

**ARTICLES OF ASSOCIATION  
OF  
CHINA COMMUNICATIONS SERVICES  
CORPORATION LIMITED**

**(The Articles of Association was prepared in Chinese and the English translation is not an official version and for your reference only. In case of any inconsistencies and discrepancies between the Chinese and the English versions, the Chinese version shall prevail)**

**(Approved by the Extraordinary General Meeting on 28 December 2017)**

# ARTICLES OF ASSOCIATION OF CHINA COMMUNICATIONS SERVICES CORPORATON LIMITED

## CHAPTER 1: GENERAL PROVISIONS

### **Article 1.1** [MP art. 1, A13D.1(a)]

China Communications Services Corporation Limited (the “Company”) is a joint stock limited company established in accordance with the Company Law of the People's Republic of China (the “Company Law”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Company (the “Special Regulations”) and other relevant laws and regulations of the State.

The Company was established by way of promotion with the approval of the State-Owned Assets Supervision and Administration Commission of the State Council (the “SASAC”) on 12 September 2006, as evidenced by approval document *Guo Zi Gai Ge[2006]* no. 1138 of 2006. It is registered with and has obtained a business licence from the State Administration Bureau of Industry and Commerce of the People's Republic of China on 30 August 2006. The Company's unified social credit code is: 911100007109343186.

The promoters of the Company are: China Telecommunications Corporation, Guangdong Telecom Industry Group Corporation and Zhejiang Telecom Industry Corporation.

### **Article 1.2** [MP art. 2]

The Company’s registered names:

The Chinese name: 中國通信服務股份有限公司

The English name: China Communications Services Corporation Limited.

### **Article 1.3** [MP art. 3]

The Company's address: Level 5, No.2 and B, Fuxingmen South Avenue, Xicheng District, Beijing

### **Article 1.4** [MP art. 4]

The legal representative of the Company is the Chairman of the board of directors of the Company.

### **Article 1.5** [MP art. 5]

The Company is a joint stock limited company which has perpetual existence.

**Article 1.6** [MP art. 6]

The original Articles of Association took effect from the incorporation date of the Company.

This Articles of Association shall take effect after being adopted by a special resolution at the Company's general meeting, upon approval of the relevant governing authority of the State and the listing of Overseas-Listed Foreign-Invested Shares of the Company on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). After this Articles of Association come into effect, the original Articles of Association shall be superseded by this Articles of Association.

From the date on which this Articles of Association come into effect, this Articles of Association constitute the legally binding document regulating the Company's organisation and activities, and the rights and obligations between the Company and shareholder and among the shareholders.

**Article 1.7** [MP art. 7]

This Articles of Association are binding on the Company and its shareholders, directors, supervisors, general manager and other senior officers; all of whom may, according to this Articles of Association, assert rights in respect of the affairs of the Company.

A shareholder may take action against the Company pursuant to this Articles of Association, and vice versa. A shareholder may also take action against another shareholder, and may take action against the directors, supervisors, general manager and other senior officers of the Company pursuant to this Articles of Association.

The actions referred to in the preceding paragraph include court proceedings and arbitration proceedings.

**Article 1.8** [MP art. 8]

The Company may invest in other limited liability companies or joint stock limited companies. The Company's liabilities to an invested company shall be limited to the amount of its capital contribution to that invested company.

**Article 1.9**

In accordance with the provisions under Company Law and the Constitution of the Communist Party of China, the Company shall establish the organization of the Communist Party of China (the "Party"), which shall undertake the function of leadership core and political core in the Company. The Company shall set up the working institution of the Party, equip it with adequate staff of party affairs and ensure its working fund.

## **CHAPTER 2: THE COMPANY'S OBJECTIVES AND SCOPE OF BUSINESS**

### **Article 2.1** [MP art. 9]

The Company's objectives are: promote the strategy of strengthening telecommunications development of the country and the informatization of the national economy, and provide services to informatization industry; comply with state laws and regulations and provide all-in-one, one-stop, standardized and professional services to telecommunications operators and other customers; work with customers to build information civilization; improve enterprise efficiency, increase enterprise competitiveness and create value for shareholders.

### **Article 2.2** [MP art. 10]

The Company's scope of business are: research and development of information and communications technologies, provision of technological service, technological consultation, technology and business training; investment in enterprises; provision of investment consultation; management of trust assets; planning administration; project management; survey, design and supervision services; design and construction of property infrastructure; design and construction of municipal utilities; installation of wires and equipment; pipeline construction; city safety surveillance system project; smart building project; electricity, pipelines and equipment installation; specialized project design; repair and maintenance of telecommunications equipment; planning consultation and solutions, design, construction, supervision and maintenance of internet of things; properties lease; municipal utilities management; properties management; transportation agent for international and domestic cargo; loading and unloading services; warehousing services; production and sales of communications equipment and facilities; development of computer software and integration of applications system; energy performance contracting; engagement in advertising.

The Company's scope of business shall be consistent with and subject to the scope of business approved by the authority responsible for the registration of the Company.

## **CHAPTER 3: SHARES AND REGISTERED CAPITAL**

### **Article 3.1** [MP art. 11]

The Company shall have ordinary shares at all time. Subject to the approval of the vetting authority authorized by the State Council, the Company may, according to its needs, create other classes of shares.

### **Article 3.2** [MP art. 12]

The shares issued by the Company shall each have a par value of Renminbi one (1.00) yuan.

**Article 3.3** [MP art. 13]

Subject to the approval of the securities authority of the State Council, the Company may issue shares to Domestic Investors and Foreign Investors.

"Foreign Investors" referred to in the above paragraph mean those investors who subscribe for the shares issued by the Company and who are located in foreign countries and in the regions of Hong Kong, Macau and Taiwan. "Domestic Investors" mean those investors who subscribe for the shares issued by the Company and who are located within the territory of the PRC.

**Article 3.4** [MP art. 14]

Shares which the Company issues to Domestic Investors for subscription in Renminbi shall be referred to as "Domestic-Invested Shares". Shares which the Company issues to Foreign Investors for subscription in foreign currencies shall be referred to as "Foreign-Invested Shares". Foreign-Invested Shares which are listed overseas are called "Overseas-Listed Foreign-Invested Shares".

Both holders of Domestic-Invested Shares and holders of Overseas-Listed Foreign-Invested Shares are holders of ordinary shares, and have the same obligations and rights.

Subject to the approval of the securities supervision and administration authority of the State Council, holders of Domestic-Invested Shares can transfer their shares to Foreign Investors and the shares can be listed and traded in the foreign stock exchange, and the arrangement need not be approved by a shareholders' class meeting.

**Article 3.5** [MP art. 15]

By the approval of the vetting authority authorized by the State Council, the Company may issue a total of 6,926,018,400 ordinary shares, of which 3,960,000,000 were issued to the promoter of the Company at the time when the Company was established, representing 57.18% of the total issued ordinary share of the Company.

**Article 3.6** [MP art. 16]

The Company issued 2,210,252,040 Overseas-Listed Foreign-Invested Shares (H Shares) after its incorporation. Pursuant to the Provisional Measures on the Administration of the Reduction of the State-Owned Shares for Raising Social Security Funds, the number of Overseas-Listed Foreign-Invested Shares (H Shares) converted from a reduction by holders of State-owned shares of their shareholdings of the State-owned shares amounted to 181,168,200 shares. The total Overseas-Listed Foreign-Invested Shares of the Company (H Shares) shall be 2,391,420,240 shares, representing 34.53% of the total issued ordinary share of the Company.

The Company's shareholding structure is as follows: the Company has 6,926,018,400 ordinary shares in issue, among which, China Telecommunications Corporation, the

promoter of the Company, holds 3,559,362,496 shares, representing 51.39% of the total issued ordinary shares of the Company; each of the holders of the rest of the Domestic-Invested Shares of the Company: China Mobile Communications Corporation, China United Network Communications Group Company Limited and China National Postal and Telecommunications Appliances Corporation, holds 608,256,000 shares, 236,300,000 shares and 130,679,664 shares respectively, representing 8.78%, 3.41% and 1.89% of the total issued ordinary shares of the Company; the holders of the Overseas-Listed Foreign-Invested Shares of the Company (H Shares) hold a total of 2,391,420,240 shares, representing 34.53% of the total issued ordinary shares of the Company.

**Article 3.7** [MP art. 17]

The Company's board of directors may arrange separate implementation plans for the issuance of Overseas-Listed Foreign-Invested Shares and Domestic-Invested Shares after proposals for issuance of the same have been approved by the securities authority of the State Council.

The Company may conduct separate issuance of Overseas-Listed Foreign-Invested Shares and Domestic-Invested Shares pursuant to the preceding paragraph within fifteen (15) months upon obtaining the approval from the securities authority of the State Council.

**Article 3.8** [MP art. 18]

Where the total number of shares stated in the proposal for the issuance of shares includes Overseas-Listed Foreign-Invested Shares and Domestic-Invested Shares, such shares should be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for all at once due to special circumstances, the shares may, subject to the approval of the securities authority of the State Council, be issued separately.

**Article 3.9** [MP art. 19]

The registered capital of the Company is RMB6,926,018,400 and the paid-up capital of the Company is RMB6,926,018,400.

**Article 3.10** [MP art. 20]

The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to this Articles of Association.

The Company may increase its capital in the following ways:

- (1) by offering new shares for subscription by unspecified investors;
- (2) by issuing new shares to its existing shareholders;
- (3) by allotting bonus shares to its existing shareholders;
- (4) by any other means which is permitted by law and administrative regulation.

After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of this Articles of Association, the

issuance thereof should be made in accordance with the procedures set out in the relevant State laws and administrative regulations.

**Article 3.11** [MP art. 21, App 3.1(2), LR 19A.46]

Except as provided for by other provisions of law and administrative regulations or the approval of the stock exchange on which the Overseas-Listed Foreign-Invested Shares of the Company are listed, shares of the Company may be freely transferred without any right of lien.

#### **CHAPTER 4: REDUCTION OF CAPITAL AND REPURCHASE OF SHARES**

**Article 4.1** [MP art. 22]

According to the provisions of this Articles of Association, the Company may reduce its registered capital.

**Article 4.2** [App 3.7(1)]

The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on the reduction of registered capital and shall publish an announcement in a newspaper within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within ninety (90) days of the date of the public announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debt.

The Company's registered capital shall not, after the reduction, be less than the statutory minimum limit.

**Article 4.3** [MP art. 24]

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

- (1) cancellation of shares for the purposes of reducing its capital;
- (2) merging with another company that holds the Company's shares ;
- (3) granting of shares to the staff of the Company as an incentive;
- (4) repurchase of the shares held by dissenting shareholders in respect of approved resolutions in a general meeting regarding issues like merger and dissolution, upon their request;
- (5) other circumstances permitted by laws and administrative regulations.

**Article 4.4** [MP art. 25]

The Company may repurchase shares in one of the following ways, after approved by the relevant governing authority of the State:

- (1) by making a general offer for the repurchase of shares to all its shareholders on a pro rata basis;
- (2) by repurchasing shares through public dealing on a stock exchange;
- (3) by repurchasing shares outside of the stock exchange by means of an agreement.

**Article 4.5** [MP art. 26; App 3.8(1); App 3.8(2)]

The Company must obtain the prior approval of the shareholders in a general meeting (in the manner stipulated in this Articles of Association) before it can repurchase shares outside of the stock exchange by means of an agreement. The Company may, by obtaining the prior approval of the shareholders in a general meeting (in the same manner), release, vary or waive its rights under an agreement which has been so entered into.

An agreement for the repurchase of shares referred to in the preceding paragraph includes (but is not limited to) an agreement to become liable to repurchase shares or an agreement to have the right to repurchase shares.

