

(This is a consolidated version not formally adopted by shareholders at a general meeting.  
Should there be any discrepancy and/or inconsistency between the Chinese and  
the English versions of this document, the Chinese version shall prevail.)

## **Articles of Association**

**of**

## **Zhuzhou CRRC Times Electric Co., Ltd.**

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

**(Approved by Special Resolution passed  
at the Company's Annual General Meeting held on 23 June 2020)**

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*Note:* In the margin notes to the provisions of the Articles of Association, “Company Law” means “The Company Law of the People’s Republic of China”; “Securities Law” means “The Securities Law of the People’s Republic of China”; “Mandatory Provisions” means “The Mandatory Provisions for the Articles of Association of Companies Seeking a Listing Outside the PRC” jointly promulgated by the former Securities Commission of the State Council and the former State Economic System Restructuring Commission; “Special Regulations” means “The Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies” promulgated by the State Council; “Listing Rules” means “The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” promulgated by the Stock Exchange of Hong Kong; “Zheng Jian Hai Han” means “The Letter on the Opinion Regarding the Supplemental Amendments to the Articles of Association of Companies Seeking a Listing in Hong Kong” (Zheng Jian Hai Han [1995] No. 1) jointly promulgated by the Overseas Listing Department of China Securities Regulatory Commission and the Production System Department of the former State Economic System Restructuring Committee; “Opinions” means “The Opinions on Further Standardizing Operations and Reform of Companies Listed Outside the PRC” jointly promulgated by the State Economic and Trade Commission and the China Securities Regulatory Commission; “Practice Guidelines for Secretary” means “The Practice Guidelines for Secretary to the Board of Directors of Companies Listed Outside the PRC” promulgated by the China Securities Regulatory Commission; and “Adjustment Reply” means “Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Companies Listed Abroad” (Guo Han [2019] No. 97).

**Articles of Association of**  
**Zhuzhou CRRC Times Electric Co., Ltd.**

**Chapter 1 General Provisions**

**Article 1** Zhuzhou CRRC Times Electric Co., Ltd. (“**our Company**” or the “**Company**”) is a joint stock limited company established in the People’s Republic of China (“**the PRC**”) 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 Companies” (the “**Special Regulations**”) and other relevant laws and administrative regulations of the State.

Article 1 of  
Mandatory  
Provisions

The Company was established by way of promotion pursuant to the approval granted by the State-Owned Assets Supervision and Administration Commission of the State Council in the approval, Guo Zi Gai Ge [2005] No. 1095, and was registered with the Hunan Provincial Administration for Industry and Commerce on 26 September 2005 and had obtained business licence. The unified social credit code of the Company is 914300007808508659.

The Promoters of the Company are:

Promoter 1: 中車株洲電力機車研究所有限公司  
CRRC Zhuzhou Institute Co., Ltd.

Promoter 2: 中車株洲電力機車有限公司  
CRRC Zhuzhou Locomotive Co., Ltd.

Promoter 3: 中車常州實業管理有限公司  
CRRC Changzhou Industrial Management Co., Ltd.

Promoter 4: 中車投資租賃有限公司  
CRRC Investment & Leasing Co., Ltd.

Promoter 5: 中國鐵建高新裝備股份有限公司  
CRCC High-Tech Equipment Corporation Limited

**Article 2** Registered name of the Company: 株洲中車時代電氣股份有限公司

English name: Zhuzhou CRRC Times Electric Co., Ltd.

Article 2 of  
Mandatory  
Provisions

**Article 3** Place of domicile of the Company: Times Road, Shifeng District, Zhuzhou, Hunan Province, PRC

Postal code: 412001  
Tel: 0731-28493447  
Fax: 0731-28493447

Article 3 of  
Mandatory  
Provisions

<b>Article 4</b>	The Chairman of the board of directors of the Company is the legal representative of the Company.	Article 4 of the Mandatory Provisions
<b>Article 5</b>	<p>The Company is a joint stock limited company in perpetual existence.</p> <p>The liability of a shareholder of the Company shall be limited to the shares subscribed by him/her and the Company shall undertake its liabilities with all of its assets.</p> <p>The nature of the Company is a foreign-invested joint stock limited company.</p>	Article 5 of the Mandatory Provisions Article 3 of the Company Law
<b>Article 6</b>	<p>The Articles of Association take effect on the day on which the Company was established.</p> <p>From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company’s organisation and activities, and the rights and obligations between the Company and each shareholder and among the shareholders interest.</p>	Article 6 of the Mandatory Provisions
<b>Article 7</b>	<p>The Articles of Association shall have binding effect on the Company and its shareholders, directors, supervisors, general manager, deputy general managers and other senior management members; the aforementioned person(s) may assert claims in respect of the Company’s affairs pursuant to the Articles of Association.</p> <p>Shareholders may institute legal proceedings against the Company; the Company may institute legal proceedings against shareholders; shareholders may institute legal proceedings against shareholders; and shareholders may institute legal proceedings against directors, supervisors, general manager, deputy general managers and other senior management members of the Company, pursuant to the Articles of Association.</p> <p>“Legal proceedings” referred to in the preceding paragraph includes any legal action brought before a court and any arbitration application submitted to an arbitration institution.</p> <p>“Other senior management members” referred to in this Articles of Association includes secretary to the board of directors, chief officer, assistant to general manager, financial controller and general counsel of the Company.</p>	Article 7 of the Mandatory Provisions
<b>Article 8</b>	The Company may invest in other limited liability companies or joint stock limited companies, and the Company’s liabilities to the companies in which the Company has invested shall be limited to the amount of its capital contribution to such companies; However, the Company shall not become a shareholder with unlimited liability of other profit-making organizations.	Article 8 of the Mandatory Provisions
<b>Article 9</b>	The Company is an independent corporate legal person, all activities of the Company shall comply with laws and regulations concerning the listing of domestically and overseas listed foreign shares and shall protect the lawful interests of shareholders.	

Subject to the compliance with the laws and administrative regulations of the PRC, the Company has the powers to financing and borrowing. The Company's financing power includes but not limited to the issuance of debentures of the Company, the charge or pledge of part or all of the ownership or right to use of the Company's assets and other rights permitted by the PRC laws and administrative regulations. However, rights of shareholders of any class shall not be prejudiced or revoked when the Company exercise the previous rights.

According to the Company Law of the PRC and the Constitution of the Chinese Communist Party, the Company shall set up a Party organisation, establish a working organisation of the Party, assign with sufficient personnel of the Party and guarantee sufficient funding necessary for the activities of the Party organisation. The Party organisation plays a core leading and political role in the Company.

The Company shall comply with laws and regulations, strengthen risk management, implement the general counsel system, and strengthen the construction of the culture of integrity.

## Chapter 2 Business Objectives and Scope

**Article 10** The business objectives of the Company is: to be fully committed in the filed of transportation equipment with an aim to serve the society with products and services with higher reliability, more up-to-date technology and superior quality and reward shareholders with prolific returns by pursuing a market-oriented and innovation-driven business rooted in the railway sector and facing the whole nation as well as the whole world.

Article 9 of  
the Mandatory  
Provisions

**Article 11** The Company's business scope shall be consistent with the business scope approved by the authority responsible for the Company's registration.

Article 10 of  
the Mandatory  
Provisions

The main business scope of the Company include: research, development, production, sale and repair of track transportation traction converter equipment, train network communication products, automation facilities, safety monitoring equipment, technical equipment relating to communication and signal system, power supply system, braking system, screen doors, urban intelligent traffic, industrial converter, photovoltaic power generation and automotive electric drive and their system integration as well as engineering vehicle, electric system for large track maintenance machine, marine equipment, specialized/general testing system, monitoring technology and products, high-power electrical and electronic appliances, lamination busbar, photovoltaic inverter, sanitary units, environmental protection equipment, oil pressure dampers and related electric and electronic products; mechanical and electrical system integration and general contracting; computer network wireless equipment; sale of merchandise as principal and agent, the import and export business of technology (except for those prohibited and restricted under national laws and regulations); related technological development, services, training; computer network system integration, software development services; technology, engineering, project development on new energy; design, construction and maintenance of security & technology protection system; general freight; leasing etc.. (For items subject to approval pursuant to laws, operation could only be commenced upon approval by relevant authorities)

**Article 12** The Company may, based on any changes in domestic and international markets, the demand of domestic business and its own capability of development, adjust its business scope and direction or methods of investment upon passing a resolution in the general meeting and upon submission to relevant competent government authorities for approval; and may set up branches and offices inside and outside of the PRC, the Special Administrative Region of Hong Kong (“**Hong Kong**”), the Special Administrative Region of Macau (“**Macau**”) and Taiwan.

### Chapter 3 Shares and Registered Capital

**Article 13** The Company shall have ordinary shares at all times. The Company may, according to its needs and subject to the approval by company approving department authorized by the State Council, create other classes of shares.

Article 11 of the Mandatory Provisions

Rule 9 of Appendix 3 to the Listing Rules

**Article 14** All shares issued by the Company shall have a par value of RMB1 per share.

Article 12 of the Mandatory Provisions

“RMB” referred to in the preceding paragraph means the lawful currency of the PRC.

**Article 15** Subject to approval of competent securities regulatory authorities of the State Council, the Company may issue shares to domestic investors and overseas investors.

Article 13 of the Mandatory Provisions

“Overseas investors” referred to in the preceding paragraph means investors located in foreign countries, Hong Kong, Macau and Taiwan, who subscribe shares issued by the Company. “Domestic investors” means investors located in the PRC, excluding the regions mentioned above, who subscribe for the shares issued by the Company.

**Article 16** Shares issued by the Company to domestic investors for subscription in RMB are referred to as domestic shares. Shares issued by the Company to overseas investors for subscription in foreign currencies are referred to as foreign shares. Overseas listed foreign shares are referred to as overseas listed foreign shares.

Article 14 of the Mandatory Provisions

“Foreign currencies” referred to in the preceding paragraph means the lawful currencies (other than RMB) of other countries or regions which are acceptable to the department in charge of foreign exchange of the State and which can be used to pay the share capital of the Company.

Both the shareholders of domestic shares and the holders of overseas listed foreign shares are shareholders of ordinary shares, and have the same rights and assuming the same obligations.

Rule 9 of Appendix 3 to the Listing Rules

**Article 17** Foreign shares issued by the Company and listed in Hong Kong are referred to as H shares. H shares refer to the shares approved to be listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), the par value of which are denominated in RMB, and are subscribed for and traded in Hong Kong dollars.

**Article 18** Upon approval of the company approving department authorized by the State Council, the Company issued 669,611,637 ordinary shares to its promoters upon its establishment, representing 100% of the total then issuable ordinary shares of the Company.

