

**Article 178** The Articles of Association shall be amended in accordance with the relevant decision-making procedures and necessary formalities provided by the relevant laws, administrative regulations and the Articles of Association. If an amendment to the Articles of Association involves a registered particular of the Company, registration of the change shall be carried out in accordance with the law.

## **Chapter Twenty Notices**

**Article 179** Unless otherwise provided by the relevant laws, regulations and listing rules of the place where the securities of the Company are listed and the articles herein regarding means of the Board and shareholders communication, notices, communications or any other written information of the Company may be delivered in following ways:

1. in person;
2. by mail;
3. by fax, email or other electronic form or information carriers;
4. by making announcement on the Company's website or the websites designated by Hong Kong Stock Exchange in compliance with laws, administrative regulations and listing rules of the place where the securities of the Company are listed;
5. by public announcements;
6. by other means as agreed in advance between the Company and the recipient or as accepted by the recipient after receiving a notice; or
7. through other ways recognized by regulatory authorities or stipulated herein.

Whether or not the Articles of Association has otherwise provided for the delivery methods of any notice, communication or any other written material, the Company may publish its communications by the ways specified in Item (4) of Section 1 of this clause to replace the ways of sending written documents to each shareholder of foreign investment shares in person or by prepaid mail without prejudice to relevant regulations of securities regulatory authorities in the place where the securities of the Company are listed. The said communications refer to any documents sent or to be sent by the Company to the shareholders for reference or taking action, including but not limited to reports of the board of directors (together with balance sheets and income statements), annual reports (including annual financial reports), interim reports (including interim financial reports), meeting notices, listing documents, circulars, proxy forms and reply slips, etc.

**Article 180** When the notice is delivered by mail, it is deemed to be delivered as long as the addresses is clearly written, the postage is paid, the notice is put in an envelope, and the envelope is deposited to the mailbox, and the notice is deemed to be received 48 hours after the delivery.

## **Chapter Twenty-one Dispute Resolution**

**Article 181** The Company shall abide by the following principles for settlement of disputes:

1. If any dispute or claims concerning the Company's business on the basis of the

rights or obligations provided for in the Articles of Association, the Company Law or other relevant laws or administrative regulations arises between a holder of overseas listed foreign investment shares and the Company, between a holder of overseas listed foreign investment shares and a Director, a supervisor, the manager or other senior management staff of the Company or between a holder of overseas listed foreign investment shares and a holder of domestic investment shares, or between the Company and its Directors or senior management, the parties concerned shall submit such dispute or claim for arbitration.

When a dispute or claim as described above is submitted to arbitration, the dispute or claim shall be submitted in its entirety, and all persons (being the Company or shareholders, Directors, supervisors, the manager or other senior management staff of the Company) that have a cause of action due to the same facts or whose participation is necessary for the resolution of such dispute or claim shall submit to arbitration.

Disputes regarding the definition of shareholders and the register of shareholders may be resolved by means other than arbitration.

2. A dispute or claim submitted to arbitration may be arbitrated, at the option of the arbitration applicant, by either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. After the arbitration applicant has submitted the dispute or claim to arbitration, the other party must submit to the arbitration institution selected by the applicant.

If the arbitration applicant opts for arbitration by the Hong Kong International Arbitration Centre, either party may request arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

3. Unless otherwise provided by laws or administrative regulations, PRC laws shall apply to the resolution by arbitration of disputes or claims referred to in item 1.

4. The award of the arbitration institution shall be final and binding upon each party.

## **Chapter Twenty-two Supplementary Provisions**

**Article 182** For the purposes of the Articles of Association, the term “accounting firm” shall have the same meaning as the term “auditor”.

**Article 183** The Articles of Association are written in Chinese and English. In the event that there is a discrepancy between such two versions, the Chinese version hereof shall prevail.

The power to interpret the Articles of Association shall vest in the Board. Any matters not covered in the Articles of Association shall be provided for by the Board submitting the same to the shareholders’ general meeting for adoption of a resolution



thereon.

In the Articles of Association, unless the context otherwise requires, the following terms shall have the meanings indicated:

“Articles of Association”	the articles of association of the Company;
“Board”	the board of directors of the Company;
“Chairman”	the chairman of the Board;
“Director(s)”	director(s) of the Company;
“domicile of the Company”	the registered address of the Company at 8th Floor, Tower 2, No.5A Rongchang East Street, Beijing Economic Technological Development Area, Beijing, the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“PRC” and “State”	the People’s Republic of China;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Company”	the Company, i.e. China Aviation Industry & Technology Company Limited*;
“auditor”	shall have the same meaning ascribed thereto under the Listing Rules;
“subsidiaries”	shall have the same meaning ascribed thereto under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“associate(s)”	shall have the same meaning ascribed thereto under the Listing Rules;
“independent non-executive directors”	shall have the same meaning as independent directors ascribed thereto under the Company Law and shall have the same meaning as independent non-executive directors ascribed thereto under the Listing Rules.

*\*for identification purpose only*