The Company may not assign an agreement for the repurchase of its shares or any right contained in such an agreement.

In respect of the right of the Company to repurchase its redeemable shares:

- (1) If the Company repurchases the shares not through market, nor bidding process, the offer price cannot exceed a certain upper limit;
- (2) If the Company repurchases the shares through bidding process, the bidding proposal must be made to all shareholders.

**Article 4.6** [MP art. 27]

Shares which have been repurchased by the Company in accordance with Article 4.3 and within the scope of Article 4.3(1), shall be cancelled within ten (10) days of the repurchase; within the scope of Article 4.3(2) or 4.3(4), shall be transferred or cancelled within six (6) months.

Shares which have been repurchased by the Company in accordance with Article 4.3 (3), must not exceed 5% of the issued share capital of the Company. The repurchase shall be financed by the profit after tax of the Company. Shares which have been repurchased shall be transferred to the staff of the Company within one year.

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



#### **Article 4.7 [MP art. 28]**

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

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

### **CHAPTER 5: FINANCIAL ASSISTANCE FOR THE ACQUISITION OF SHARES**

#### **Article 5.1 [MP art. 29]**

The Company or its subsidiaries shall not, at any time, provide any form of financial assistance to a person who is acquiring or is proposing to acquire shares in the Company. This includes any person who directly or indirectly incurs any obligations as a result of the acquisition of shares in the Company (the "Obligor").

The Company or its subsidiaries shall not, at any time, provide any form of financial assistance to the Obligor for the purposes of reducing or discharging the obligations assumed by such Obligor.

This Article shall not apply to the circumstances specified in Article 5.3 of this Articles of Association.

**Article 5.2** [MP art. 30]

For the purposes of this Chapter, "financial assistance" includes (without limitation) the following:

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

For the purposes of this Chapter, "assumption of obligations" includes the assumption of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is forcibly enforceable or not and irrespective of whether such obligation is to be borne solely by the Obligor or jointly with other persons) or by any other means which results in a change in his financial position.

**Article 5.3** [MP art. 31]

The following actions shall not be deemed to be activities prohibited by Article 5.1 of this Chapter:

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interests of the Company, and the principal purpose of which is not for the purchase of shares in the Company, or the giving of the financial assistance is an incidental part of some larger purpose of the Company;
- (2) the lawful distribution of the Company's assets by way of dividend;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction of registered capital, a repurchase of shares of the Company or a reorganisation of the share capital structure of the Company effected in accordance with this Articles of Association;
- (5) the lending of money by the Company within its scope of business and in the ordinary course of its business, where the lending of money is part of the scope of business of the Company (provided that the net assets of the Company are not

- thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits);
- (6) contributions made by the Company to employee share ownership schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits).

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

### **Article 6.1** [MP art. 32]

Share certificates of the Company shall be in registered form.

In addition to the matters required to be stated therein by the Company Law, the share certificate of the Company shall contain other matters required to be stated therein by the stock exchange(s) on which the Company's shares are listed.

### **Article 6.2** [LR 19A.46; App 3.1(1)]

Share certificates of the Company may be assigned, given as a gift, inherited or charged in accordance with relevant requirements of laws, administrative regulations, the stock exchange(s) on which the Company listed and this Articles of Association.

For assignment and transfer of share certificates, relevant registration shall be carried out with the share registration institution authorized by the Company.

### **Article 6.3** [MP art. 33; Zheng Jian Hai Han C.1; App 3.2(1)]

Share certificates of the Company shall be signed by the Chairman of the Company's board of directors. Where the stock exchange(s) on which the Company's shares are listed require other senior officer(s) of the Company to sign on the share certificates, the share certificates shall also be signed by such senior officer(s). The share certificates shall take effect after being imprinted with the seal of the Company (including in mechanical form). The share certificate shall be imprinted with the seal of the Company under the authorization of the board of directors. The signatures of the Chairman of the board of directors or other senior officer(s) of the Company may be printed in mechanical form.

### **Article 6.4** [MP art. 34; App 3.1(1)]

The Company shall keep a register of shareholders which shall contain the following particulars:

- (1) the name (title) and address (residence), the occupation or nature of each shareholder;
- (2) the class and quantity of shares held by each shareholder;
- (3) the amount paid-up on or agreed to be paid-up on the shares held by each shareholder;
- (4) the share certificate number(s) of the shares held by each shareholder;
- (5) the date on which each person was entered in the register as a shareholder;

(6) the date on which any shareholder ceased to be a shareholder.

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

**Article 6.5** [MP art. 35; Zheng Jian Hai Han C.2; A13D.1(b)]

The Company may, in accordance with the mutual understanding and agreements made between the securities authority of the State Council and overseas securities regulatory organizations, maintain the register of shareholders of Overseas-Listed Foreign-Invested Shares overseas and appoint overseas agent(s) to manage such register of shareholders. The original register for holders of Overseas-Listed Foreign-Invested Shares listed in Hong Kong shall be maintained in Hong Kong.

A duplicate register of shareholders for the holders of Overseas-Listed Foreign-Invested Shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall ensure consistency between the original and the duplicate register of shareholders at all times.

If there is any inconsistency between the original and the duplicate register of shareholders for the holders of Overseas-Listed Foreign-Invested Shares, the original register of shareholders shall prevail.

**Article 6.6** [MP art. 36]

The Company shall have a complete register of shareholders which shall comprise the following parts:

- (1) the register of shareholders which is maintained at the Company's residence (other than those share registers which are described in sub-paragraphs (2) and (3) of this Article);
- (2) the register of shareholders in respect of the holders of Overseas-Listed Foreign-Invested Shares of the Company which is maintained in the same place as the overseas stock exchange on which the shares are listed; and
- (3) the register of shareholders which are maintained in such other place as the board of directors may consider necessary for the purposes of the listing of the Company's shares.

**Article 6.7** [MP art. 37]

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

Any change or correction to various parts of the register of shareholders shall be made in accordance with the law of the place where such parts of the register of shareholders are maintained.

**Article 6.8** [Zheng Jian Hai Han C.12; App 3.1(1), (2), (3)]

All Overseas-Listed Foreign-Invested Shares listed in Hong Kong which have been fully paid-up may be freely transferred in accordance with this Articles of Association. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognise any instrument of transfer and would not need to provide any reason therefore:

- (1) a fee of HK\$2.50 per instrument of transfer or such higher amount agreed from time to time by the Stock Exchange for registration of the instrument of transfer and other documents relating to or which will affect the right of ownership of the shares;
- (2) the instrument of transfer only relates to Overseas-Listed Foreign-Invested Shares listed in Hong Kong;
- (3) the stamp duty which is chargeable on the instrument of transfer has already been paid;
- (4) the relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (5) if it is intended that the shares be transferred to joint owners, the maximum number of joint owners shall not be more than four (4);
- (6) the Company does not have any lien on the relevant shares.

The transfer of Overseas-Listed Foreign Invested Shares in the Company listed in Hong Kong shall be carried out in writing on normal or standard instruments of transfer or on a form acceptable to the board of directors; and such transfer instrument can also be signed by hand or, if the transferor or transferee is a Hong Kong law recognized securities clearing institution (the “recognized securities clearing institution”) or its representative, the transfer instrument can also be signed in printed mechanical form. All the transfer instruments shall be maintained in the legal address of the Company or other place the board of director may designate from time to time.

Any change or correction to various parts of the register of shareholders shall be carried out in accordance with the law of the place where the register of shareholders is maintained.

**Article 6.9** [MP art. 38]

No change may be made in the register of shareholders as a result of a transfer of shares within thirty (30) days prior to the date of a shareholders' general meeting or within five (5) days before the record date for the Company's distribution of dividends.

**Article 6.10** [MP art. 39]

When the Company needs to determine the rights attaching to shares in the Company for the purposes of convening a shareholders' meeting, for dividend distribution, for

liquidation or for any other purpose, the board of directors shall decide on a date for the determination of rights attaching to shares in the Company. The shareholders of the Company shall be such persons who appear in the register of shareholders at the close of such determination date.

**Article 6.11** [MP art. 40]

Any person aggrieved and claiming to be entitled to have his name (title) entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

**Article 6.12** [MP art. 41; App 3.7(1)]

Any person who is a registered shareholder or who claims to be entitled to have his name (title) entered in the register of shareholders in respect of shares in the Company may, if his share certificate (the "original certificate") relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares (the "Relevant Shares").

Application by a holder of Domestic-Invested Shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with the requirements of Article 144 of the Company Law.

Application by a holder of Overseas-Listed Foreign Shares, who has lost his share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of shareholders of holders of Overseas-Listed Foreign-Invested Shares is maintained, the rules of the stock exchange or other relevant regulations.

The issue of a replacement share certificate to a holder of Overseas-Listed Foreign Shares listed in Hong Kong, who has lost his share certificate, shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration, stating the grounds upon which the application is made, the circumstances and evidence of the loss; and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.
- (2) The Company has not received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.
- (3) The Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every thirty (30) days within a period of ninety (90) consecutive days in such newspapers as may be prescribed by the board of directors.

- (4) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of ninety (90) days.

In the case of an application which is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the notice to be published.

- (5) If, by the expiration of the 90-day period referred to in paragraphs (3) and (4) of this Article, the Company has not have received any challenge from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.
- (6) Where the Company issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and document the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable security is provided by the applicant therefore.

**Article 6.13** [MP art. 42]

Where the Company issues a replacement share certificate pursuant to this Articles of Association and a bona fide purchaser acquires or becomes the registered owner of such shares, his name (title) shall not be removed from the register of shareholders.

**Article 6.14** [MP art. 43]

The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate unless the claimant is able to prove that the Company has acted in a deceitful manner.

**CHAPTER 7: SHAREHOLDERS' RIGHTS AND OBLIGATIONS**

**Article 7.1** [MP art. 44; App 3.12]

A shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by him; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the company.

**Article 7.2** [App 3.1(3)]

When there are two or more persons registered as the joint shareholders of any shares, they should be regarded as co-owners of the relevant shares, but limited by the following clauses:

- (1) the Company will not register for more than four persons as the joint shareholders of any shares;
- (2) all joint shareholders shall jointly and severally be responsible to bear all the relevant payable costs

If one of the joint shareholders is deceased, only the other existing shareholders of that relevant shares shall be deemed as the persons who have the ownership of the relevant shares. But the board of directors has the right to require them to provide a certificate of death of the relevant shareholder as necessary for the purpose of modifying the relevant register of shareholders.

In respect of any of the joint shareholders of the shares, only the joint shareholders ranking first in the register of shareholders have the right to accept certificates of the relevant shares from the Company, receive notices of the Company, attend and vote at shareholders' general meetings of the Company of all the relevant shares. Any notice which is delivered to the aforesaid shareholder shall be considered as all the joint shareholders of the relevant shares who have been delivered.

**Article 7.3** [MP art. 45]

The shareholders holding ordinary shares of the Company shall enjoy the following rights:

- (1) the right to receive dividends and other distributions in proportion to the number of shares held;
- (2) the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;
- (3) the right of supervisory management over the Company's business operations and the right to present proposals or to raise queries;
- (4) the right to transfer shares in accordance with laws, administrative regulations and provisions of this Articles of Association;
- (5) the right to obtain relevant information in accordance with the provisions of this Articles of Association, including:



- (i) the right to obtain a copy of this Articles of Association, subject to payment of costs;
- (ii) the right to inspect and copy, subject to payment of a reasonable fee:
  - (a) all parts of the register of shareholders;
  - (b) personal particulars of each of the Company's directors, supervisors, general manager and other senior officers, including:
    - (aa) present and former name and alias;
    - (bb) principal address (place of residence);
    - (cc) nationality;
    - (dd) primary and all other part-time occupations and duties;
    - (ee) identification documents and the numbers thereof;
  - (c) report on the state of the Company's share capital;
  - (d) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;
  - (e) minutes of shareholders' general meetings, directors' meetings and supervisors' meetings;
- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of surplus assets of the Company in accordance with the number of shares held;
- (7) other rights conferred by laws, administrative regulations and this Articles of Association.