Article 15 of the Mandatory Provisions

**Article 19** After the Company's establishment, and upon approval of the approving department authorized by the State Council, the Company issued 547,329,400 H Shares (of which 505,865,000 shares were new shares issued by the Company and 41,464,400 shares were existing shares sold by promoters).

Article 16 of the Mandatory Provisions

The share capital structure of the Company is as follows: the Company has issued a total of 1,175,476,637 ordinary shares of which 628,147,237 shares or 53.438% are held by shareholders of domestic shares and 547,329,400 shares or 46.562% are held by shareholders of overseas listed foreign shares.

Rule 9 of Appendix 3 to the Listing Rules

**Article 20** The Company's proposal for the issuance of overseas listed foreign shares and domestic shares, upon approval by securities regulatory authorities of the State Council, may be implemented by the board of the Company through separate offerings.

Article 17 of the Mandatory Provisions

The Company may implement its proposal for issuance of overseas listed foreign shares and domestic shares respectively pursuant to the preceding paragraph within 15 months from the date of approval by securities regulatory authorities of the State Council.

**Article 21** Where the Company issues overseas listed foreign shares and domestic shares respectively within the total number of shares stated in the issuance proposal, such shares shall be fully subscribed for at one time respectively. If the shares cannot be fully subscribed at one time under special circumstances, the shares may be issued in separate offerings subject to the approval of securities regulatory authorities of the State Council.

Article 18 of the Mandatory Provisions

**Article 22** The registered capital of the Company is RMB1,175,476,637.

Article 19 of the Mandatory Provisions

**Article 23** The Company may, based on its operational and development needs and in accordance with the relevant provisions of the Articles of Association, approve an increase of capital.

Article 20 of the Mandatory Provisions

The Company may increase its capital in the following ways:

- (1) offering new shares to non-designated investors for subscription;
- (2) placing new shares to its existing shareholders;
- (3) distributing new shares to its existing shareholders; and
- (4) any other way permitted by law and administrative regulations.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations.



**Article 24** Unless otherwise provided by law or administrative regulations, shares in the Company are freely transferable and are not subject to any lien.

Article 21 of the Mandatory Provisions Rule 1(2) of Appendix 3 to the Listing Rules

#### **Chapter 4 Reduction of Capital and Repurchase of Shares**

**Article 25** In accordance with the provisions of the Articles of Association, the Company may reduce its registered share capital.

Article 22 of the Mandatory Provisions

**Article 26** When the Company reduces its registered share capital, it must draw up a balance sheet and an inventory of assets.

Article 23 of the Mandatory Provisions

The Company shall notify its creditors within 10 days of the date of the Company's resolution for reduction of share capital and shall publish a notice in a newspaper (including a newspaper in the PRC and in accordance with the "Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited" ("**Listing Rules**")) at least three times within 30 days of the date of such resolution. A creditor has the right within 30 days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within 90 days of the date of the first public notice, to demand the Company to repay its debts or provide a corresponding guarantee for such debt.<sup>1</sup>

Rule 7(1) of Appendix 3 to the Listing Rules

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

**Article 27** The Company may, with approval according to the procedures provided in the Articles of Association and subject to the approval of the relevant governing authority of the State, repurchase its issued Shares under the following circumstances:

Article 24 of the Mandatory Provisions

- (1) cancellation of shares for the reduction of its capital;
- (2) merging with another company that holds shares in the Company; and
- (3) other circumstances permitted by laws and administrative regulations.

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<sup>1</sup> This part is based on the requirements of Article 23 of the Mandatory Provisions, Article 178 of the Company Law provides that "the company shall notify its creditors within 10 days of the date of the company's resolution for reduction of share capital and shall publish a notice in a newspaper within 30 days of the date of such resolution. A creditor has the right within 30 days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within 45 days of the date of the first public notice, to demand the company to repay its debts or provide a corresponding guarantee for such debt." As the provisions in the Mandatory Provisions are stricter than that of the Company Law, the provisions of the Mandatory Provisions have been adopted herein. Corresponding amendments will be made to the Articles of Association when the Mandatory Provisions is amended.

**Article 28** The Company may, with the approval of the relevant State governing authority for repurchasing its shares, conduct the repurchase in one of the following ways:

Article 25 of the Mandatory Provisions

- (1) making a pro rata general offer of repurchase to all of its shareholders;
- (2) repurchase shares through public dealings on a stock exchange; or
- (3) repurchase by an agreement outside a stock exchange.

**Article 29** Where the Company repurchases its shares by an agreement outside a stock exchange, the prior sanction of shareholders shall be obtained in accordance with the Articles of Association. The Company may rescind or vary a contract so entered into by the Company or waive its rights under such contract with the prior approval of shareholders obtained in the same manner.

Article 26 of the Mandatory Provisions

“Contract to repurchase shares” referred to in the preceding paragraph includes (but not limited to) an agreement to become obliged to repurchase or an acquisition of the right to repurchase shares of the Company.

The contract to repurchase its shares or any rights provided therein shall not be assigned by the Company.

For the purpose of the redeemable shares which the Company has the right to repurchase:

Rule 8 of Appendix 3 to the Listing Rules

- (1) if they are not repurchased through the market or by tender, its price shall not exceed the maximum price; and
- (2) if they are repurchased by tender, tenders shall be offered to all shareholders alike.

**Article 30** Shares repurchased in accordance with law by the Company shall be cancelled within the period required by laws and administrative regulations, and the Company shall apply to the original companies registration authority for registration of the change of its registered share capital.

Article 27 of the Mandatory Provisions

The amount of the Company’s registered share capital shall be reduced by the aggregate par value of those cancelled shares.

**Article 31** Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its issued shares:

Article 28 of the Mandatory Provisions

- (1) where the Company repurchases shares at par, payment shall be made out of book surplus distributable profits of the Company or out of the proceeds of a fresh issue of Shares made for that purpose;

- (2) where the Company repurchases Shares at a premium to par value, payment up to the par value shall be made out of the book surplus distributable profits of the Company or out of the proceeds of a fresh 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 par value, payment shall be made out of the book surplus distributable profits of the Company and out of the proceeds of a fresh issue of shares made for that purpose, provided that the amount paid out of the proceeds of the fresh issue shall not exceed the aggregate premiums received by the Company on the issue of the shares repurchased, or the amount of the Company's share premium account or capital reserve fund (including the premiums on the fresh issue) ;
- (3) payment by the Company in consideration of the following shall be made out of the Company's distributable profits:
  - (i) acquisition of rights to repurchase shares of the Company;
  - (ii) variation of any contract to repurchase shares of the Company; and
  - (iii) release of any of the Company's obligation under any contract to repurchase shares of the Company; and
- (4) after the Company's registered share capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits for payment of the par value portion of the shares repurchased shall be transferred to the Company's share premium account (or capital reserve fund) .

## **Chapter 5 Financial Assistance for the Purchase of Shares in the Company**

**Article 32** The Company and its subsidiaries shall not, by any means at any time, provide any kind of financial assistance (as defined below) to a person who is acquiring or is proposing to acquire shares of the Company. The said acquirer of shares includes a person who directly or indirectly undertakes any obligations due to the acquisition of shares of the Company.

Article 29 of  
the Mandatory  
Provisions

The Company or its subsidiaries shall not, by any means at any time, provide financial assistance to the said acquirer for the purpose of reducing or discharging the obligations assumed by that person.

This Article shall not apply to the circumstances referred to in Article 34 in this chapter.

“Subsidiary(ies)” referred to in this Articles of Association means company(ies) controlled directly or indirectly by the Company.

**Article 33** “Financial assistance” referred to in this chapter includes (but not limited to) the followings:

Article 30 of  
the Mandatory  
Provisions

- (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), or 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 contract under which the obligations of the Company are to be performed before the obligations of another party, and a change in the parties to, or the assignment of rights arising under, such loan or contract; or
- (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.

“Undertakes any obligations” referred to in this chapter includes the obligations resulted from change of the obligor’s financial position by way of contract or making an arrangement (whether compulsorily enforceable or not, and whether undertaken by the obligor or together with any other person), or by any other means.

**Article 34** The following activities shall not be deemed to be prohibited by Article 32 of this chapter:

Article 31 of  
the Mandatory  
Provisions

- (1) the provision of financial assistance by the Company is given bona fide in the interest of the Company, and the principal purpose in giving the financial assistance is not for the acquisition of shares, 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) inter alias, a reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure of the Company effected in accordance with the Articles of Association;
- (5) the lending of money by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that they are thereby reduced, the financial assistance is provided out of distributable profits); and
- (6) the provision of money by the Company for contributions to staff and workers share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that they are thereby reduced, the financial assistance is provided out of distributable profits).

## Chapter 6 Share Certificates and Register of Members

**Article 35** The share certificates of the Company shall be in registered form.

Article 32 of  
the Mandatory  
Provisions

The share certificates of the Company shall contain the following major items:

Article 128 of  
the Company  
Law

- (1) the name of the Company;
- (2) the date of establishment of the Company;
- (3) the class and par value of shares and the number of shares represented;
- (4) the number of share certificates;
- (5) other particulars required to be specified by the Company Law, Special Regulations and the stock exchange on which the shares of the Company are listed.
- (6) where the share capital of the Company includes non-voting shares, the name of such shares shall contain the term “non-voting”;
- (7) where the share capital includes shares with different voting rights, the name of each class of shares (other than shares with prime voting rights) shall contain the term “restricted voting rights” or “limited voting rights”.

Rules 10(1) and  
(2) of Appendix  
3 to the Listing  
Rules

**Article 36** The share certificates shall be signed by the chairman. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management members of the Company, and the share certificates shall also be signed by other relevant senior management members. The share certificates shall be effective after being affixed or imprinted with the seal (including securities seal of the Company) of the Company. The share certificates shall only be affixed with the company seal or securities seal with the authorization of the board. The signatures of the chairman or other relevant senior management members on the share certificates may also be in imprinted form.

Article 33 of  
the Mandatory  
Provisions

Article 1 of  
Zheng Jian Hai  
Han

Rule 2(1) of  
Appendix 3  
to the Listing  
Rules

**Article 37** The Company shall keep a register of members, and the register of members shall contain the following particulars:

Article 34 of  
the Mandatory  
Provisions

- (1) the surname and name (name), address (place of domicile), occupation or nature of business of each shareholder;
- (2) the class and its number of shares held by each shareholder;
- (3) the amount paid-up or payable in respect of shares held by each shareholder;
- (4) the share certificate number of the shares held by each shareholder;
- (5) the date on which each shareholder was registered 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 members shall be the sufficient evidence of the shareholders' shareholding in the Company.

**Article 38** The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authorities of the State Council and overseas securities regulatory authorities, keeps its register of holders of overseas listed foreign shares outside of the PRC and appoints overseas agent(s) to manage such register. The original register of holders of overseas listed foreign shares listed in Hong Kong shall be maintained in Hong Kong.

Article 35 of  
the Mandatory  
Provisions

Article 2 of Zheng  
Jian Hai Han

The Company shall maintain a duplicate of the register of holders of overseas listed foreign shares at its place of domicile. The appointed overseas agent(s) shall ensure consistency between the original version and the duplicate register of holders of overseas listed foreign shares at any times.

Rule 1(b) of  
Appendix 13d  
to the Listing  
Rules

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

**Article 39** The Company shall maintain a complete register of members.

Article 36 of  
the Mandatory  
Provisions

The register of members shall include the following parts:

- (1) the register of members which is maintained at the Company's place of domicile (other than those share registers which are described in paragraphs (2) and (3) of this Article);
- (2) the register of members in respect of the holders of overseas listed foreign shares of the Company which is maintained at the place where the overseas stock exchange on which the shares are listed is located; and
- (3) the register of members which is maintained in such other place as the board may consider necessary for the purpose of listing of the Company's shares.

**Article 40** Different parts of the register of members shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of share registration, be registered in any other parts of the register of members.

Article 37 of  
the Mandatory  
Provisions

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

**Article 41** All fully paid-up share capital of overseas listed foreign shares listed in Hong Kong are freely transferable pursuant to the Articles of Association of the Company. However, the board has the right to refuse recognizing any instrument of transfer without explanation, unless such transfer is in compliance with the following conditions:

Article 12 of  
Zheng Jian Hai  
Han

- (1) payment of HK\$2.00 or such fees as agreed by the Hong Kong Stock Exchange at the material time has been made to the Company to register the instrument of transfer of shares and other documents relating to or which may affect the ownership of such shares;
- (2) the instrument of transfer solely involves the overseas listed foreign shares listed in Hong Kong;
- (3) the stamp duty payable on the instrument of transfer has been paid;
- (4) the relevant share certificates and evidence reasonably required by the board evidencing that the transferor has the right to transfer such shares;
- (5) if the shares are to be transferred to joint holders, the number of such joint holders shall not exceed 4;
- (6) no Company's lien is attached to the relevant shares.

Rule 1(1) of Appendix 3 to the Listing Rules

Rule 1(3) of Appendix 3 to the Listing Rules

Any instrument of transfer and other documents relating to or which may affect the ownership of any registered H shares shall be registered with the overseas registration organization appointed by the Company.

Directors, supervisors, general manager, deputy general managers and other senior management members of the Company shall report to the Company concerning their shareholdings in the Company.

The overseas listed foreign shares of the Company listed in Hong Kong shall be transferred by the instruments of transfer in writing, which is based on a usual or common form or on a form acceptable to the board; and such transfer instrument should be signed under hand or, if the transferor or transferee is a clearing house or its agent, signed under hand or signed in machine imprinted form. All the transfer instruments shall be maintained in the legal address of the Company or other place as the board may designate.

**Article 42** Where the laws, regulations, departmental regulations, regulatory documents and the relevant stock exchange(s) or regulatory authorities of the place where the Company's shares are listed stipulate the period of closure of the register of members prior to a general meeting or before the reference date on which the Company decides to distribute dividends, such provisions shall prevail.

Adjustment Reply Article 38 of the Mandatory Provisions Article 139 of the Company Law

**Article 43** When the Company convenes a general meeting, distributes dividends, enters into liquidation and engages in other activities that involve determination of ownership of shares, the board shall determine a specific day for determination of ownership of shares. Shareholders named in the register of members by the end of the date of determination of ownership of shares shall be the shareholders of the Company.

Article 39 of the Mandatory Provisions

**Article 44** Any person who objects to the register of members and requests to have his name included in or removed from the register of members may apply to the court having jurisdiction to amend the register of members.

Article 40 of  
the Mandatory  
Provisions

**Article 45** Any shareholder who is registered in, or any person requests to have his name entered into, the register of members may, if his/her share certificate (the “**Original Certificate**”) is lost, apply to the Company for a replacement share certificate in respect of such shares (the “**Relevant Shares**”).

Article 41 of  
the Mandatory  
Provisions

If a holder of domestic shares loses his/her share certificate and applies for a replacement share certificate, it shall be dealt with in accordance with the requirements of Article 143 of the Company Law.

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

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

- (1) the applicant shall submit an application to the Company in the standard form prescribed by the Company accompanied by a notarially certified certificate or statutory declaration containing the grounds upon which the application is made by the applicant and the circumstances and evidence of the loss of the share certificate as well as declaring that no other person is entitled to request to be registered as the shareholder of the Relevant Shares.
- (2) before the Company decides to issue the replacement share certificate, no statement made by a person other than the applicant requesting that he/she shall be registered as the shareholder in respect of such Relevant Shares.
- (3) the Company shall, if it decides to issue a replacement share certificate to the applicant, make an announcement of its intention to issue the replacement share certificate in such newspapers designated by the board; the announcement shall be made at least once every 30 days for a period of 90 days.
- (4) Prior to the publication of its intention to issue a replacement share certificate:
  - (i) The Company shall have delivered to the Hong Kong Stock Exchange a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from the Hong Kong Stock Exchange that the announcement has been displayed at the premises of the Hong Kong Stock Exchange. The announcement shall be displayed at the premises of the Hong Kong Stock Exchange for a period of 90 days.

Rule 7(1) of  
Appendix 3  
to the Listing  
Rules



- (ii) In case an application to issue a replacement share certificate has been made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the announcement to be published.
- (5) If, upon expiration of the 90-day period of announcement, display referred to in paragraphs (3) and (4) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant accordingly.
- (6) where the Company issues a replacement share certificate in accordance with this Article, it shall forthwith cancel the Original Certificate and record the cancellation and replacement matters in the register of members accordingly.
- (7) all expenses relating to the cancellation of an Original Certificate and the issuance of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 46** After the Company issues a replacement share certificate pursuant to the Articles of Association, the name (title) of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case where he/she is a bona fide purchaser) shall not be deleted from the register of members.

Article 42 of the Mandatory Provisions

**Article 47** The Company shall not have any obligation to indemnify any person for any damages suffered thereby arising out of the cancellation of the Original Certificate or the issuance of a replacement share certificate, unless such person concerned can prove that the Company has committed a fraudulent act.

Article 43 of the Mandatory Provisions

## **Chapter 7 Shareholders' Rights and Obligations**

**Article 48** A shareholder of the Company is a person who lawfully holds shares of the Company and has his/her name (title) recorded in the register of members.

Article 44 of the Mandatory Provisions

A shareholder shall have the relevant rights and assume the relevant obligations in accordance with the class and number of shares he holds. Shareholders holding the same class of shares shall have the same rights and assume the same obligations.

Rules 6(1) and 9 of Appendix 3 to the Listing Rules

In case of joint holders, if one of the joint holders has deceased, only the surviving joint holders shall be deemed by the Company to be the person having the ownership of the relevant shares, but the board shall have the right, for the purpose of making amendments to the register of members, to demand the death proof of such shareholder where it deems appropriate to do so. For joint holders of any shares, only the joint holder first named in the register of members is entitled to receive the certificate for the relevant shares, to receive the Company's notices, and to attend and exercise voting rights of the relevant shares in the general meetings of the Company. Any notice serviced to such person shall be deemed to be serviced to all joint holders of the relevant shares.

**Article 49** The shareholders of the ordinary shares of the Company shall have 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 and to present proposals or to raise enquiries over the Company's business operations;
- (4) the right to transfer the shares he held in accordance with laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to obtain information in accordance with the provisions of the Articles of Association, including:
  - (i) the right to obtain the Articles of Association, subject to payment of the cost of such copy;
  - (ii) the right to inspect and copy, subject to payment of a reasonable charge:
    - 1 all parts of the share register;
    - 2 personal particulars of each of the Company's directors, supervisors, general manager, deputy general managers and other senior management as follows:
      - (a) present name and alias and any former name and alias;
      - (b) principal address (residence);
      - (c) nationality;
      - (d) primary and all other part-time occupation and duties; and
      - (e) identification document and its number.
    - 3 the state of the Company's share capital;
    - 4 reports showing the aggregate par value, quantity, maximum and minimum prices paid in respect of each class of Shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose; and
    - 5 minutes of shareholders' general meetings.

(6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the number of Shares held; and

Rule 13 of  
Appendix 3  
to the Listing  
Rules

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

The Company shall not exercise its power to freeze or prejudice the above rights in any other forms solely based on the ground that any person has not disclosed to the Company the rights and interests he holds directly or indirectly.

**Article 50** The shareholders of the ordinary shares of the Company shall assume the following obligations:

Article 46 of  
the Mandatory  
Provisions

(1) to abide by the Articles of Association;

(2) to pay subscription monies according to the number of shares subscribed for and the method of subscription; and

(3) other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscriber of the relevant shares on subscription.

**Article 51** In addition to obligations imposed by laws, administrative regulations or the listing rules required by the stock exchange on which the shares of the Company 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 some of the shareholders of the Company:

Article 47 of  
the Mandatory  
Provisions

(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), in any manner, of the Company's assets, including (but not limited to) opportunities beneficial to the Company; or

(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 submitted to shareholders for approval in accordance with the Articles of Association.

**Article 52** “Controlling shareholder” referred to in the preceding paragraph means a person who satisfies any one of the following conditions:

Article 48 of  
the Mandatory  
Provisions

- (1) he alone, or acting in concert with others, has the power to elect more than half of the board;
- (2) he alone, or acting 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) he alone, or acting in concert with others, holds 30% or more of the issued and outstanding shares of the Company; or
- (4) he alone, or acting in concert with others, in any other manner has de facto control over the Company.

### **Chapter 8 Shareholders’ General Meeting**

**Article 53** The shareholders’ general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law.

Article 49 of  
the Mandatory  
Provisions

**Article 54** The general meeting shall have the following functions and powers:

Article 50 of  
the Mandatory  
Provisions

- (1) to decide on the Company’s business policies and investment plans;
- (2) to elect and replace directors and decide on matters relating to their remuneration;
- (3) to elect and replace supervisors that are appointed by the shareholder representatives and decide on matters relating to their remuneration;
- (4) to consider and approve the reports of the board;
- (5) to consider and approve the reports of the supervisory committee;
- (6) to consider and approve the Company’s proposed annual financial budgets and final budgetary report;
- (7) to consider and approve the Company’s profit distribution plans and plans for making up losses;
- (8) to resolve on the increase or reduction of the Company’s registered capital;
- (9) to resolve on matters such as merger, split, dissolution, liquidation and material acquisitions and disposals of the Company;
- (10) to resolve the issue of debentures by the Company;

- (11) to resolve the appointment, removal and non-reappointment of the accounting firm of the Company;
- (12) to amend the Articles of Association of the Company;
- (13) to consider the motions raised by shareholders who represent 3% or more of the total number of voting shares of the Company;
- (14) to consider other matters which, according to the laws, administrative regulations and the Articles of Association, should be resolved by the shareholders at general meetings;
- (15) to authorise or delegate the board to deal with matters as authorised and instructed at the general meetings.