**Article 7.4** [MP art. 46]

The shareholders holding ordinary shares of the Company shall assume the following obligations:

- (1) to comply with this Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) other obligations imposed by laws, administrative regulations and this Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than according to the terms which were agreed by the subscriber of the relevant shares at the time of subscription.

**Article 7.5** [MP art. 47]

In addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder shall not exercise his voting rights in respect of the following

matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

- (1) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the Company's assets in any way, including (but not limited to) opportunities which are beneficial to the Company;
- (3) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights (save pursuant to a restructuring which has been submitted for approval by the shareholders in a general meeting in accordance with this Articles of Association).

**Article 7.6** [MP art. 48]

For the purpose of the foregoing Article, a "controlling shareholder" means a person who satisfies any one of the following conditions:

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

**CHAPTER 8: SHAREHOLDERS' GENERAL MEETINGS**

**Article 8.1** [MP art. 49]

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

**Article 8.2** [MP art. 50; App. 3.4(3)]

The shareholders' general meeting shall have the following functions and powers:

- (1) to decide on the Company's operational policies and investment plans;
- (2) to elect, remove and replace directors and to decide on matters relating to the remuneration of directors;
- (3) to elect and replace supervisors who represent the shareholders and to decide on matters relating to the remuneration of supervisors;
- (4) to examine and approve the board of directors' reports;
- (5) to examine and approve the supervisory committee's reports;

- (6) to examine and approve the Company's proposed preliminary and final annual financial budgets;
- (7) to examine and approve the Company's profit distribution plans and loss recovery plans;
- (8) to decide on the increase or reduction of the Company's registered capital;
- (9) to decide on matters such as merger, division, dissolution, liquidation and change of form of business of the Company;
- (10) to decide on the issue of debentures by the Company;
- (11) to decide on the appointment, dismissal and non-reappointment of the accounting firm of the Company;
- (12) to amend this Articles of Association;
- (13) to consider motions raised by shareholders who represent 5 % or more of the total number of voting shares of the Company;
- (14) to decide on the repurchase of share capital of the Company;
- (15) to decide on other matters which, according to law, administrative regulation or this Articles of Association, need to be approved by shareholders in general meetings;

The shareholders in a general meeting may authorize the board of directors to carry out matters on their behalf, or may sub-delegate the carrying out of such matters to the board of directors.

**Article 8.3** [MP art. 51]

The Company shall not, without the prior approval of shareholders in a general meeting, enter into any contract with any person (other than a director, supervisor, general manager and other senior officers) pursuant to which such person shall be responsible for the management and administration of the whole or any substantial part of the Company's business.

**Article 8.4** [MP art. 52]

Shareholders' general meetings includes annual general meetings and extraordinary general meetings. Shareholders' general meetings shall be convened by the board of directors.

Annual general meetings are held once every year and within six (6) months from the end of the preceding financial year.

The board of directors shall convene an extraordinary general meeting within two (2) months of the occurrence of any one of the following events:

- (1) where the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in this Articles of Association;
- (2) where the unrecovered losses of the Company amount to one-third of the total amount of its share capital;

- (3) where shareholder(s) holding 10 % or more of the Company's issued and outstanding voting shares request(s) in writing for the convening of an extraordinary general meeting;
- (4) whenever the board of directors deems necessary or the supervisory committee so requests

**Article 8.5** [MP art. 53; App 3.7(2)]

When the Company convenes a shareholders' general meeting, written notice of the meeting shall be given forty-five (45) days before the date of the meeting (including the date of the meeting but excluding the date on which the notice is sent) to notify all of the shareholders whose names appear in the share register of the matters to be considered and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver to the Company his written reply concerning his attendance at such meeting twenty (20) days before the date of the meeting.

**Article 8.6** [MP art. 54]

When the Company convenes a shareholders' annual general meeting, shareholder(s) holding 5% or more of the total voting shares of the Company shall have the right to propose new motions in writing, and the Company shall place such proposed motions on the agenda for such annual general meeting if they are matters falling within the functions and powers of shareholders in general meetings.

**Article 8.7** [MP art. 55; App 3.7(2)]

The Company shall, based on the written replies which it receives from the shareholders twenty (20) days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amount to more than one-half of the Company's total voting shares, the Company may hold the meeting; if not, then the Company shall, within five (5) days, notify the shareholders by way of public announcement the matters to be considered at, and the place and date for, the meeting. The Company may then hold the meeting after publication of such announcement.

A shareholders' extraordinary general meeting shall not decide on any matter not stated in the notice for the meeting.

**Article 8.8** [MP art. 56; App 3.11(1)]

A notice of a meeting of the shareholders of the Company shall satisfy the following criteria:

- (1) be in writing;
- (2) specify the place, date and time of the meeting;
- (3) state the matters to be discussed at the meeting;

- (4) provide such information and explanation as are necessary for the shareholders to make an informed decision on the proposals to be discussed. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to consolidate / repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;
- (5) contain a disclosure of the nature and extent, if any, of the material interests of any director, supervisor, general manager and other senior officers in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders in so far as it is different from the effect on the interests of shareholders of the same class;
- (6) contain the full text of any special resolution to be proposed at the meeting;
- (7) contain a conspicuous statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one (1) or more proxies to attend and vote at such meeting on his behalf and that a proxy need not be a shareholder;
- (8) specify the time and place for lodging proxy forms for the relevant meeting.

**Article 8.9** [MP art. 57; App 3.7(1); App 3.7(2)]

Notice of shareholders' general meetings shall be served on each shareholder (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or prepaid airmail to the address of the shareholder as shown in the register of shareholders. For the holders of Domestic-Invested Shares, notice of the meetings may also be issued by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one (1) or more national newspapers designated by the securities authority of the State Council within the interval of forty-five (45) days to fifty (50) days before the date of the meeting; after the publication of such announcement, the holders of Domestic-Invested Shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

As far as possible, the Chinese and English versions of such announcement shall be published in one (1) major Chinese newspaper and one (1) major English newspaper respectively in Hong Kong.

**Article 8.10** [MP art. 58]

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

**Article 8.11** [MP art. 59]

Any shareholder who is entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one (1) or more persons (whether such 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 from that shareholder:

- (1) the shareholders' right to speak at the shareholders' general meeting;
- (2) the right to demand or join in demanding a poll;
- (3) the right to vote by hand or on a poll, but a proxy of a shareholder who has appointed more than one (1) proxy may only vote on a poll.

**Article 8.12** [MP art. 60; App. 3.11(2)]

The instrument appointing a proxy shall be in writing signed by the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or signed by a director or a duly authorized executive or attorney.

**Article 8.13** [MP art. 61]

The instrument appointing a voting proxy and, if such instrument is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority shall be deposited at the residence of the Company or at such other place as is specified for that purpose in the notice convening the meeting, not less than twenty-four (24) hours before the time for holding the meeting at which the proxy propose to vote or the time appointed for the passing of the resolution.

If the appointor is a legal person, its legal representative or such person as is authorized by resolution of its board of directors or other governing body may attend any meeting of shareholders of the Company as a representative of the appointor.

Other than that, if the shareholder is the recognized clearing house or its attorney, such shareholder is entitled to appoint one or more persons as his proxies to attend on his behalf at a general meeting or at any class meeting, but, if one or more persons have such authority, the letter of authorization shall contain the number and class of the shares in connection with such authorization. Such person can exercise the right on behalf of the recognized clearing house (or its attorney) as if he is the individual shareholder of the Company.

**Article 8.14** [MP art. 62]

Any form issued to a shareholder by the directors for use by such shareholder for the appointment of a proxy to attend and vote at meetings of the Company shall be such as to enable the shareholder to freely instruct the proxy to vote in favour of or against the

motions, such instructions being given in respect of each individual matter to be voted on at the meeting. Such a form shall contain a statement that, in the absence of specific instructions from the shareholder, the proxy may vote as he thinks.

**Article 8.15** [MP art. 63]

A vote given in accordance with the terms of a proxy shall be valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company did not receive any written notice in respect of such matters before the commencement of the relevant meeting.

**Article 8.16** [MP art. 64]

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

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

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

**Article 8.17** [MP art. 65]

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 (1) vote.

**Article 8.18** [MP art. 66]

At any shareholders' general meeting, a resolution shall be decided by show of hands unless a poll is demanded:

- (1) by the chairman of the meeting;
- (2) by at least two (2) shareholders present in person or by proxy entitled to vote thereat;
- (3) by one (1) or more shareholders (including proxies) representing 10 % or more of shares (held solely or in combination) 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 of the number or proportion of votes in favour of or against such resolution.

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

**Article 8.19** [MP art. 67]

A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a 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 8.20** [MP art. 68; App. 3.14]

On a poll taken at a meeting, a shareholder (including a proxy) entitled to two (2) or more votes need not cast all his votes in the same way.

Where any shareholder is, under the listing rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 8.21** [MP art. 69]

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall have a casting vote.

**Article 8.22** [MP art. 70]

The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

- (1) work reports of the board of directors and the supervisory committee;
- (2) profit distribution plans and loss recovery plans formulated by the board of directors;
- (3) election or removal of members of the board of directors and members of the supervisory committee, their remuneration and manner of payment;
- (4) annual preliminary and final budgets, balance sheets and profit and loss accounts and other financial statements of the Company;
- (5) matters other than those which are required by the laws and administrative regulations or by this Articles of Association to be adopted by special resolution.

**Article 8.23** [MP art. 71]

The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- (1) the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities;



- (2) the issue of debentures of the Company;
- (3) the division, merger, dissolution, liquidation and change of form of business of the Company;
- (4) amendment of this Articles of Association;
- (5) any other matter considered by the shareholders in general meeting, and resolved by way of an ordinary resolution, which is of a nature which may have a material impact on the Company and should be adopted by special resolution.

**Article 8.24** [MP art. 72]

Shareholders who request for the convening of an extraordinary general meeting or a class meeting shall comply with the following procedures:

- (1) Two (2) or more shareholders holding in aggregate 10 % or more of the shares carrying the right to vote at the meeting sought to be held shall sign one (1) or more counterpart requisitions stating the object of the meeting and requiring the board of directors to convene a shareholders' extraordinary general meeting or a class meeting thereof. The board of directors shall as soon as possible proceed to convene the extraordinary general meeting of shareholders or a class meeting thereof after receipt of such requisition(s). The amount of shareholdings referred to above shall be calculated as at the date of deposit of the requisition(s).
- (2) If the board of directors fails to issue a notice of such a meeting within thirty (30) days from the date of receipt of the requisition(s), the requisitionists may themselves convene such a meeting (in a manner as similar as possible to the manner in which shareholders' meetings are convened by the board of directors) within four (4) months from the date of receipt of the requisition(s) by the board of directors.

The Company shall be liable to pay all reasonable compensation for the expenses incurred in convening and holding a meeting by the shareholders as a result of the failure of the board of directors to convene such meeting upon the aforesaid requisitions and such compensation shall be deducted from any payment payable to the directors who are in default of their duties.