Articles 99  
and 37 of the  
Company Law

**Article 55** The Company shall not, without the prior approval of the general meeting, enter into any contract with any person other than directors, supervisors, general manager, deputy general managers and other members of the senior management whereby the management of the whole or any substantial part of the business of the Company is to be handed over to such person.

Article 51 of  
the Mandatory  
Provisions

**Article 56** General meetings shall include annual general meetings and extraordinary general meetings. General meeting shall be convened by the board. The annual general meetings shall be held once every year within six months after the conclusion of the previous accounting year.

Article 52 of  
the Mandatory  
Provisions  
Article 100 of  
the Company  
Law  
Adjustment  
Reply

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

- (1) when the number of directors is less than the number of directors required by the Company Law or two-thirds of the number of directors specified in the Articles of Association;
- (2) when the losses of the Company that have not been made up amount to one-third of the total amount of its share capital;
- (3) when shareholder(s) individually or in aggregate holding 10% or more of the Company's issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;
- (4) when deemed necessary by the board or requested by the supervisory committee; or
- (5) such other circumstances as provided for by laws, regulations, departmental regulations or the Articles of Association.

The number of shares referred to in item (3) above shall be calculated on the date which the shareholder(s) propose such written request.

**Article 57** The supervisory committee shall be entitled to propose to the board to convene an extraordinary general meeting, and shall put forward its proposal to the board in writing. The board shall, pursuant to the laws, regulations and the Articles of Association, furnish a written reply on whether or not to convene the extraordinary general meeting within 10 days after receiving such proposal.

If the board agrees to convene the extraordinary general meeting, it will serve a notice of such meeting within five days after the resolution is passed by the board. In the event of any change to the original proposal set forth in the notice, the consent of the supervisory committee shall be obtained.

If the board does not agree to convene the extraordinary general meeting or fails to furnish a written reply within 10 days after receiving such proposal, the board shall be deemed to be unable or fail to perform the duty of convening the general meeting, and the supervisory committee may convene and preside over the meeting on its own.

For a general meeting convened by the supervisory committee on its own, it shall be presided over by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable or fails to perform duties, the meeting shall be presided over by a supervisor jointly elected by more than half of the supervisors.

**Article 58** The shareholders shall comply with the following procedures when they propose to convene an extraordinary general meeting or a class meeting:

Any shareholder(s) individually or in aggregate holding more than 10% of the Company's shares carrying the right to vote at the meeting proposed to be held may sign one or more written request(s) of identical form and substance requesting the board to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting. The board shall, in accordance with the laws, regulations and the Articles of Association, furnish a written reply on whether or not to convene the extraordinary general meeting or class meeting within 10 days after receiving such request. The aforesaid number of shares shall be calculated at the market close on the date which the shareholder(s) propose such written request (if it falls on a non-trading date, the trading date immediately prior to the date which the shareholder(s) propose such written request).

If the board agrees to convene an extraordinary general meeting or a class meeting, it shall serve the notice of such meeting within five days after the resolution is passed by the board. Consent of the relevant shareholder(s) shall be obtained in the event of any changes made to the original proposal in the notice.

If the board does not agree to convene an extraordinary general meeting or a class meeting or fails to furnish a written reply within 10 days after receiving such proposal, any shareholder(s) individually or in aggregate holding more than 10% of the Company's shares carrying the right to vote at the meeting proposed to be held is/are entitled to propose to the supervisory committee for convening an extraordinary general meeting or a class meeting and such proposal shall be made in writing.

If the supervisory committee agrees to convene an extraordinary general meeting or a class meeting, it shall serve the notice of such meeting within five days after receiving such proposal. Consent of such shareholder(s) shall be obtained in the event of any changes made to the original proposal in the notice.

If the supervisory committee fails to serve any notice of an extraordinary general meeting or a class meeting within the prescribed period after receiving such proposal, the supervisory committee is deemed not to convene and preside over such meeting, in which case the shareholder(s) individually or in aggregate holding more than 10% of the Company's shares carrying the right to vote at the meeting proposed to be held for more than 90 consecutive days may convene and preside over such a meeting on his or their own accordingly.

**Article 59** Where the supervisory committee or the shareholder(s) decide to convene a general meeting on its or their own, it or they shall notify the board of directors in writing and, where necessary, file with the stock exchange(s) on which the Company's shares are listed.

Article 101 of  
the Company  
Law

Before the announcement of the resolutions of the general meeting is made, the shareholding of the convening shareholder(s) shall not be less than 10%.

Upon service of the notice of the general meeting and the announcement of the resolutions of the general meeting, the supervisory committee or the convening shareholder(s) shall submit the relevant supporting materials to the relevant regulatory authorities and/or the stock exchange(s) if necessary.

**Article 60** Where the supervisory committee or the shareholder(s) convene a general meeting on its or their own, the board of directors and the secretary to the board shall provide assistance. The board shall provide the register of members as of the date of the share registration. In the event that the board fails to provide the register of members, the convener may apply to the securities registration and clearing institution or the agency with the relevant notice or announcement on the convening of the general meeting for obtaining the register of members. The register of members obtained by the convener shall not be used for purposes other than convening the general meeting.

**Article 61** Any necessary expenses incurred in connection with the convening and holding of the general meeting by the supervisory committee or the shareholder(s) on its or their own shall be borne by the Company.

**Article 62** Subject to compliance with the relevant requirements of laws and regulations and the listing rules of the place where the Company's shares are listed, when the Company convenes an annual general meeting, a written notice of the meeting shall be given 20 days before the date of the meeting; when the Company convenes an extraordinary general meeting, a written notice of the meeting shall be given 15 days before the date of the meeting, to notify all of the shareholders in the share register of the matters to be considered and the date and the place of the meeting.

Adjustment  
Reply  
Article 102 of  
the Company  
Law

In determining the commencement date and the period, the date of the meeting shall be excluded.

**Article 63** When the Company convenes a general meeting, the board of directors, the supervisory committee, or shareholder(s) individually or in aggregate holding more than 3% of the shares of the Company shall have the right to propose new proposals.

Adjustment  
Reply  
Article 102 of  
the Company  
Law

The content of the general meeting proposals shall fall within the scope of power of the general meeting. The subject issues for discussion and the specific matters to be resolved shall be clearly stated therein. The proposals shall comply with the relevant requirements of the laws, regulations and the Articles of Association.

Shareholder(s) individually or in aggregate holding more than 3% of the shares of the Company may submit their provisional proposals in writing to the convener 10 days before the convening of the general meeting. The convener shall issue a supplementary notice of the general meeting within two days after receiving the proposals to notify the content of the provisional proposals, and shall submit such provisional proposals to the general meeting for consideration. Where the issue of supplementary notice of the general meeting fails to meet the relevant requirements of the issue of supplementary notice stipulated by the listing rules of the place where the Company's shares are listed, the Company shall adjourn the general meeting as appropriate. The content of the provisional proposals shall fall within the scope of power of the general meeting, the subject issues for discussion and the specific matters to be resolved shall be clearly stated therein.

Save as the circumstances provided in the preceding paragraphs, after the issue of the notice of the general meeting by the convener, no changes shall be made to the proposals stated in the notice of the general meeting nor shall new proposals be added.

Proposals not stated in the notice of the general meeting or which do not meet the requirements in paragraphs 2 and 3 of this Article, shall not be voted or resolved at the general meeting.

**Article 64** An extraordinary general meeting shall not decide on those matters not stated in the notice of meeting.

Adjustment  
Reply

**Article 65** A notice of a general meeting shall comply with the following requirements:

Article 56 of  
the Mandatory  
Provisions  
Adjustment  
Reply

- (1) it shall be in writing;
- (2) it shall specify the place, the date and the time of the meeting;
- (3) it shall state the matters to be discussed at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to exercise an informed decision on the proposals before them, including (but not limited to) where a proposal is made to merger, to repurchase shares, to reorganise the 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) contains a disclosure of the nature and extent, of the material interests, if any, of any director, supervisor, general manager, deputy general manager and other member of the senior management in the matter(s) to be discussed and the effect on them in their capacities as shareholders in so far as it is different from the effect on other shareholders of the same class;
- (6) contains the full text of any special resolutions proposed to be adopted at the meeting;
- (7) contains conspicuously a statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote on behalf of him and that proxy need not be a shareholder;
- (8) specifies the time and place for lodging proxy forms for the relevant meeting;
- (9) specifies the share registration date of the shareholders who are entitled to attend the general meeting; the interval between the share registration date and the date of the meeting shall comply with the requirements of the stock exchange(s) or the regulatory authorities of the place where the Company's shares are listed; and
- (10) provides the name and phone number of the contact person of the general meeting.

**Article 66** Unless otherwise provided in the laws, regulations, the listing rules of the place where the Company's shares are listed and the Articles of Associations, the notice of a general meeting shall be published through the website(s) of the stock exchange(s) on which the Company's shares are listed and the website of the Company, or sent to the shareholders (whether or not entitled to vote at the meeting), by personal delivery or prepaid airmail to their addresses as shown in the register of shareholders. For the holders of domestic shares, such notice of the general meeting may be issued by way of public notice.

Article 57 of the Mandatory Provisions Rules 7(1), (2), (3) of Appendix 3 to the Listing Rules Adjustment Reply

The public notice referred to in the preceding provision shall be published in one or more newspapers designated by the securities regulatory authority of the State Council. After the publication of such notice, the holders of domestic shares shall be deemed to have received the notice of the relevant general meeting.

For holders of overseas listed foreign shares, subject to the securities regulatory rules of the place where the Company's shares are listed, the notice of a general meeting may also be issued or given in accordance with other means endorsed by the relevant regulatory authorities of the place where the Company's shares are listed or other means as permitted by Chapter 21 of the Articles of Association.

**Article 67** The accidental omission to give the notice of meeting to, or the non-receipt of the notice of meeting by, any persons entitled to receive such notice shall not invalidate the meeting and the proceedings at that meeting.

Article 58 of the Mandatory Provisions

**Article 68** Any shareholder entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote on his behalf, and a proxy so appointed shall:

Article 59 of the Mandatory Provisions

- (1) have the same right as the shareholder to speak at the meeting;
- (2) have authority to demand or join in demanding a poll; and
- (3) have the right to vote by hand or on a poll, but when there are more than one proxy, that proxy may only exercise his voting rights on a poll.

**Article 69** The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a legal entity either under seal or under the hand of a director or attorney duly authorised. Such instrument shall state the number of shares represented by the proxy. Where more than one proxy is appointed, the instrument shall state the numbers of shares represented by each of the proxies.

Article 60 of  
the Mandatory  
Provisions

Rule 11(2) of  
Appendix 3  
to the Listing  
Rules

**Article 70** The instrument appointing a 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, no less than 24 hours before the time for holding the meeting at which the proxy proposes to vote or the time appointed for the passing of the resolution. The instrument shall state the date of issue.

Article 61 of  
the Mandatory  
Provisions

If the appointor is a legal entity, its legal representative or such person as is authorised by resolution of its board of directors or other governing body to act as its representative may attend at any general meeting of the Company as the representative of the appointor.

Where a shareholder is a recognised clearing house (or its nominee(s)) as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any meeting of any class shareholders provided that if more than one person is authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. Such authorised person shall be entitled to exercise the same rights and power on behalf of the recognised clearing house (or its nominee(s)) which he or they represent as if such person is an individual shareholder of the Company.

<b>Article 71</b>	Any form issued to a shareholder by the board for use by him for appointing a proxy to attend and vote at a meeting of the Company shall be such as to enable the shareholder, according to his intention, to instruct the proxy to vote in favour of or against each resolution dealing with the business(es) to be transacted at the meeting. Such a form shall contain a statement that in the absence of instructions by the shareholder the proxy may vote as he thinks fit.	Article 62 of the Mandatory Provisions  Rule 11(1) of Appendix 3 to the Listing Rules
<b>Article 72</b>	A vote given in accordance with the terms of an instrument of proxy shall remain valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of such death, loss of capacity, revocation or transfer as aforesaid shall have been received by the Company before the commencement of the meeting at which the proxy is used.	Article 63 of the Mandatory Provisions
<b>Article 73</b>	Resolutions of general meeting shall be classified into ordinary resolutions and special resolutions.  To adopt an ordinary resolution, votes representing more than half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.  To adopt a special resolution, votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.	Article 64 of the Mandatory Provisions
<b>Article 74</b>	A shareholder (including proxy) when voting at a general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.  If 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 65 of the Mandatory Provisions  Rule 14 of Appendix 3 to the Listing Rules
<b>Article 75</b>	At any general meeting of shareholders, a resolution shall be decided on a show of hands unless a poll is (before or after any vote by show of hands) demanded:  (1) by the chairman of the meeting;  (2) by at least two shareholders entitled to vote present in person or by proxy; or  (3) by one or more shareholders present in person or by proxy representing 10% or more of all shares (whether by one shareholder individually or in aggregate with other shareholders) carrying the right to vote at the meeting.	Article 66 of the Mandatory Provisions

Unless a poll is so demanded, a declaration by the chairman that a resolution has on a show of hands been carried, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

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

- Article 76** A poll demanded on the election of the chairman, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matter shall be taken at such time as the chairman directs, and the meeting may proceed to discuss other matters, while the result of the poll shall still be deemed to be a resolution of that meeting. Article 67 of the Mandatory Provisions
- Article 77** On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes in the same way. Article 68 of the Mandatory Provisions
- Article 78** 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 be entitled to a casting vote. Article 69 of the Mandatory Provisions
- Article 79** The following matters shall be resolved by an ordinary resolution at a general meeting: Article 70 of the Mandatory Provisions
- (1) work reports of the board and the supervisory committee;
  - (2) plans formulated by the board for the distribution of profits and for making up losses;
  - (3) removal of the members of the board and members of the supervisory committee, their remunerations and methods of payment;
  - (4) annual budget reports and final budgetary reports, balance sheets and profit statements and other financial statements of the Company; and
  - (5) matters other than those required by the laws and administrative regulations or by the Articles of Association to be adopted by special resolution.
- Article 80** The following matters shall be resolved by a special resolution at a general meeting: Article 71 of the Mandatory Provisions
- (1) the increase or reduction of share capital and the issue of any classes of shares, warrants and other similar securities;
  - (2) the issue of the debentures of the Company;
  - (3) the split, merger, dissolution and liquidation and material acquisitions and disposals of the Company;
  - (4) amendments to the Articles of Association;

- (5) any other matters considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution;
- (6) other matters required by the laws and administrative regulations or by the Articles of Association to be adopted by special resolution.

**Article 81** Any resolutions passed at a general meeting shall comply with the requirements of the PRC laws, administrative regulations and the relevant requirements of this Articles of Association.

**Article 82** The list of candidates for directors and supervisors shall be submitted as proposal for voting at the general meeting.

Article 105 of  
the Company  
Law

When voting in respect of the election of directors and supervisors at the general meeting, the Company may, where necessary and practicable, implement a cumulative voting system.

The cumulative voting system in the preceding paragraph means that when electing directors or supervisors at the general meeting, the number of votes held by each share is equal to the number of directors or supervisors the shareholder is entitled to elect, and the shareholders may either concentrate their votes at the election, or divide their votes among several candidates. The board of directors shall announce to shareholders the biography and the basic information of the candidates for directors and supervisors.

For the election of directors and supervisors, if the cumulative voting system is adopted, the procedures are as follows:

1. The election of executive directors, non-executive directors, independent non-executive directors and supervisors shall be voted separately.
  - (i) in the election of executive directors, the number of votes which each attending shareholder is entitled to cast is equal to the number of shares held by them, multiplied by the number of executive director to be elected in that general meeting. That portion of voting rights may only be cast on candidates for executive directors of the Company.
  - (ii) in the election of non-executive directors, the number of votes which each attending shareholder is entitled to cast is equal to the number of shares held by them, multiplied by the number of non-executive director to be elected in that general meeting. That portion of voting rights may only be cast on candidates for non-executive directors of the Company.
  - (iii) in the election of independent non-executive directors, the number of votes which each attending shareholder is entitled to cast is equal to the number of shares held by them, multiplied by the number of independent non-executive director to be elected in that general meeting. That portion of voting rights may only be cast on candidates for independent non-executive directors of the Company.

- (iv) in the election of supervisors, the number of votes which each attending shareholder is entitled to cast is equal to the number of shares held by them, multiplied by the number of supervisors to be elected in that general meeting. That portion of voting rights may only be cast on candidates for supervisors of the Company.
2. The number of votes held by each share is equal to the number of directors or supervisors the shareholder is entitled to elect, and the shareholders may divide their votes equally among each candidates for directors or supervisors, or may concentrate their votes on one or some of the candidate(s), provided that the total number of votes exercised by a shareholder shall not exceed the total number of votes he is entitled to for such category of candidates.
3. The candidates for directors and supervisors shall in the end be determined according to the number of votes and the requirements for directors and supervisors in this Articles of Association.
4. Before voting for the candidates for directors and supervisors at the general meeting, the chairman of the meeting shall expressly inform the shareholders attending the meeting of the adoption of cumulative voting system for the candidates for directors and supervisors. The board of directors shall prepare ballot tickets that are suitable for cumulative voting system. The secretary to the board shall state and explain the method of cumulative voting system and the approach to filling in the ballot tickets.

**Article 83** General meetings shall be convened by the board and presided over by the chairman. Where the chairman is unable to or fails to do so, the vice chairman shall preside over such a meeting; and where the vice chairman is unable to or fails to do so, a director jointly elected by more than half of the directors shall preside over it.

Article 101 of  
the Company  
Law

Where the board is unable to perform or fails to perform the duty of convening a general meeting, the supervisory committee shall convene and preside over such a meeting in a timely manner; and where the supervisory committee fails to convene and preside over the meeting, the shareholder(s) individually or in aggregate holding more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the meeting on his or their own accordingly.

**Article 84** The chairman of the meeting shall decide whether or not a resolution is has been carried. The decision of the chairman shall be final and shall be announced at the meeting and recorded in the minutes of the meeting.

Article 74 of  
the Mandatory  
Provisions

**Article 85** If the chairman of the meeting has any doubts about the result of a resolution put to the vote, he/she may count the number of votes cast. If the chairman of the meeting has not counted the votes, a shareholder or proxy attending the meeting who challenges the result announced by the chairman of the meeting shall have the right to request counting of votes immediately after such announcement, and the chairman of the meeting shall count the votes immediately.

Article 75 of  
the Mandatory  
Provisions

**Article 86** If votes counted at a general meeting, the result of the counting shall be recorded in the minutes of the meeting. The minutes of the meeting, the attendance record of the attended shareholders and the proxy form of proxy shall be kept at the Company's domicile.

Article 76 of  
the Mandatory  
Provisions

The minutes of the meeting shall be recorded by the secretary at the meeting, and signed by chairman of meeting and the attended directors.

**Article 87** Shareholders may examine photocopies of the minutes of meetings during the Company's office hours free of charge. If any shareholder demands from the Company a photocopy of the relevant minutes of meetings, the Company shall send such photocopies within 7 days of receiving payment of reasonable charges.

Article 77 of  
the Mandatory  
Provisions

### **Chapter 9 Special Voting Procedures for Class Shareholders**

**Article 88** Shareholders who hold different classes of shares shall be class shareholders.

Article 78 of  
the Mandatory  
Provisions

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

**Article 89** Rights conferred on class shareholders may not be varied or abrogated unless approved by a special resolution of shareholders in general meeting and by holders of shares of that class at a separate meeting conducted in accordance with provisions of Articles 86 to 90.

Article 79 of  
the Mandatory  
Provisions

**Article 90** The following circumstances shall be deemed to be variation or abrogation of the rights of a certain class of shareholders:

Article 80 of  
the Mandatory  
Provisions

- (1) to increase or decrease the number of shares of such class, or increase or decrease the number of shares of another class having voting or equity rights or privileges equal or superior to those of the shares of such class (except that subject to the approval of the securities regulatory authorities of the State Council, shares held by holders of domestic shares may be transferred to overseas investors, and such transferred shares may be listed and traded at overseas);
- (2) to effect a change of all or part of the shares of such class into shares of another class or to effect a change a change of all or part of the shares of another class into the shares of such class or the grant of the right to change (except that subject to the approval of the securities regulatory authorities of the State Council, shares held by domestic shareholders may be transferred to overseas investors, and such transferred shares may be listed and traded at overseas);
- (3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
- (4) to reduce or remove preference to dividend or preference to distribution of assets in liquidation attached to shares of such class;

- (5) to add, remove or reduce shares conversion rights, options, voting rights, transfer rights, preference in placings or rights to acquire securities of the Company attached to shares of such class;
- (6) to remove or reduce rights attached to shares of such class to receive payment payable by the Company in particular currencies;
- (7) to create a new class of shares having voting, distribution right or privileges equal or superior to those of the shares of such class;
- (8) to restrict the transfer or ownership of the shares of such class or impose additional restrictions;
- (9) to issue rights to subscribe for, or convert into, shares of such class or another class;
- (10) to increase the rights and privileges of shares of another class;
- (11) to restructure the Company where the proposed restructuring will result in different classes of shareholders assuming disproportionate obligations in such restructuring; and
- (12) to vary or abrogate the provisions stipulated in this chapter.