**Article 8.25** [MP art. 73]

Shareholders' general meeting shall be convened and chaired by the Chairman of the board of directors. If the Chairman of the board is unable to attend the meeting for any reason, the board of directors may designate a director to convene and chair the meeting. If no chairman of the meeting has been so designated, shareholders present at the meeting shall choose one (1) person to act as the chairman of the meeting. If for any reason, the shareholders fail to elect a chairman, then the shareholder (including a proxy) holding the greatest number of voting shares carrying the voting right at the meeting shall be the chairman of the meeting.

**Article 8.26** [MP art. 74]

The chairman of the meeting shall be responsible for determining whether a resolution has been passed. His decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minute book.

**Article 8.27** [MP art. 75]

If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' meeting, he may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

**Article 8.28** [MP art. 76]

If votes are counted at a shareholders' general meeting, the result of the count shall be recorded in the minute book.

Resolutions adopted by a shareholders' general meeting shall be included in the minutes of the meeting. The record and minutes shall be signed by directors attending the meeting.

Such record and minutes, shareholders' attendance lists and proxy forms shall be kept at the Company's place of residence.

**Article 8.29** [MP art. 77]

Copies of the minutes of proceedings of any shareholders' meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder requests for a copy of such minutes from the Company, the Company shall send a copy of such minutes to him within seven (7) days after receipt of reasonable fees.

**CHAPTER 9: SPECIAL PROCEDURES FOR VOTING BY A CLASS OF SHAREHOLDERS**

**Article 9.1** [MP art. 78]

Those shareholders who hold shares that are a different class of shares are class shareholders of such class of shares.

Class shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations and this Articles of Association.

**Article 9.2** [MP art. 79]

Rights conferred on any class of shareholders may not be varied or abrogated save with the approval of a special resolution of shareholders in a general meeting and by class shareholders so affected at a separate meeting convened in accordance with Articles 9.4 to 9.8.

**Article 9.3** [MP art. 80]

The following circumstances shall be deemed to be variation or abrogation of the rights attaching to a particular class of shares:

- (1) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having voting or equity rights or privileges equal or superior to those of shares of that class;
- (2) to exchange all or part of the shares of that class for shares of another class or to exchange or to create a right to exchange all or part of the shares of another class for shares of that class;
- (3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of that class;
- (4) to reduce or remove preferential rights attached to shares of that class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (5) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of that class;
- (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of that class;
- (7) to create a new class of shares having voting or equity rights or privileges equal or superior to those of the shares of that class;
- (8) to restrict the transfer or ownership of shares of that class or to increase the types of restrictions attaching thereto;
- (9) to allot and issue rights to subscribe for, or to convert the existing shares into, shares in the Company of that class or another class;
- (10) to increase the rights or privileges of shares of another class;
- (11) to restructure the Company in such a way so as to result in the disproportionate distribution of obligations between the various classes of shareholders;
- (12) to vary or abrogate the provisions of this Chapter.

**Article 9.4** [MP art. 81; App. 3.6(2)]

Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, have the right to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 9.3, but interested shareholder(s) shall not be entitled to vote at such class meetings.

"(An) interested shareholder(s)", as such term is used in the preceding paragraph, means:

- (1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of public dealing on a stock exchange pursuant to Article 4.4, a "controlling shareholder" within the meaning of Article 7.6;
- (2) in the case of a repurchase of shares by an off-market agreement pursuant to Article 4.4, a holder of the shares to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on shareholders of that class under the proposed restructuring or who has an interest in the proposed restructuring different from the general interests of the shareholders of that class.

The quorum for a separate class meeting to consider a variation of the rights of any class of shares shall be the holders of at least one-third of the issued shares of the class.

**Article 9.5** [MP art. 82]

Resolutions of a class of shareholders shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who, according to Article 9.4, are entitled to vote thereat.

**Article 9.6** [MP art. 83; App. 3.7(2)]

Written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders forty-five (45) days before the date of the class meeting. Such notice shall give such shareholders notice of the matters to be considered at such meeting, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply in respect thereof to the Company twenty (20) days before the date of the class meeting.

If the shareholders who intend to attend such class meeting represent more than half of the total number of shares of that class which have the right to vote at such meeting, the Company may hold the class meeting; if not, the Company shall within five (5) days give the shareholders further notice of the matters to be considered, the date and the place of the class meeting by way of public announcement. The Company may then hold the class meeting after such public announcement has been made.

**Article 9.7** [MP art. 84]

Notice of class meetings need only be served on shareholders entitled to vote thereat.

Class meetings shall be conducted in a manner which is as similar as possible to that of shareholders' general meetings. The provisions of this Articles of Association relating to the manner for the conduct of shareholders' general meetings are also applicable to class meetings.

**Article 9.8** [MP art. 85; Zheng Jian Hai Han C.3; App 3.9; A13D.1(f)(i)(ii)]

Apart from the holders of other classes of shares, the holders of the Domestic-Invested Shares and holders of Overseas-Listed Foreign-Invested Shares shall be deemed to be holders of different classes of shares. In respect of dividends and distributions of other interests, the holders of the Domestic-Invested Shares and holders of Overseas-Listed Foreign-Invested Shares shall have the same rights.

The special procedures for approval by a class of shareholders shall not apply in the following circumstances:

- (1) where the Company issues, upon the approval by special resolution of its shareholders in a general meeting, either separately or concurrently once every twelve (12) months, not more than 20% of each of its existing issued Domestic-Invested Shares and Overseas-Listed Foreign-Invested Shares;
- (2) where the Company's plan to issue Domestic-Invested Shares and Overseas-Listed Foreign-Invested Shares at the time of its establishment is carried out within fifteen (15) months from the date of approval of the securities authority of the State Council.

## **CHAPTER 10: BOARD OF DIRECTORS**

### **Article 10.1** [MP art. 86]

The Company shall have a board of directors, which is accountable and reports to the shareholders' general meeting. The board of directors shall consist of nine to eleven directors and should appoint one Chairman, among which four to five are independent (non-executive) directors.

The Company may have a position of Honorary Chairman when necessary, which should be taken up by a reputable person in the industry. Honorary Chairman is not a member of the board of directors and does not have any power or right to vote on any matters considered by the board of directors.

### **Article 10.2** [MP art. 87; Zheng Jian Hai Han C.4; App 3.4(3); App 3.4(4); App 3.4(5); App 3.7(2); Opinions 6 ]

Directors shall be elected at the shareholders' general meeting each for a term of three (3) years, effective from the date of election. At the expiry of a director's term, the term is renewable upon re-election.

The minimal length of the period during which written notice to the Company of the intention to propose a person for election as a director, and during which written notice to the Company by such person of his willingness to be elected may be given, will be at least 7 days.

Such period will commence after the despatch of the notice of the meeting scheduled for such election and end no later than 7 days prior to the date of such meeting.

The Chairman shall be elected and removed by more than one-half of all of the members of the board of directors. The term of office of each of the Chairman is three (3) years, which term is renewable upon re-election.

Subject to compliance with all relevant laws and administrative regulations, the shareholders' general meeting may by ordinary resolution remove any director before the expiration of his term of office (but without prejudice to any claim for damages under any contract).

The external directors (referred to those directors who do not hold positions in the company) shall have sufficient time and necessary knowledge and ability to perform its duties. When an external director performs his duties, the Company must provide necessary information and independent (non-executive) directors may directly report to the shareholders' meeting, the securities regulatory authority under the State Council and other relevant departments thereon.

The director is not required to hold shares in the Company.

### **Article 10.3** [MP art. 88]

The board of directors is accountable to the shareholders in general meeting and exercises the following functions and powers:

- (1) to be responsible for the convening of the shareholders' general meeting and to report on its work to the shareholders in general meetings;
- (2) to implement the resolutions passed by the shareholders in general meetings;
- (3) to determine the Company's business plans and investment proposals;
- (4) to consider and approve the Company's preliminary and final annual financial budgets;
- (5) to consider and approve the Company's profit distribution proposal (including the payment of final dividend proposal) and loss recovery proposal;
- (6) to consider and approve the Company's debt and financial policies, proposals for the increase or reduction of the Company's registered capital and for the issuance of the Company's debentures;
- (7) to draw up the Company's material acquisition and disposal proposals and plans for the merger, division, dissolution or change of form of business of the Company;
- (8) to determine the Company's internal management structure and the establishment of the Company's branch organizations;
- (9) to appoint or remove the general manager and the chief financial officer of the Company, to appoint or remove the deputy general managers and the finance director of the Company based on the recommendations of the general manager, and to decide on their remuneration;
- (10) to consider and approve the basic management system of the Company;
- (11) to consider and approve the proposals for any amendment of this Articles of Association;
- (12) to propose the appointment or removal of the Company's auditors to the general meetings of the shareholders;

- (13) except matters that the Company Law and this Articles of Association require to be resolved by the shareholders in general meeting, to decide on other important and administrative matters of the Company and to execute other important agreements;
- (14) to exercise any other powers conferred by the shareholders in general meetings and this Articles of Association.

Other than the board of directors' resolutions in respect of the matters specified in subparagraphs (6), (7) and (11) of this Article which shall be passed by the affirmative vote of more than two-thirds of all the directors, the board of directors' resolutions in respect of all other matters may be passed by the affirmative vote of more than half of all the directors.

**Article 10.4** [MP art. 89]

The board of directors shall not, without the prior approval of shareholders in a general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate of the amount or value of the consideration for the proposed disposition, and the amount or value of the consideration for any such disposition of any fixed assets of the Company that has been completed in the period of four (4) months immediately preceding the proposed disposition, exceeds 33 % of the value of the Company's fixed assets as shown in the latest balance sheet which was tabled at a shareholders' general meeting.

For the purposes of this Article, "disposition" includes an act involving the transfer of an interest in assets but does not include the usage of fixed assets for the provision of security.

The validity of a fixed assets disposition by the Company shall not be affected by any breach of the first paragraph of this Article.

**Article 10.5** [MP art. 90]

The Chairman of the board of directors shall exercise the following powers:

- (1) to chair shareholders' general meetings and to convene and chair meetings of the board of directors;
- (2) to check on the implementation of resolutions passed by the board of directors at directors' meetings;
- (3) to sign the securities certificates issued by the Company;
- (4) to exercise other powers conferred by the board of directors.

When the Chairman is unable to exercise his powers, such powers shall be exercised by a director who has been designated by the Chairman to exercise such powers on his behalf.

**Article 10.6** [MP art. 91; App 3.7(2)]

Meetings of the board of directors shall be held at least twice every year and shall be convened by the Chairman of the board of directors. All of the directors and supervisors should be notified about the meeting ten (10) days beforehand.

Where there is an urgent matter, an extraordinary meeting of the board of directors may be held if it is so requested by shareholders aggregately holding more than one-tenth of voting shares, proposed by at least one-third of directors, the supervisors or the general manager of the Company, not subject to the provisions of Article 10.7 on notice of the meetings.

**Article 10.7** [MP art. 92; App 14(A1.3); App 3.7(2)]

Notice of meetings of the board of directors shall be delivered as follows:

- (1) For regular meetings of the board of directors of which the time and venue have been stipulated by the board of directors beforehand, no notice of the convening of such meetings will be needed.
- (2) For meetings of the board of directors of which the time and venue have not been decided by the board of directors beforehand, the Chairman of the board of directors shall notify the directors of the time and venue of such meeting 14 days in advance by telex, by telegram, by facsimile, by express delivery service or by registered mail or in person, unless otherwise provided for in Article 10.6.
- (3) Notice of meetings may be served in Chinese, with an English translation attached thereto when necessary, and in each case accompanied by a meeting agenda. A director may waive his right to receive notice of a board meeting.