**Article 91** The class shareholders who are affected, whether or not otherwise having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of the matters concerning paragraphs (2) to (8), (11) and (12) of Article 85, excepted that interested shareholder(s) shall not be entitled to vote at class meetings.

Article 81 of  
the Mandatory  
Provisions

The meaning of “interested shareholder(s)” referred to in the preceding paragraph is:

- (1) in the case of a repurchase of shares by offers to all shareholders in the same proportion or public dealing on a stock exchange in accordance with the provisions of Article 28 of this Article of Association, a controlling shareholder within the meaning of Article 52;
- (2) in the case of a repurchase of shares by a contract outside a stock exchange in accordance with the provisions of Article 28 of this Article of Association, a holder of the shares to which such contract relates; and
- (3) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of other shareholders of that class.



<b>Article 92</b>	Resolutions of a class meeting shall be passed by equities representing more than two-thirds of the voting rights of shareholders attending the class meeting and who are entitled to vote at the class meeting in accordance with Article 86.	Article 82 of the Mandatory Provisions
<b>Article 93</b>	When the Company convenes a class meeting, written notice of the meeting shall be given by reference to Article 62 of this Articles of Association regarding the notice period requirement for convening an annual and extraordinary general meeting, notifying all of the shareholders of the relevant class in the share register of the matters to be considered, the date and the place of the class meeting.	Adjustment Reply Article 83 of the Mandatory Provisions  Rules 7(2), (3) of Appendix 3 to the Listing Rules  Rule 6(2) of Appendix 3 to the Listing Rules
<b>Article 94</b>	Notices of class meetings only need to be served on shareholders entitled to vote thereat.  The procedures of class meetings shall, to the extent possible, be identical to the procedures of general meetings. Provisions of this Articles of Association concerning the procedures for the holding of general meetings shall be applicable to class meetings.	Article 84 of the Mandatory Provisions
<b>Article 95</b>	Without regard to other class shareholders, holders of domestic shares and overseas-listed foreign shares are deemed to be shareholders of different classes.  The special procedures for voting at a class of shareholders are not applicable in the following circumstances:  (1) where the Company issues, upon the approval by a special resolution of its shareholders in general meeting, either separately or concurrently once every 12 months, domestic shares or overseas-listed foreign shares and the domestic shares or overseas-listed shares to be issued does not exceed 20% of each of the outstanding shares of that class of shares;  (2) where the Company's plan to issue domestic shares and overseas-listed foreign shares at the time of its establishment is completed within 15 months from the date of approval of the securities regulatory authorities of the State Council or relevant authorities; or  (3) shares held by domestic shareholders share may be transferred to overseas investors, and such transferred shares may be listed and traded at overseas if approved by the securities regulatory authorities of the State Council.	Article 85 of the Mandatory Provisions  Article 3 of Zheng Jian Hai Han  Rule 1(f) of Appendix 13d to the Listing Rules
<b>Article 96</b>	Subject to the approval of the securities regulatory authorities of the State Council, holders of domestic shares may transfer their shares to overseas investors, and such shares may be listed and traded at overseas. The listing and trading of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such overseas stock exchange. The listing and trading of the transferred shares do not require for a class meeting for voting to be convened.	Article 23 of the opinions of China Securities Regulatory Commission on Administrative Approval Projects Review and Feedback No. 060701 issued by China Securities Regulatory Commission

## Chapter 10 Board of Directors

**Article 97** The Company shall establish a board. The board shall compose of ten directors, including one chairman, one vice chairman and eight directors, among which the number of independent non-executive directors shall be at least three and shall represent at least one-third of the board, and at least one of the independent non-executive directors shall be a finance or accounting professional.

Article 86 of the Mandatory Provisions Articles 4, 6 of the Opinions

If necessary and subject to compliance with the relevant laws and regulations, the board may establish, among others, special committees for strategy, audit, risk control, nomination and remuneration.

**Article 98** Directors shall be elected at general meetings and serve a term of 3 years. A director may serve consecutive terms if re-elected upon the expiration of his term.

Article 87 of the Mandatory Provisions

Any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the next following annual general meeting of the Company, and shall then be eligible for re-election.

Rule 4(2) of Appendix 3 to the Listing Rules

A written notice of the intention to nominate a person for election as director and a written notice showing such person is willing to be nominated shall be given to the Company after the issue of the notice of general meeting, and at least 7 days before the date of the general meeting.

Article 4 of Zheng Jian Hai Han

The chairman and the vice chairman shall be appointed and removed through voting by more than half of the directors. The chairman and the vice chairman shall serve a term of 3 years and be eligible be for re-election.

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

Subject to the compliance with the relevant laws and administrative regulations, directors (including a managing director or other executive directors) can be removed before the expiration of his/her term of office (but without prejudice to any claim for damages under any contracts) by an ordinary resolution passed at a general meeting.

The chairman and the vice chairman may concurrently act as the general manager, deputy general managers or other senior management members (except as supervisors).

The external directors and independent directors should have sufficient time and necessary knowledge and ability to perform their duties. When an external director performs his duties, the Company must provide necessary information. Independent directors may directly report to the general meeting, the securities regulatory authorities of the State Council and any other competent authorities.

The directors shall not be required to hold shares in the Company.

**Article 99** The board is responsible to the general meeting and exercises the following powers:

- (1) to be responsible for convening general meetings and to report on its works to the general meeting;
- (2) to implement the resolutions of the general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to draw up the Company's proposed annual financial budgets and final budgetary reports;
- (5) to draw up the Company's profit distribution plan and plan for making up losses;
- (6) to draw up proposals for increases or reductions of the Company's registered capital and the issue of corporate debentures;
- (7) to draw up plans for the material investments, material acquisitions or disposals, merger, split and dissolution of the Company;
- (8) to decide on the establishment of the Company's internal management structure;
- (9) to appoint or remove the Company's general manager and secretary to the board, to appoint or remove the deputy general managers, chief officers or general manager assistants based on the nominations by the general manager, and to determine the matters relating to the remuneration of the abovementioned senior management; to appoint or replace members of the board and supervisory committees of its wholly-owned subsidiaries, to appoint, replace or recommend shareholder representatives, directors or supervisors of its non-wholly-owned subsidiaries and companies in which the Company has shareholdings.
- (10) to draw up the Company's basic management system;
- (11) to draw up proposals for any modifications to the Articles of Association;
- (12) to determine the establishment of the Company's branches;
- (13) to decide on matters relating to financing and borrowing and to decide on the charge, letting, sub-contracting or transfer of the Company's material assets; as well as to authorize the general manager and deputy general managers to exercise its right under certain circumstances pursuant to this provision;
- (14) to decide on the guarantee provided by the Company to any third parties by any means subject to the compliance with the relevant laws, regulations and the requirements of the Articles of Association;

- (15) to decide on other major affairs and administrative matters of the Company subject to the compliance with the relevant laws, regulations and the requirements of the Articles of Association, save for matters to be resolved at general meetings as required by the Company and the Articles of Association;
- (16) other powers and functions conferred by the Articles of Association or the general meetings.

Except the resolutions of the board in respect of the matters specified in paragraphs (6), (7), (11) and (13) above which shall be passed by more than two-thirds of the directors, the resolutions of the board in respect of all other matters may be passed by more than half of the directors.

The board shall take into account the advice of the Party organisation before making any major decision in relation to the directions of reform and development, major goals and tasks and key work arrangements for the Company. When the board appoints any management personnel of the Company, the Party organisation shall be entitled to consider and provide advice on the candidates proposed by the board or the general manager, or recommend to the board or the general manager of any candidate.

**Article 100** The board shall not, without the prior approval of shareholders in a general meeting, dispose of or agree to dispose of, any fixed assets of the Company if the expected value of the consideration for the proposed disposition and the value of the consideration for the disposals of fixed assets of the Company that has been completed in the period of four months preceding the proposed disposal exceeds 33% of the value of the fixed assets as shown in the last balance sheet presented to the general meeting.

Article 89 of  
the Mandatory  
Provisions

For the purpose of this Article, disposal of fixed assets includes an act involving the transfer of an interest in assets but does not include the provision of fixed assets by way of security.

The validity of a disposal by the Company shall not be affected by the breach of the first paragraph of this Article.

**Article 101** The board shall carry out its duties in compliance with the laws, administrative regulations, the Articles of Association and resolutions passed by the shareholders at general meeting.

**Article 102** The chairman shall exercise the following duties and powers:

Article 90 of  
the Mandatory  
Provisions

- (1) to preside at the general meetings, and to convene, preside the meetings of the board;
- (2) to supervise and check the implementations of the board resolutions;
- (3) to sign the securities issued by the Company;
- (4) other powers and duties given by the board.

Where the chairman is unable to or fails to perform his/her duties, the vice chairman may perform such duties on behalf of the chairman. Where the vice chairman is unable to or fails to perform his duties, a majority of the directors may jointly elect a director to perform his/her duties.

**Article 103** Meetings of the board shall be held at least four times every year and convened by the chairman of the board. Notice of the meetings shall be sent to all of the directors and supervisors 14 days in advance of such meeting. In case of emergency, an extraordinary meeting of the board may be held upon proposal by shareholders representing more than one-tenths of the voting rights, more than one-third of the directors, supervisory committee or by general manager of the Company.

Article 91 of  
the Mandatory  
Provisions

**Article 104** Notice of the board meeting or extraordinary meeting of the board shall be served in the following manner:

Article 92 of  
the Mandatory  
Provisions

- (1) where the time and venue of regular board meetings have been specified by the board in advance, then no notice shall be served, provided that the agenda and the enclosed documents for the board meeting shall be delivered to all directors not less than 2 days before the date of the meeting (or such other dates as agreed by the board).
- (2) where the specified time and venue of the regular board meeting have not been specified or changed by the board in advance, a notice of the board meeting specifying the time and venue of the regular board meeting shall be given by the chairman to all the directors by telex, cable, facsimile, express courier service, registered mail or by personal delivery at least 10 days before the meeting.
- (3) the notice shall be in Chinese and, if necessary, an English version of the same shall be enclosed thereto and the notice shall include agenda of the meeting. Any director may waive the right to receive notice of the board meeting in writing.
- (4) the meeting notice shall be deemed to have been delivered to such director if he/she presents at the meeting and does not raise the issue of the non-receipt of such notice prior to, or at, his/her arrival at the meeting.