**Article 10.8** [Opinion C3]

All the executive directors and external directors must be notified about the important matters that must be decided by the board of directors within the time limit stipulated in this Article and sufficient materials must be provided at the same time in strict compliance with the required procedures. Directors may request for supplementary information. If more than one-fourth of the directors or more than two external directors consider that the materials provided are not sufficient or supporting arguments are not clear, they may jointly propose to postpone the meeting or postpone the discussion of certain matters on the agenda of the meeting and the board of directors shall accept such proposal.

Notice of a meeting shall be deemed to have been given to any director who attends the meeting without protesting against, before or at its commencement.

**Article 10.9** [MP art. 93]



A board of directors' meeting shall only be convened if more than half of the directors are present (including any directors appointed pursuant to Article 10.10 to attend the meeting as the representatives of other directors).

Each director shall have one vote. The resolutions of the board of directors shall be passed by more than half of all the board of directors.

In the case of equal division of votes, the Chairman of the board of directors is entitled to a casting vote.

**Article 10.10** [MP art. 94]

Directors shall attend the meetings of the board of directors in person. Where a director is unable to attend a meeting for any reason, he may by a written power of attorney appoint another director to attend the meeting on his behalf. The power of attorney shall set out the scope of the authorization.

A Director appointed as the representative of another director to attend the meeting shall exercise the rights of a director within the scope of authority conferred by the appointing director. Where a director is unable to attend a meeting of the board of directors and has not appointed the representative to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

**Article 10.11** [MP art. 95; Opinion 6]

The board of directors shall keep minutes of resolutions passed at meetings of the board of directors. The minutes shall be signed by the directors present at the meeting and the person who recorded the minutes. Opinions of the independent (non-executive) directors shall be clearly stated in the resolutions of the board of directors. The minutes of board meetings shall be kept at the premises of the Company in the PRC and the directors shall be liable for the resolutions of the board of directors. If a resolution of the board of directors violates the laws, administrative regulations or this Articles of Association and the Company suffers serious losses as a result thereof, the directors who participated in the passing of such resolution are liable to compensate the Company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from such liability.

**Article 10.12**

The board of directors may accept a written resolution in lieu of a board meeting provided that a draft of such written resolution shall be delivered to each director either in person, by mail, by facsimile or by electronic mail. If such proposed written resolution has been delivered to all the directors and the number of directors, who signed on one or several copies of the draft of such written resolution with the same format and content, have reached the required quorum, and the same have been delivered to the secretary of

the board of directors, such resolution shall become a board resolution and there is no need to hold a board meeting.

**Article 10.13** [App 3.4(1)]

A director shall abstain from voting on any board resolution approving any proposal in which he or any of his associates (as defined under the Listing Rules) has a material interest, nor shall he be counted in the quorum present at the meeting.

**Article 10.14**

The Board shall seek advice from the Party organization before determining any significant issues of the Company. In the process of appointment of senior officers of the Company by the Board, the Party organization shall consider and provide advice and suggestions on the candidates proposed by the Board or the general manager, or recommend candidates to the Board and the general manager.

**CHAPTER 11: SECRETARY OF THE BOARD OF DIRECTORS**

**Article 11.1** [MP art. 96]

The Company shall have secretary of the board of directors. The secretary of the board of directors is a senior officer of the Company.

Where necessary, the board of directors may establish a secretariat of the board of directors.

**Article 11.2** [MP art. 97]

The secretary of the Company's board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board of directors. His/her main tasks include:

- (1) ensure the completeness of the organization documents and records of the Company;
- (2) ensure the preparation and provision of the reports and documents required by the authorities in compliance with laws;
- (3) ensure the register of shareholders has been properly maintained and those who have rights to obtain the relevant records and documents can get them in time.

**Article 11.3** [MP art. 98]

A director or other senior officer of the Company may also act as the secretary of the board of directors. The certified public accounting firm which has been appointed by the Company to act as its auditors shall not act as the secretary of the board of directors.

Where the office of secretary of the board of directors is held concurrently by a director, and an act is required to be done by a director and a secretary of the board of directors

separately, the person who holds the office of director and secretary of the board of directors may not perform the act in a dual capacity.

## **CHAPTER 12: BOARD COMMITTEE**

### **Article 12.1**

According to its needs, the board of directors can set up board committees such as audit committee, remuneration committee and nomination committee. The board of directors shall seek the advice from the relevant committee(s) before approving such relevant resolutions.

### **Article 12.2**

The board committee shall consist of the directors of the Company and elected by the board of directors.

### **Article 12.3**

Each board committee shall have a convenor, who is responsible for the holding of the board committee meeting. The composition, duties and operation mechanism of each board committee shall be determined by the board of directors and shall comply with the relevant laws and regulations of the PRC and the place where the shares of the Company are listed and the requirement of the Hong Kong Stock Exchange.

## **CHAPTER 13: GENERAL MANAGER AND OTHER SENIOR OFFICERS**

### **Article 13.1** [MP art. 99]

The Company shall have one general manager (i.e., president), and one chief financial officer, who shall be appointed or dismissed by the board of directors.

### **Article 13.2**

The Company shall have several deputy general managers (i.e., vice presidents) and one financial in-charge (i.e., chief financial officer). They shall assist the general manager and are senior officers of the Company.

The deputy general managers and the financial in-charge shall be nominated by the general manager and appointed or dismissed by the board of the directors.

### **Article 13.3** [MP art. 100]

The general manager shall be accountable to the board of directors and shall exercise the following functions and powers:

- (1) to be in charge of the Company's production, operation and management and to organize the implementation of the resolutions of the board of directors;
- (2) to organize the implementation of the Company's annual business plan and investment proposal;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft plans for the establishment of the Company's branch organizations;
- (5) to draft the Company's basic management system;
- (6) to formulate basic rules and regulations for the Company;
- (7) to propose the appointment or dismissal of the deputy general managers and financial in-charge of the Company;
- (8) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (9) other powers conferred by this Articles of Association and the board of directors.

**Article 13.4** [MP art. 101]

The general manager shall be entitled to attend meetings of the board of directors and receive notices and relevant documents. The general manager who is not a director does not have any voting rights at board meetings.

**Article 13.5** [MP art. 102]

In performing their duties and powers, the general manager shall act honestly and diligently and in accordance with laws, administrative regulations and this Articles of Association.

## **CHAPTER 14: SUPERVISORY COMMITTEE**

**Article 14.1** [MP art. 103]

The Company shall have a supervisory committee.

**Article 14.2** [MP art. 104; Zheng Jian Hai Han C5; A 13D.1(d)(i)]

The supervisory committee shall comprise of three (3) supervisors, of which one (1) is the chairman of the supervisory committee. Each supervisor shall serve for a term of three (3) years, which is renewable upon re-election and re-appointment.

The election or removal of the chairman of the supervisory committee shall be determined by the affirmative votes of two-thirds or more of the members of the supervisory committee.

**Article 14.3** [MP art. 105]

The supervisory committee shall include one (1) supervisor who shall represent the shareholders, one (1) independent supervisor and one (1) supervisor who shall represent

the employees. Supervisor who represents the shareholders and independent supervisor shall be elected or removed by the shareholders in general meetings, and the supervisor who represents employees shall be elected or removed by the employees of the Company democratically.

**Article 14.4** [MP art. 106]

The directors, general manager, deputy general managers, secretary of the board of directors and financial in-charge of the Company shall not act concurrently as supervisors.

**Article 14.5** [MP art. 107; App 3.7(2)]

Meetings of the supervisory committee shall be held at least twice every year and shall be convened by the chairman of the supervisory committee. All of the supervisors should be notified about the meeting ten (10) days beforehand. Where there is an urgent matter, an extraordinary meeting of the supervisory committee may be held if it is so requested by one-third or more of supervisors, not subject to the below provisions on notice of the meetings.

Meetings of supervisory committee shall basically be held in the legal address of the Company, but the meetings can also be held in other place in the PRC as determined by the supervisory committee.

Notice of meetings of the supervisory committee shall be delivered as follows:

- (1) For regular meetings of the supervisory committee of which the time and venue have been stipulated by the supervisory committee beforehand, no notice of the convening of such meetings will be needed.
- (2) For meetings of the supervisory committee of which the time and venue have not been decided by the supervisory committee beforehand, the chairman of supervisory committee shall notify the supervisors of the time and venue of such meeting at least 10 days but at most 30 days in advance by telex, by telegram, by facsimile, by express delivery service or by registered mail or in person, unless otherwise provided for in first paragraph of this Article.
- (3) Notice of meetings may be served in Chinese, with an English translation attached thereto when necessary, and in each case accompanied by a meeting agenda. A supervisor may waive his/her right to receive notice of supervisory committee.

Notice of a meeting shall be deemed to have been given to any supervisor who attends the meeting without protesting against, before or at the commencement of the meeting.

**Article 14.6** [MP art. 108]

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

- (1) to review the Company's financial position;
- (2) to supervise the directors, general manager, and other senior officers to ensure that they do not act in contravention of any law, regulation or this Articles of Association;
- (3) to demand any director, general manager and other senior officer who acts in a manner which is harmful to the Company's interest to rectify such behaviour;
- (4) to check the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the shareholders' general meetings and to authorize, in the Company's name, publicly certified accountants and practising auditors to assist in the re-examination of such information should any doubt arise in respect thereof;
- (5) to propose to convene an extraordinary general meeting;
- (6) to propose to convene a meeting of board of directors;
- (7) to represent the Company in negotiations with or in bringing actions against a director;
- (8) other functions and powers specified in this Articles of Association.

The supervisory committee may provide its opinions on the appointment of accounting firm by the Company, may appoint another accounting firm in the name of the Company when necessary to examine financial affairs of the Company independently, and may directly report relevant information to the securities authorities of the State Council and other relevant authorities.

Independent supervisors shall report independently to the shareholders' meeting on whether the senior officers perform their duties honestly and diligently.

Supervisors shall be entitled to be in attendance in meetings of the board of directors.

**Article 14.7** [MP art. 109; A 13D(1)(d)(ii); Zheng Jian Hai Han C6]

Meetings of supervisory committee can only be held when all of the supervisors attend. When extraordinary meeting of supervisory committee is held under exceptional circumstances and there are supervisors who are unable to attend, the quorum of such meeting can be decreased to three-fifth of all of the supervisors.

Resolutions of the supervisory committee must be passed by votes representing more than two-thirds of the members of the supervisory committee.

**Article 14.8** [MP art. 110]

All reasonable fees incurred in respect of the employment of professionals (such as, lawyers, certified public accountants or practising auditors) which are required by the supervisory committee in the exercise of its functions and powers shall be borne by the Company.

**Article 14.9** [MP art. 111]

A supervisor shall carry out his duties honestly and faithfully in accordance with laws, administrative regulations and this Articles of Association.

**CHAPTER 15: THE QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR OFFICERS OF THE COMPANY**

**Article 15.1** [MP art. 112]

A person may not serve as a director, supervisor, general manager or any other senior officer of the Company if any of the following circumstances apply:

- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has been sentenced for corruption, bribery, infringement of property or misappropriation of property or other crimes which disrupt the social economic order, where less than a term of five (5) years has lapsed since the sentence was served, or a person who has been deprived of his political rights and not more than five (5) years have lapsed since the sentence was served;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation as a result of mismanagement and who was personally liable for the winding up of such company or enterprise, where less than three (3) years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise the business license of which was revoked due to violation of law and who are personally liable therefor, where less than three (3) years have elapsed since the date of the revocation of the business license;
- (5) a person who has a relatively large amount of debts which have become overdue;
- (6) a person who is currently under investigation by judicial organs for violation of criminal law;
- (7) a person who, according to laws and administrative regulations, cannot act as a leader of an enterprise;
- (8) a person other than a natural person;
- (9) a person who has been convicted by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than five (5) years have elapsed since the date of such conviction.

**Article 15.2** [MP art. 113]

The validity of an act carried out by a director, the general manager and other senior officers of the Company on behalf of the Company as against a bona fide third party, shall not be affected by any irregularity in his office, election or any defect in his qualification.

**Article 15.3** [MP art. 114]

In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which shares of the Company are listed, each of the Company's directors, supervisors, general manager and other senior officers owes a duty to each shareholder, in the exercise of the functions and powers entrusted to him by the Company:

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

**Article 15.4** [MP art. 115]

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

**Article 15.5** [MP art. 114]

Each of the Company's directors, supervisors, general manager and other senior officers shall exercise his powers or perform his duties in accordance with the fiduciary principle; and shall not put himself in a position where his duty and his interest may conflict. This principle includes (without limitation) discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to act within the scope of his powers and not to exceed such powers;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) unless otherwise provided for in this Articles of Association or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) not to use the Company's property for his own benefit, without the informed consent of the shareholders given in a general meeting;
- (7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property in any way, including (but not limited to) opportunities which benefit the Company;



- (8) not to accept commissions in connection with the Company's transactions, without the informed consent of the shareholders given in a general meeting;
- (9) to comply with this Articles of Association, to perform his official duties faithfully, to protect the Company's interests and not to exploit his position and power in the Company to advance his own interests;
- (10) not to compete with the Company in any way, save with the informed consent of the shareholders given in a general meeting;
- (11) not to misappropriate the Company's funds or to lend such funds to any other person, not to use the Company's assets to set up deposit accounts in his own name or in any other name or to use such assets to guarantee the debts of a shareholder of the Company or any other personal liabilities;
- (12) not to release any confidential information which he has obtained during his term of office, without the informed consent of the shareholders in a general meeting; nor shall he use such information otherwise than for the Company's benefit, save that disclosure of such information to the court or other governmental authorities is permitted if:
  - (i) disclosure is made under compulsion of law;
  - (ii) public interests so warrants;
  - (iii) the interests of the relevant director, supervisor, general manager or other senior officer so requires.

**Article 15.6** [MP art. 117]

Each director, supervisor, general manager and other senior officer of the Company shall not direct the following persons or institutions ("associates") to act in a manner which he is prohibited from so acting:

- (1) the spouse or minor child of the director, supervisor, general manager or other senior officer;
- (2) the trustee of the director, supervisor, general manager or other senior officer or of any person described in sub-paragraph (1) above;
- (3) the partner of that director, supervisor, general manager or other senior officer or any person referred to in sub-paragraphs (1) and (2) of this Article;
- (4) a company in which that director, supervisor, general manager or other senior officer, whether alone or jointly with one (1) or more of the persons referred to in sub-paragraphs (1), (2) and (3) of this Article and other directors, supervisors, general manager and other senior officers, has de facto controlling interest;
- (5) the directors, supervisors, general manager and other senior officers of a company which is being controlled in the manner set out in sub-paragraph (4) above.

**Article 15.7** [MP art. 118]

The fiduciary duties of the directors, supervisors, general manager and other senior officers of the Company do not necessarily cease with the termination of their tenure. The duty of confidentiality in respect of trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination and

the act concerned and the circumstances and the terms under which the relationship between the relevant director, supervisor, general manager and other senior officer on the one hand and the Company on the other hand was terminated.

**Article 15.8** [MP art. 119]

Except as stipulated under Article 7.5 hereof, a director, supervisor, general manager or other senior officer of the Company may be relieved of liability for specific breaches of his duty with the informed consent of the shareholders given at a general meeting.

**Article 15.9** [MP art. 120; App 3.4(1)]

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

If a director or his/her associate has a material interest in any contract, transaction, arrangement or other matters that requires the approval of the board of directors, the relevant director shall not vote for the relevant matter at the meeting of the board of directors, and shall not be listed in the quorum of the meeting. (the limitation under this paragraph is not applied to the circumstances permitted by the listing rules or the Hong Kong Stock Exchange)

Unless the interested director, supervisor, general manager or other senior officer discloses his interests in accordance with the preceding subparagraph of this Article and he is not counted as part of the quorum and refrains from voting, such contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide party thereto who does not have notice of the breach of duty by the interested director, supervisor, general manager or other senior officer.

A director, supervisor, general manager or other senior officer of the Company is deemed to be interested in a contract, transaction or arrangement in which his associate is interested.

**Article 15.10** [MP art. 121]

Where a director, supervisor, general manager or other senior officer of the Company gives to the board of directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding Article to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such notice shall have been given before

the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

**Article 15.11** [MP art. 122]

The Company shall not pay taxes for or on behalf of a director, supervisor, general manager or other senior officer in any manner.

**Article 15.12** [MP art. 123]

The Company shall not directly or indirectly make a loan to or provide any guarantee in connection with the making of a loan to a director, supervisor, general manager or other senior officer of the Company or of the Company's holding company or any of their respective associates. The foregoing prohibition shall not apply to the following circumstances:

- (1) the provision by the Company of a loan or a guarantee in connection with the making of a loan to its subsidiary;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds available to any of its directors, supervisors, general manager and other senior officers to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in a general meeting;
- (3) if the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may make a loan to or provide a guarantee in connection with the making of a loan to any of the relevant directors, supervisors, general manager and other senior officers or their respective associates in the ordinary course of its business on normal commercial terms.

**Article 15.13** [MP art. 124]

Any person who receives loan, which has been made by the Company in breach of the preceding Article, shall, irrespective of the terms of the loan, forthwith repay such loan.

**Article 15.14** [MP art. 125]

A guarantee for the repayment of a loan which has been provided by the Company acting in breach of Article 15.12(1) shall not be enforceable against the Company, save in respect of the following circumstances:

- (1) the guarantee was provided in connection with a loan which was made to an associate of any of the directors, supervisors, general manager and other senior officers of the Company or of the Company's holding company and the lender of such funds did not know of the relevant circumstances at the time of the making of the loan; or
- (2) the collateral which has been provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

**Article 15.15** [MP art. 126]

For the purposes of the foregoing provisions of this Chapter, a "guarantee" includes an undertaking or property provided to secure the obligor's performance of his obligations.

**Article 15.16** [MP art. 127]

In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, general manager or other senior officer of the Company breaches the duties which he owes to the Company, the Company has a right:

- (1) to demand such director, supervisor, general manager or other senior officer to compensate it for losses sustained by the Company as a result of such breach;
- (2) to rescind any contract or transaction which has been entered into between the Company and such director, supervisor, general manager or other senior officer or between the Company and a third party (where such third party knows or should have known that such director, supervisor, general manager other senior officer representing the Company has breached his duties owed to the Company);
- (3) to demand such director, supervisor, general manager or other senior officer to account for profits made as result of the breach of his duties;
- (4) to recover any monies which should have been received by the Company and which were received by such director, supervisor, general manager or other senior officer instead, including (without limitation) commissions; and
- (5) to demand repayment of interest earned or which may have been earned by such director, supervisor, general manager or other senior officer on monies that should have been paid to the Company.

**Article 15.17** [MP art. 128]

The Company shall, with the prior approval of shareholders in a general meeting, enter into a contract in writing with a director or supervisor wherein his emoluments are stipulated. The aforesaid emoluments include:

- (1) emoluments in respect of his service as director, supervisor or senior officer of the Company;
- (2) emoluments in respect of his service as director, supervisor or senior officer of any subsidiary of the Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;
- (4) payment by way of compensation for loss of office, or as consideration for or in connection with the retirement of such directors and supervisors.

No proceedings may be brought by a director or supervisor against the Company for anything due to him in respect of the matters mentioned in this Article except pursuant to the contract mentioned above.

**Article 15.18** [MP art. 129]

The contract concerning the emoluments between the Company and its directors or supervisors should provide that in the event that the Company is acquired, the Company's directors and supervisors shall, subject to the prior approval of shareholders in a general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement.

For the purposes of the preceding paragraph, the acquisition of the Company includes any of the following:

- (1) an offer made by any person to all shareholders;
- (2) an offer made by any person for purpose of becoming a "controlling shareholder". The "controlling shareholder" in this paragraph shall have the same meaning as the one used in Article 7.6 hereof.

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

## **CHAPTER 16: FINANCIAL AND ACCOUNTING SYSTEMS AND PROFIT DISTRIBUTION**

### **Article 16.1 [MP art. 130]**

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

### **Article 16.2 [MP art. 131]**

At the end of each fiscal year, the Company shall prepare a financial report which shall be examined and verified in a manner prescribed by law.

### **Article 16.3**

The fiscal year of the Company shall be on the basis of the solar calendar beginning on 1 January and ending on 31 December of the same year. The Company shall use Renminbi as its standard unit of account. The accounts shall be prepared in Chinese.

### **Article 16.4 [MP art. 132]**

The board of directors of the Company shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and directives promulgated by competent regional and central governmental authorities require the Company to prepare.

**Article 16.5** [MP art. 133; Zheng Jian Hai Han C7; App 3.5]

The Company's financial reports shall be made available for shareholders' inspection at the Company twenty (20) days before the date of every shareholders' annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

The Company shall deliver or send to each shareholder of Overseas-Listed Foreign-Invested Shares by prepaid mail at the address registered in the register of shareholders the said reports not later than twenty-one (21) days before the date of every annual general meeting.

**Article 16.6** [MP art. 134]

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

**Article 16.7** [MP art. 135]

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

**Article 16.8** [MP art. 136]

The Company shall publish its financial reports twice every fiscal year, that is, the interim financial report shall be published within sixty (60) days after the expiration of the first six (6) months of each fiscal year; the annual financial report shall be published within one hundred and twenty (120) days after the expiration of each fiscal year.

**Article 16.9** [MP art. 137]

The Company shall not keep accounts other than those required by law.

**Article 16.10**

After the completion of its interim financial reports and annual financial reports, the Company shall follow the procedures and make announcements in accordance with the relevant securities laws and regulations of the PRC and the requirements of the stock exchange where the shares of the Company are listed.

### **Article 16.11**

Profit after tax of the Company is distributed in the following sequence:

- (1) making up for its accumulated losses;
- (2) allocation to the statutory common reserve fund;
- (3) allocation to the discretionary common reserve fund;
- (4) distribution of dividends of ordinary shares

The exact allocations to sub-paragraphs (3) and (4) of this Article in a year shall be proposed by the board of directors with reference to the operational circumstances and the development needs of the Company and considered and approved by the shareholders in general meeting.

### **Article 16.12**

The Company shall not allocate dividends before it has compensated for its accumulated losses and made allocations to the statutory common reserve fund.

### **Article 16.13**

The Company shall contribute 10% of the profits to the Company's statutory common reserve fund. Where the accumulated amount of the statutory common reserve fund reaches 50% or more of the registered capital of the Company, no further contribution is required.

### **Article 16.14**

After making contribution to the statutory common reserve fund, the Company may, subject to resolutions adopted at a general meeting, make contributions to the discretionary common reserve fund.

### **Article 16.15** [App 3.3(1)]

The Company shall not allocate dividends or carry out other allocations in the form of bonuses before it has compensated for its accumulated losses and made allocations to the statutory common reserve fund. Dividends paid by the Company shall not carry any interest except where the Company has failed to pay the dividends to the shareholders on the date on which such dividends become payable.

Any amount paid up in advance of calls on any share shall carry interest, but shall not entitle the holder of the share to receive, by way of advance payment, the dividend declared and distributed thereafter.