Article 110 of  
the Company  
Law

**Article 105** All directors must be notified of any material matters to be decided by the board in accordance with the requirements of Article 99 and sufficient information shall be given at the same time and be proceeded strictly in accordance with the prescribed procedures.

Article 3 of the  
Opinions

When more than one-fourths of directors or more than two external directors consider that the information of the matters to be resolved are not sufficient or the grounds are not explicit, they may jointly propose to postpone the meeting or delay the discussion of certain matters to be considered in the board meeting, and the board shall adopt the relevant proposal.

In the event that any director is interested in the matters to be considered by the board, a board meeting shall be convened, provided that the meeting procedures set out in Article 102 shall not apply. The interested director(s) shall not be counted towards the quorum of such board meeting, and he/she shall abstain from the discussion or voting at the meeting, and shall not vote on behalf of other directors.

**Article 106** The regular or extraordinary meetings of the board can be held by conference call or other similar communication equipment, for so long as the attending directors are able to hear clearly other directors' speech at the meeting and to communicate among themselves. All attending directors shall be considered as being present at the meetings in person.

**Article 107** Unless otherwise provided in this Articles of Association and the listing rules of the stock exchange(s) on which the shares of the Company are listed, the board may accept written resolutions in lieu of convening meetings of the board and no board meeting shall be required to be convened, provided that the draft of such resolutions shall be delivered to each director through personal delivery, mail, telegraph or facsimile. Such resolution will be passed as a resolution of the board, if it has been delivered to all directors by the board, signed and approved by the required quorum of the directors and delivered to the secretary to the board by one of the aforesaid means.

**Article 108** Written resolutions signed by each director respectively shall be valid and effective as if they had been passed at a board meeting duly convened. Such written resolutions may consist of several counterparts each signed by one or more directors. A resolution signed by a director or a resolution bearing the name of a director and transmitted to the Company by telegram, telex, post, facsimile or personal delivery shall be deemed to be a document signed by him/her for the purposes of this Article.

**Article 109** Board meetings shall be held only if more than half of the directors are present.

Each director shall have one vote. The board resolution must be passed by more than half of all directors. Where the numbers of votes cast for and against a resolution are equal, the chairman shall have a casting vote.

**Article 110** A board meeting shall be attended by the directors in person. If a director is unable to attend, he/she may appoint in writing another director to attend on his/her behalf. The authorization letter shall specify the scope of authorization.

The appointed director who attends the meeting shall exercise such director's right within the scope of authorization. If a director is unable to attend the board meeting in person and has not appointed a representative to attend the meeting, he/she shall be deemed to have abstained from voting at such meeting.

Article 93 of  
the Mandatory  
Provisions

Article 94 of  
the Mandatory  
Provisions

**Article 111** The board shall prepare the minutes to record the decisions made concerning the matters considered at the board meetings, which shall be signed by the attending directors, the secretary to the board of directors and the recorder.

Article 95 of the Mandatory Provisions

The opinions expressed by independent directors at the board meeting, in particular his opinions contrary to the opinions of other directors concerning the matters considered at the meetings, shall be specified in the minutes of such board meeting.

Article 3 of Opinions

Any director has the right to check the documents and information relating to the board meeting. Doubts raised by any director shall be addressed as soon and comprehensive as possible. The minutes of the board meeting shall be available for inspection at any time during the office hours upon giving a reasonable notice by any director.

The directors shall be responsible for the resolutions passed at the board meetings. Any director who votes for a board resolution which contravenes the laws, administrative regulations, this Articles of Association or the resolutions passed at general meetings and which result in the Company suffering from material losses, shall be directly responsible (including the liabilities of indemnities). A director who votes against such resolution, and has been proved as having expressed dissenting opinions on such resolution and such opinions are recorded in the minutes of the meeting can be exempted from liability. A director who has waived his right of voting, or who has failed to attend the meeting and fails to vote against such resolution explicitly, shall not be exempted from liability. A director who explicitly expresses his objection in the course of discussion, but has not voted against such resolution explicitly, shall not be exempted from the liability.

**Chapter 11 Secretary to the Board of Directors**

**Article 112** The Company shall have a secretary to the board, who is a member of the senior management of the Company.

Article 96 of the Mandatory Provisions

**Article 113** The secretary to the board shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board. His/Her primary responsibilities include:

Article 97 of the Mandatory Provisions

- (1) to ensure that the Company has complete organizational documents and records;
- (2) to ensure the Company prepares and submits the reports and documents required by the relevant authorities according to the law;
- (3) to ensure that the register of shareholders are properly established, and to ensure that the persons who have the right to obtain the Company’s relevant records and documents can obtain these records and documents in a timely manner; and
- (4) perform other powers and duties as required by the laws, administrative regulations and the Articles of Association.

**Article 114** Directors or other senior management members of the Company (other than general manager or financial officer) may concurrently act as the secretary to the board. An accountant of the accounting firm engaged by the Company shall not act as the secretary to the board.

Article 98 of the Mandatory Provisions

In the event that a director acts as the secretary to the board and a certain act has to be performed separately by a director and the secretary to the board, such person who is both a director and the secretary to the board shall not perform such act in dual capacities.

Article 6 of Practice Guidelines for Secretary

**Chapter 12 General Manager of the Company**

**Article 115** The Company shall have one general manager, who shall be appointed or removed by the board.

Article 99 of the Mandatory Provisions

The Company shall have a certain number of deputy general managers, chief officers and assistants to general manager, who shall be appointed or removed at the nomination of general manager. Deputy general managers, chief officers and general manager assistants shall assist and be accountable to the general manager.

**Article 116** The general manager shall be accountable to the board and exercise or perform the following powers and duties:

Article 100 of the Mandatory Provisions

- (1) to be in charge of the Company’s production, operation and management and to organize the implementation of the resolutions of the board;
- (2) to organize the implementation of the Company’s annual business plan and investment plan;
- (3) to draft plans for the establishment of the Company’s internal management structure;
- (4) to draft the Company’s basic management system;
- (5) to formulate the basic rules and regulations for the Company;
- (6) to propose the appointment or removal of deputy general managers, chief officers and general manager assistants;
- (7) to appoint or remove management personnel other than those required to be appointed or removed by the board;
- (8) to determine the wages, benefits, incentives and punishments of the employees, the appointment and removal, promotion and demotion, salary increment and decrement, appointment, employment, removal or resignation of the employees;
- (9) to propose the convening of the extraordinary meeting of the board; and
- (10) other powers and duties conferred by the Articles of Association and the board.



**Article 117** The general manager and deputy general managers, chief officers and assistants to general manager shall be present at the meetings of the board. However, none of the general manager and deputy general managers, chief officers and assistants to general manager has voting rights at the meetings unless he is also a director.

Article 101 of the Mandatory Provisions

**Article 118** The general manager, deputy general managers, chief officers, and assistants to general manager, in performing their duties and powers, shall not amend the resolutions passed at general meetings or board meetings or act beyond their scope of powers and duties.

**Article 119** The general manager, deputy general managers, chief officers and assistants to general manager, in performing their duties and powers, shall act honestly and diligently and in accordance with the laws, administrative regulations and the Articles of Association.

Article 102 of the Mandatory Provisions

### Chapter 13 Supervisory Committee

**Article 120** The Company shall establish a supervisory committee. The supervisory committee shall supervise the board and its members, and senior management members such as general manager and deputy general managers, as well as the operation and management of the Company, so as to prevent them from abusing their powers and authorities and jeopardizing the interests of the shareholders, the Company and its employees.

Article 103 of the Mandatory Provisions

**Article 121** The supervisory committee shall compose of five supervisors, of which three shall be shareholders representatives and two shall be employees representatives of the Company. Shareholders representatives shall be appointed or removed by election at the general meeting, and the employee representatives shall be appointed or removed by democratic election of the employees of the Company. The term of office of supervisors shall be three years, and may be re-elected in successive terms.

Articles 104 and 105 of the Mandatory Provisions  
Article 5 of Zheng Jian Hai Han  
Article 117 of the Company Law

The supervisory committee shall have a chairman and may have a vice chairman. The chairman and the vice chairman of the supervisory committee shall be elected by at least two-thirds<sup>3</sup> of the supervisors. The chairman of the supervisory committee shall convene and preside at the supervisory committee meetings. In the event that the chairman of supervisory committee is unable to or fails to perform his/her duties, the vice chairman shall convene and preside at the supervisory committee meetings. In the event that the vice chairman is unable to or fails to perform his/her duties, a supervisor shall be elected by more than half of the supervisors to convene and preside at the supervisory committee meetings.

Rule 1d(I) of Appendix 13d to the Listing Rules

<sup>3</sup> This part is based on the requirements of Article 5 of Zheng Jian Hai Han. Article 118 of the Company Law provides that “the chairman and the vice chairman of the supervisory committee shall be elected by more than half of all the supervisors”. As the provisions in Zheng Jian Hai Han are stricter than that the Company Law, the provisions of Zheng Jian Hai Han have been adopted herein. Corresponding amendments will be made to the Articles of Association when the Mandatory Provisions is amended.

**Article 122** The supervisory committee shall have more than 1/2 of their members as external members (meaning those not being employed by the Company). The external members shall consist of 2 independent supervisors (meaning those who are independent from the shareholders and not being employed by the Company). The external supervisors shall have the right to report to the general meeting on the honesty, diligence and performance of the management of the Company.

Article 7 of the Opinions

**Article 123** None of the directors, general manager, deputy general managers or other senior management members shall act as a supervisor concurrently.

Article 106 of the Mandatory Provisions

**Article 124** The supervisory committee meetings shall be held at least once every six months, and it shall be convened by the chairman of the supervisory committee.

Article 119 of the Company Law

Any supervisor may propose to convene an extraordinary meeting of the supervisory committee.