### **Article 16.16** [MP art. 138]

Capital surplus fund includes the following items:

- (1) premium on shares issued at a premium price;

- (2) any other income designated for the capital surplus fund by the regulations of the finance regulatory department of the State Council.

The capital surplus fund of the Company shall not be applied for making up for losses.

#### **Article 16.17**

The use of the common reserve funds of the Company shall be limited to the following ways:

- (1) making up for accumulated losses;
- (2) expanding the Company's production and operation;
- (3) expanding the Company's capitalization. The Company can, resolved by the general meeting, capitalize capital surplus fund and common reserve fund under the relevant regulations and issue new shares to the existing shares in proportion to their respective shareholdings or increase the par value of each share provided that when capitalizing the statutory common reserve fund, the balance of such fund shall not be less than 25% of the registered capital of the Company.

#### **Article 16.18**

Subject to Articles 16.11, 16.12 and 16.13 of this Articles of Association, annual dividends shall be distributed to the shareholders in proportion to their respective shareholdings within six months after the financial year end.

#### **Article 16.19** [MP art. 139]

The Company may distribute dividends in the form of:

- (1) cash;
- (2) shares.

#### **Article 16.20**

The Company shall declare and pay cash dividends and other amounts which are payable to holders of Domestic-Invested Shares in Renminbi. The Company shall calculate and declare cash dividends and other payments which are payable to holders of Overseas-Listed Foreign-Invested Shares in Renminbi, in accordance with the relevant foreign exchange administrative regulations of the State.

#### **Article 16.21**

Unless otherwise provided for in relevant laws and administrative regulations, where cash dividends and other amounts are to be paid in Hong Kong dollars, the applicable exchange rate shall be the average of the mid- point rate for the relevant foreign currency announced by the Peoples' Bank of China during the week prior to the announcement of payment of dividend and other amounts.

#### **Article 16.22**



When distributing dividends to its shareholders, the Company shall withhold and pay on behalf of its shareholders the taxes levied on the dividends in accordance with the provisions of the PRC tax law.

**Article 16.23**

Subject to the authorization in shareholder general meeting, the board of directors may determine the proposal to distribute interim or special dividends, subject to Article 8.2 and paragraph 14 of Article 10.3 of this Articles of Association.

**Article 16.24** [MP art. 140; Zheng Jian Hai Han C8; A 13D.1(c)]

The Company shall appoint receiving agents for holders of the Overseas-Listed Foreign-Invested Shares. Such receiving agents shall receive dividends which have been declared by the Company and all other amounts which the Company should pay to holders of Overseas-Listed Foreign-Invested Shares on such shareholders' behalf.

The receiving agents appointed by the Company shall meet the relevant requirements of the laws of the place at which the stock exchange on which the Company's shares are listed or the relevant regulations of such stock exchange.

The receiving agents appointed for holders of Overseas-Listed Foreign-Invested Shares listed on Hong Kong Stock Exchange shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

**Article 16.25** [LR19A.47; App 3.3(2)]

In respect of dividends distributed to shareholders, the Company has the power to forfeit unclaimed dividends, but such power shall not be exercised until six years or more after the date of declaration of the dividend.

**Article 16.26** [A3.13(1)]

The Company can send dividend warrants by post, either directly or through receiving agents. Where such warrants have been left uncashed, the Company has power to cease sending dividend warrants by post, either directly or through receiving agents. However, such power should not be exercised until such warrants have been so left uncashed on two consecutive occasions. Nevertheless, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

**Article 16.27** [A3.13(2)(a)(b); App 3.7(1)]

When permitted by laws, the Company has the power to sell the shares of a member who is untraceable under the following circumstances:

- (a) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and

- (b) on expiry of the 12 years, the issuer gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Hong Kong Stock Exchange of such intention.

## **CHAPTER 17: APPOINTMENT OF ACCOUNTING FIRM**

### **Article 17.1** [MP art. 141]

The Company shall appoint an independent firm of accountants which is qualified under the relevant regulations of the State to audit the Company's annual report and review the Company's other financial reports.

The first auditors of the Company may be appointed before the first annual general meeting of the Company at the inaugural meeting. Auditors so appointed shall hold office until the conclusion of the first annual general meeting.

If the inaugural meeting does not exercise the powers under the preceding paragraph, those powers shall be exercised by the board of directors.

### **Article 17.2** [MP art. 142]

The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholders at which they were appointed until the conclusion of the next annual general meeting of shareholders.

### **Article 17.3** [MP art. 143]

The accounting firm appointed by the Company shall enjoy the following rights:

- (1) a right to review to the books, records and vouchers of the Company at any time, the right to require the directors, general manager and other senior officers of the Company to supply relevant information and explanations;
- (2) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the discharge of its duties;
- (3) a right to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to speak at any shareholders' general meeting in relation to matters concerning its role as the Company's accounting firm.

### **Article 17.4** [MP art. 144]

If there is a vacancy in the position of accounting firm of the Company, the board of directors may appoint an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accounting firms, which have been appointed by the Company, may continue to act during the period during which a vacancy arises.

**Article 17.5** [MP art. 145]

The shareholders at a general meeting may, by ordinary resolution, remove the Company's accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the Company's accounting firm. However, the accounting firm's right to claim for damages which arises from its removal shall not be affected thereby.

**Article 17.6** [MP art. 146]

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

**Article 17.7** [MP art. 147]

The appointment, removal or non-reappointment of an accounting firm shall be resolved by the shareholders in a general meeting. Such resolution shall be filed with the securities authority of the State Council.

**Article 17.8** [Zheng Jian Hai Han C9; A13D.1(e)(i)]

Where a resolution is passed at a shareholders' general meeting to appoint an accounting firm other than an incumbent accounting firm to replace an incumbent accounting firm or to fill a vacancy, to reappoint the accounting firm that was appointed by the board of directors to fill a vacancy, or to dismiss an accounting firm before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the appointment or removal proposal shall be sent (before notice of meeting is given to the shareholders) to the accounting firm proposed to be appointed or proposing to leave its post or the firm which 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 the Company to inform the shareholders of such representations, the Company shall (unless the representations have been received too late) take the following measures:
  - (a) in any notice of the resolution given to shareholders, state the fact of the representations having been made; and
  - (b) attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in this Articles of Association.
- (3) If the Company fails to send out the accounting firm's representations in the manner set out in sub-paragraph (2) above, such accounting firm may require that the representations be read out at the shareholders' general meeting and make further representations.
- (4) An accounting firm which is leaving its post shall be entitled to attend the following shareholders' general meetings:
  - (a) the general meeting at which its term of office would otherwise have expired;

- (b) the general meeting at which it is proposed to fill the vacancy caused by its removal; and
- (c) the general meeting which convened as a result of its resignation,

and to receive all notices of, and other communications relating to, any such meeting, and to speak at any such meeting which concerns it as former auditor of the Company.

**Article 17.9** [MP art.148]

Prior notice should be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. Such accounting firm shall be entitled to make representations at the shareholders' general meeting. Where the accounting firm resigns from its position, it shall make it clear to the shareholders at a general meeting on whether there has been any impropriety on the part of the Company.

**Article 17.10** [Zheng Jian Hai Han C10; A13D.1(e)(ii)(iii)(iv)]

An accounting firm may resign its office 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 statements:

- (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.

The Company shall, within fourteen (14) days after the receipt of the notice referred to in the preceding paragraph, send a copy of the notice to the relevant governing authority. If the notice contains a statement under the preceding sub-paragraph (2), a copy of such statement shall be placed at the Company for shareholders' inspection. The Company should also send a copy of such statement by prepaid mail to every shareholder of Overseas-Listed Foreign Shares at the address registered in the register of shareholders.

Where the accounting firm's notice of resignation contains a statement in respect of the above, it may require the board of directors to convene a shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

**CHAPTER 18: INSURANCE**

**Article 18.1**

When the Company purchases insurance, it shall purchase from those insurance companies that are registered in the PRC and permitted by the PRC laws to provide insurance for the PRC companies.

#### **Article 18.2**

The type, insured amount, covered periods and other terms of insurance shall be discussed and determined by the board of directors with reference to the practice of the peer companies in other countries, the practice in the PRC and requirements of the PRC laws.

### **CHAPTER 19: LABOUR MANAGEMENT**

#### **Article 19.1**

The Company shall formulate its systems such as labour management, human resources administration, salaries and welfare and social insurances in accordance with the PRC laws, regulations and the relevant administrative guidance.

#### **Article 19.2**

The Company shall adopt employment-basis system for various levels of management staff and contract-basis system for normal staff. The Company can determine its staff allocation and employ or dismiss management staff and normal staff according to the requirements of law regulations and contract terms.

#### **Article 19.3**

The Company can, according to its economic benefits and within the scope of requirement of the relevant administrative guidance, determine the staff income and welfare benefits of its various levels of management staff and normal staff.

#### **Article 19.4**

In accordance with the relevant administrative guidance of the PRC national government and local governments, the Company can arrange the medical insurance, retirement insurance and unemployment insurance for its management staff and normal staff. The Company can follow the law regulations and the relevant guidance in respect of labour insurance of retired and unemployed staff.

### **CHAPTER 20: LABOUR UNION**

#### **Article 20.1**

The employees of the Company have the right to form labour union and organize its activities under the labour union law of the PRC. The activities of the labour union

should be held outside the normal working hours, subject to exceptions as approved by the board of directors.

The Company shall contribute two percent of the total salaries of its staff each month to the funding of labour union. The fund is utilized by the labour union in accordance with the relevant administrative guidance on labour union expenditure issued by the All China Federation of Trade Unions.

## **CHAPTER 21: MERGER AND DIVISION OF THE COMPANY**

### **Article 21.1** [MP art.149]

In the event of the merger or division of the Company, a plan shall be presented by the Company's board of directors and shall be approved in accordance with the procedures stipulated in this Articles of Association. The Company shall then go through the relevant approval process. A shareholder who objects to the plan of merger or division shall have the right to demand the Company or the shareholders who consent to the plan of merger or division to acquire such dissenting shareholders' shareholding at a fair price. The contents of the resolution of merger or division of the Company shall constitute special documents which shall be available for inspection by the shareholders.

Such special documents shall be sent by mail to holders of Overseas-Listed Foreign-Invested Shares.

### **Article 21.2** [App 3.7(1)]

The merger of the Company may be in the form of either merger by absorption or merger by the establishment of a new company.

In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's merger resolution and shall publish a public notice in a newspaper within thirty (30) days of the date of the Company's merger resolution.

Upon the merger, rights in relation to debtors and indebtedness of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

### **Article 21.3** [App 3.7(1)]

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

In the event of division of the Company, the parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's division

resolution and shall publish a public notice in a newspaper within thirty (30) days of the date of the Company's division resolution.

Debts of the Company prior to division shall be assumed by the companies which exist after the division in accordance with the agreement of the parties.

**Article 21.4** [MP art.152]

The Company shall, in accordance with law, apply for change registration with the companies registration authority where a change in any item in its registration arises as a result of merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

**CHAPTER 22: DISSOLUTION AND LIQUIDATION**

**Article 22.1** [MP art.153]

The Company shall be dissolved and carry out liquidation upon the occurrence of any of the following events:

- (1) a resolution for dissolution is passed by shareholders at a general meeting;
- (2) dissolution is necessary due to a merger or division of the Company;
- (3) the Company is legally declared insolvent due to its failure to repay debts as they become due;
- (4) the business license has been revoked in accordance with the law, the Company is revoked or ordered to close down because of its violation of laws and administrative regulations;
- (5) when the Company is experiencing material difficulties in operations, and its continual operation will lead to substantial loss to the benefits of the shareholders and no other solutions to resolve the matters, the shareholders, who aggregately hold more than 10% of total voting shares of the Company, can appeal to the court for dissolution of the Company.

**Article 22.2** [MP art.154]

A liquidation committee shall be set up within fifteen (15) days of the Company being dissolved pursuant to sub-paragraph (1), (2) or (5) of the preceding Article, and the composition of the liquidation committee of the Company shall be determined by an ordinary resolution of shareholders in a general meeting. If the Company fails to set up the liquidation committee within the time limit, the creditors may apply to the People's Court for appointment of relevant persons to form a liquidation committee and carry out liquidation.

Where the Company is dissolved under sub-paragraph (3) of the preceding Article, the People's Court shall, in accordance with the provisions of relevant laws, organise the

shareholders, relevant organisations and relevant professional personnel to establish a liquidation committee to carry out the liquidation.

Where the Company is dissolved under sub-paragraph (4) of the preceding Article, the relevant governing authorities shall organise the shareholders, relevant organisations and professional personnel to establish a liquidation committee to carry out the liquidation.

**Article 22.3** [MP art.155]

Where the board of directors proposes to liquidate the Company for any reason other than the Company's declaration of insolvency, the board of directors shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders in a general meeting for the liquidation of the Company, all functions and powers of the board of directors shall cease.

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting to make a report at least once every year to the shareholders' general meeting on the committee's income and expenses, the business of the Company and the progress of the liquidation; and to present a final report to the shareholders' general meeting on completion of the liquidation.

**Article 22.4** [App 3.7(1)]

The liquidation committee shall, within ten (10) days of its establishment, notify creditors and shall, within sixty (60) days of its establishment, publish a public announcement in a newspaper. The liquidation committee should do the registration of claims.

**Article 22.5** [MP art.157]

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

- (1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets, respectively;
- (2) to notify the creditors or to publish public announcements;
- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay all outstanding taxes and taxes arising during the liquidation period;
- (5) to settle claims and debts;
- (6) to deal with the surplus assets remaining after the Company's debts have been repaid;
- (7) to represent the Company in any civil proceedings.



**Article 22.6** [MP art.158]

After it has sorted out the Company's assets and after it has prepared the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a shareholders' general meeting or to the relevant governing authority for confirmation.

The Company's assets shall be distributed in the following order:

- (i) liquidation expenses;
- (ii) salaries and labour insurance expenses of employees of the Company;
- (iii) outstanding taxes;
- (iv) bank loans, and other debts of the Company.

Any remaining of the Company after payment referred to in the preceding paragraph shall be distributed to its shareholders according to the class of shares and the proportion of shares held.

During the liquidation period, the Company is still in existence but shall not conduct any business activities not related to the liquidation.

**Article 22.7** [MP art.159]

If after putting the Company's assets in order and preparing a balance sheet and an inventory of assets in connection with the liquidation of the Company due to dissolution, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the People's Court for a declaration of insolvency.

After a Company is declared insolvent by a ruling of the People's Court, the liquidation committee shall transfer all matters arising from the liquidation to the People's Court.

**Article 22.8** [MP art.160]

Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses received and made during the liquidation period and a financial report, which shall be verified by a Chinese registered accountant and submitted to the shareholders' general meeting or the relevant governing authority for confirmation.

The liquidation committee shall, within thirty (30) days after such confirmation, submit the documents referred to in the preceding paragraph to the company's registration authority and apply for cancellation of registration of the Company, and publish a public announcement relating to the termination of the Company.

## **CHAPTER 23: PROCEDURES FOR AMENDMENT OF THE COMPANY'S ARTICLES OF ASSOCIATION**

### **Article 23.1** [MP art.161]

The Company may amend its Articles of Association in accordance with the requirements of laws, administrative regulations and this Articles of Association.

### **Article 23.2**

In addition to provisions of Articles 8.6 and 8.25 hereof, the following procedure shall be followed when amending this Articles of Association:

- (1) The board of directors shall adopt a resolution thereon in accordance with this Articles of Association and prepare a proposal to the shareholders' meeting for amendment of the Articles;
- (2) The foregoing proposal shall be furnished to the shareholders and a shareholders' meeting shall be convened for voting on it;
- (3) Under the relevant requirement of this Articles of Association, the amendments presented to the shareholders' meeting shall be adopted through a special resolution.

### **Article 23.3** [MP art.162]

Amendments to this Articles of Association which involve the contents of the Mandatory Provisions shall become effective upon receipt of approvals from the companies approving department authorized by the State Council and China Securities Regulatory Commission. Where amendments involved the registered particulars of the Company, procedures for alteration of registration shall be handled in accordance with the law.

## **CHAPTER 24: DISPUTE RESOLUTION**

### **Article 24.1** [MP art. 163; Zheng Jian Hai Han C11]

The Company shall abide by the following principles for dispute resolution:

- (1) Whenever any disputes or claims arise between: holders of the Overseas-Listed Foreign-Invested Shares and the Company; holders of the Overseas-Listed Foreign-Invested Shares and the Company's directors, supervisors or senior officers; or holders of the Overseas-Listed Foreign-Invested Shares and holders of Domestic-Invested Shares, in respect of any rights or obligations arising from this Articles of Association, the Company Law or any rights or obligations conferred or imposed by the Company Law and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall, where such person is the Company, the Company's shareholders, directors, supervisors, general manager, or other senior officers of the Company, comply with the arbitration.

Disputes in respect of defining shareholders and disputes in relation to the register of shareholders need not be resolved by arbitration.

- (2) A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects for arbitration to be carried out at Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (3) If any disputes or claims of rights are settled by way of arbitration in accordance with sub-paragraph (1) of this Article, the laws of the PRC shall apply, save as otherwise provided in the laws and administrative regulations.
- (4) The ruling of an arbitral body shall be final and conclusive and binding on all parties.

## **CHAPTER 25: NOTICES**

### **Article 25.1**

Subject to proper compliance with all applicable laws, regulations and rules, which include but not limited to rules of designated stock exchange, and obtaining all necessary consents as required (if any), corporate communications, including but not limited to directors' report, circulars, annual reports, interim reports, quarterly reports, notices of shareholders' general meetings, and other types of corporate communications as specified in the Listing Rules, may be delivered by the following means:

- (i) by designated person;
- (ii) by mail;
- (iii) by way of announcement;
- (iv) by fax or electronic mail;
- (v) by way of publication on websites designated by the Company and stock exchange;
- (vi) by other means as approved by relevant regulatory authorities where the

shares of the Company are listed or in accordance with this Articles of Association.

Notwithstanding any other provisions that provide otherwise, regarding the provision and/or dispatch of any corporate communications to its holders of Overseas-Listed Foreign-Invested Shares according to the Listing Rules, if the Company has obtained prior written consent or deemed consent (as provided under the Listing Rules) from its Shareholders as required by and in accordance with relevant applicable laws and regulations and the Listing Rules, as amended from time to time, the Company may dispatch or provide corporate communications to its shareholders by electronic means or by making such corporate communication(s) available for view on its website.

### **Article 25.2**

Regarding any corporate communications:

- (i) if delivered by designated person, the corporate communications are deemed to be delivered or sent on the date which they are delivered by the designated person;
- (ii) if sent or delivered by mail, where a notice is sent by post, the notice shall be put into a clearly addressed and prepaid postage envelope. Such notice is deemed to be delivered after 48 hours since the envelope has been sent off;
- (iii) if delivered by announcement, the date of delivery shall be the date on which the announcement is first published, provided that the announcement is published on designated newspapers in accordance with relevant rules and regulations;
- (iv) if delivered by fax or electronic mail, the date of delivery shall be the date on which the fax or email is delivered;
- (v) If the Company provides or dispatches corporate communications to holders of Overseas-Listed Foreign-Invested Shares via its website, the corporate communications are deemed to be sent and delivered on one of the following dates, whichever is later: (1) the date on which the notification of the relevant corporate communications has been uploaded to the website is sent to the shareholders holding Overseas-Listed Foreign-Invested Shares according to the Listing Rules; or (2) the date on which the corporate communication first appears on the website after that notification is sent.

### **Article 25.3**

If corporate communications are required to be delivered, posted, dispatched, published or provided in both English and Chinese versions by the listing rules of the stock exchange where the shares of the Company are listed, provided that the Company has complied with applicable laws and regulations and has accordingly made arrangements accordingly, to seek the shareholders' election to receive only English version or only Chinese version of such corporate communications, the Company may, according to the shareholders' election, deliver only English version or Chinese version of such corporate

communications to relevant shareholders.

#### **Article 25.4**

Any notices, documents, information or written declarations made by shareholders or directors can be delivered to the legal address of the Company by assigning people to deliver or postage via registered mail.

#### **Article 25.5**

In order to prove that notices, documents, information or written declarations made by shareholders or directors have been delivered to the Company, evidence that such notices, documents, information or written declarations have been delivered within the prescribed delivery time in according to the stipulated methods under Article 25.3 shall be provided. In the case of delivery by assigning people to deliver, receipt confirmation of the Company shall be provided. In the case of delivery by registered mail, only evidence of postage to the correct address clearly by prepaid method.

### **CHAPTER 26: DEFINITIONS OF THIS ARTICLES OF ASSOCIATION**

#### **Article 26.1**

The board of directors of the Company shall be responsible for the interpretation of this Articles of Association. For matters not covered in this Articles of Association, proposals shall be made by the board of directors for consideration and approval in shareholders' general meeting.

#### **Article 26.2**

This Articles of Association are in Chinese and in English. The Chinese version shall prevail over the English version.

#### **Article 26.3**

In this Articles of Association, unless the context others requires, the following expressions have the meanings:

“Articles of Associations” means the articles of association of the Company

“board of directors” means the board of directors of the Company

“Chairman” means the chairman of the board of directors

“director(s)” means any directors of the Company

“Overseas-Listed Foreign-Invested Shares” means any overseas-listed foreign-invested shares of the Company

“company address” means the legal address of the Company (i.e, Level 5, No.2 and B, Fuxingmen South Avenue, Xicheng District, Beijing, PRC)

“RMB” means Renminbi, the lawful currency of the PRC

“secretary of the board of directors” means company secretary appointed by the board of directors

“senior officer” means the general manager, deputy general manager, financial in-charge and secretary of the board of directors

“PRC” or “State” means the Peoples’ Republic of China

“Hong Kong Stock Exchange” means The Stock Exchange of Hong Kong Limited

“Listing Rules” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Company” means China Communications Services Corporation Limited

“Accounting firm” means auditor, as defined by the Listing Rules

“MP” means Mandatory Provisions for Articles of Association of Companies Listing Overseas (Zheng Wei Fa [1994] No. 21) promulgated by the former China Securities Committee under the State Council and the former State Committee on Economic System Reform;

“APP3” means Appendix 3 of the Listing Rules promulgated by the Stock Exchange of Hong Kong Limited

“A13D” means Appendix 13D of the Listing Rules promulgated by the Stock Exchange of Hong Kong Limited

“LR19A” means Chapter 19A of the Listing Rules promulgated by the Stock Exchange of Hong Kong Limited

“Zheng Jian Hai Han” means Circular Regarding Comments on the Amendment of Articles of Association of Companies Listing Overseas in Hong Kong (Zheng Jian Hai Han [1995] No.1), which was promulgated by the Overseas-Listing Department of China Securities Regulatory Commission and the Production System Department of the former State Committee on Economic System Reform

“Opinions” means Opinions Regarding the Promotion of Legally Compliant Operations and the Further Reform of Companies Listing Overseas, which was promulgated by the State Economic and Trade Commission and China Securities Regulatory Commission