**Article 125** The supervisory Committee shall be accountable to the general meeting and exercise the following powers in accordance with law:

Article 108 of the Mandatory Provisions

- (1) to examine the Company’s financial condition;
- (2) to monitor whether the directors, general manager, deputy general managers and other members of the senior management of the Company act in contradiction with the laws, administrative regulations or the Articles of Association;
- (3) to demand rectification from a director, the general manager, deputy general managers or other members of the senior management of the Company when the acts of such persons are prejudicial to the Company’s interests;
- (4) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board to the general meetings and, should any queries arise, to authorize, in the name of the Company, a re-examination by the registered accountants and practicing auditors;
- (5) to propose to convene an extraordinary general meeting;
- (6) to represent the Company in negotiation with or instituting an action against a director; and
- (7) other powers specified in the Articles of Association.

Supervisors shall be present at meetings of the board.

**Article 126** A written notice for convening the supervisory committee meeting shall be delivered to all supervisors not less than 10 days before the meeting. The supervisory committee meeting may be held if two-thirds or more of supervisors attend such committee.

Article 109 of the Mandatory Provisions

Supervisory committee meeting resolution shall be passed by two-thirds or more of supervisors.<sup>3</sup>

Article 6 of Zheng Jian Hai Han

Rule 1d(ii) of Appendix 13d to the Listing Rules

**Article 127** All reasonable fees incurred in respect of the appointment of professionals (such as lawyers, registered accountants or practising auditors) appointed by the supervisory committee in the exercise of their duties and powers shall be borne by the Company.

Article 110 of the Mandatory Provisions

**Article 128** A supervisor shall carry out his duties honestly and faithfully in accordance with the laws, administrative regulations and the requirements of the Articles of Association.

Article 111 of the Mandatory Provisions

#### **Chapter 14 Qualifications for and Obligations of Directors, Supervisors, General Manager, Deputy General Managers and Other Senior Management Members**

**Article 129** A person may not serve as a director, supervisor, general manager, deputy general manager or any other senior management members of the Company if he/she is:

Article 112 of the Mandatory Provisions

- (1) a person without legal or with restricted civil capacity;
- (2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offense; or who has been deprived of his political rights, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) a person who is a director or factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of that company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three years have elapsed since the date of the revocation of the business license;
- (5) a person who has a relatively large amount of debts due and outstanding;
- (6) a person who is under criminal investigation by judicial authority for violation of the criminal law which investigation is not yet concluded;

Article 146 of the Company Law

<sup>3</sup> This part is based on the requirements of Article 6 of Zheng Jian Hai Han. Article 119 of the Company Law provides that “the supervisory committee resolution shall be passed by more than half of the supervisors.” As the provisions in Zheng Jian Hai Han are stricter than the Company Law, the provisions of Zheng Jian Hai Han have been adopted herein. Corresponding amendments will be made to the Articles of Association when the Mandatory Provisions is amended.

- (7) a person who is not eligible for enterprise leadership according to laws and administrative regulations;
- (8) a non-natural person; or
- (9) a person convicted of the contravention of relevant securities regulations by a relevant government authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five years have elapsed since the date of the conviction.

**Article 130** The validity of an act of a director, general manager, deputy general managers or senior management members on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

Article 113 of  
the Mandatory  
Provisions

**Article 131** In addition to his obligations under the laws, administrative regulations or required by the stock exchange(s) on which the shares of the Company are listed, each of the Company's directors, supervisors, general manager, deputy general managers and other senior management members of the Company owes the following obligations to each shareholder, in the exercise or performance of the powers and duties entrusted to him by the Company:

Article 114 of  
the Mandatory  
Provisions

- (1) not to cause the Company to exceed the scope of the business stipulated in its business license;
- (2) to act honestly in the best interests of the Company;
- (3) not to expropriate in any manner the Company's property, including (without limitation) usurpation of opportunities beneficial to the Company; and
- (4) not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to a restructuring of the Company submitted to shareholders for approval in accordance with the Articles of Association.

**Article 132** Each of the Company's directors, supervisors, general manager, deputy general managers and other management members owes a duty, in the exercise of his/her powers and discharge of his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Article 115 of  
the Mandatory  
Provisions

**Article 133** The Company's directors, supervisors, general managers, deputy general managers and other senior management members shall carry out their duties in accordance with the fiduciary principle and shall not put himself/herself in a position where his/her duty and his interest may conflict. This principle includes (without limitation) the discharging of the following obligations:

Article 116 of  
the Mandatory  
Provisions

- (1) to act honestly in the best interests of the Company;

- (2) to exercise powers within the scope of his powers and duties and not exceeding those powers and duties;
- (3) to exercise the discretionary power vested in him/her personally and not to allow himself to act under the control of others and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in general meeting, not to delegate the exercise of his/her discretionary power;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except in accordance with the Articles of Association or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders given in general meeting, not to use the Company's property by any means for his own benefit;
- (7) not to exploit his/her position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) opportunities beneficial to the Company;
- (8) without the informed consent of shareholders given in general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by the Articles of Association, faithfully execute his/her powers and duties and protect the Company's interests, and not to exploit his/her position and power in the Company to advance his/her own personal interest;
- (10) not to compete with the Company in any form unless with the informed consent of shareholders given in general meeting;
- (11) not to misappropriate the Company's funds or lend such funds to others, not to open accounts in his/her own name or other names for the deposit of the Company's assets and not to provide a guarantee for debts of any shareholder of the Company or other individual(s) with the Company's assets;
- (12) unless with the informed consent of shareholders given in general meeting, to keep in confidence information in respect of the Company acquired by him/her in the course of and during his/her tenure and not to use such information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental competent authorities is permitted if:
  - (i) pursuant to the law;
  - (ii) the interests of the public require disclosure;

- (iii) the interests of such directors, supervisors, general managers, deputy general managers or other senior management members so require.

**Article 134** Directors, supervisors, general managers, deputy general managers or other senior management members of the Company shall not cause the following persons or institutions (“**associates**”) to do what they are prohibited from doing:

Article 117 of  
the Mandatory  
Provisions

- (1) the spouse or under-aged child (children) of directors, supervisors, general managers, deputy general managers and other senior management members of the Company;
- (2) a person acting in the capacity of trustee of directors, supervisors, general managers, deputy general managers and other senior management members of the Company or any person referred to in sub-paragraph (1) of this article;
- (3) a person acting in the capacity of partner of directors, supervisors, general managers, deputy general managers and other senior management members of the Company or any person referred to in sub-paragraphs (1) and (2) of this article;
- (4) a company in which directors, supervisors, general managers, deputy general managers or other senior management members, alone or jointly with one or more persons referred to in sub-paragraphs (1), (2) and (3) of this article and other directors, supervisors, general managers, deputy general managers or other senior management members have a de facto controlling interest;
- (5) the directors, supervisors, general managers, deputy general managers and other senior management members of the controlled company referred to in sub-paragraph (4) of this article.

**Article 135** The fiduciary duties of the directors, supervisors, general manager, deputy general managers and other senior management members of the Company do not necessarily cease with the termination of their tenure. The duty of confidentiality in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapsed between the termination and the occurrence of the event concerned and the circumstances and conditions under which the relationships between them and the Company terminated.

Article 118 of  
the Mandatory  
Provisions

**Article 136** Except as provided in Article 51 hereof, directors, supervisors, general manager, deputy general managers and other senior management members of the Company may be relieved of liability for specific breaches of his/her duties by the consent of informed shareholders at a general meeting.

Article 119 of  
the Mandatory  
Provisions

**Article 137** Where directors, supervisors, general manager, deputy general managers or other senior management members of the Company are 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 an employment contract of directors, supervisors, general manager, deputy general managers and any other senior management members with the Company), they shall declare the nature and extent of their interests to the board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the board.

Article 120 of  
the Mandatory  
Provisions

A Director shall not vote on the resolution in relation to any contract, transaction, arrangement or proposal in which he/she has material interest, and shall not be counted towards the quorum of the meeting.

Rule 4(1) of  
Appendix 3  
to the Listing  
Rules

Unless the interested directors, supervisors, general manager, deputy general managers or other senior management members discloses their interests in accordance with the preceding paragraph of this article and such matter is approved by the board at a meeting in which the interested directors, supervisors, general manager, deputy general managers or other senior management members are not counted towards the quorum and refrains from voting, the Company has the right to revoke such contract, transaction or arrangement except as against a bona fide party thereto acting without notice of the breach of duty by the interested directors, supervisors, general manager, deputy general managers and other senior management members.

Directors, supervisors, general manager, deputy general managers and the other senior management members of the Company are deemed to be interested in a contract, transaction or arrangement in which an associate of them is interested.

**Article 138** Where directors, supervisors, general manager, deputy general managers and the other senior management members of the Company give the board a general notice in writing stating that, by reason of the facts specified in the notice, they are interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding paragraph of this article to be a sufficient declaration of the interests of the relevant directors, supervisors, general manager, deputy general managers and the other senior management members, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

Article 121 of  
the Mandatory  
Provisions

**Article 139** The Company shall not pay taxes for its directors, supervisors, general manager, deputy general managers and any other senior management members in any manner.

Article 122 of  
the Mandatory  
Provisions

**Article 140** The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with a loan made to, directors, supervisors, general manager, deputy general managers or other senior management members of the Company or of the Company's parent company or any of their respective associates.

Article 123 of  
the Mandatory  
Provisions

The following transactions are not subject to such prohibition:

- (1) the making by the Company of a loan or a guarantee of a loan to a company which is a subsidiary of the Company;
- (2) the making by the Company of a loan or a guarantee or any other funds to any of its directors, supervisors, general manager, deputy general managers and other senior management members to meet the expenditure incurred or to be incurred by him/her for the purposes of the Company or for the purposes of enabling him/her to perform his/her duties properly, according to an employment contract approved by the shareholders in general meeting;
- (3) the Company may make a loan or provide a guarantee to any of the relevant directors, supervisors, general manager, deputy general managers and other senior management members and their respective associates on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

**Article 141** A loan made by the Company in breach of the above provisions shall be forthwith repaid by the recipient of the loan regardless of the terms of the loan.

Article 124 of  
the Mandatory  
Provisions

**Article 142** A guarantee for loan provided by the Company in breach of Article 135(1) shall not be compulsorily enforceable against the Company, unless:

Article 125 of  
the Mandatory  
Provisions

- (1) when the guarantee was provided in connection with a loan to an associate of any of the directors, supervisors, general manager, deputy general managers and other senior management members of the Company or the Company's parent company, the lender was not aware of the relevant circumstances;
- (2) the security provided by the Company has been lawfully disposed of by the loan provider to a bona fide purchaser.

**Article 143** For the purposes of the foregoing provisions of this chapter, a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

Article 126 of  
the Mandatory  
Provisions

**Article 144** In addition to any rights and remedies provided by the laws and administrative regulations, where directors, supervisors, general manager, deputy general managers or other senior management members of the Company are in breach of their duties to the Company, the Company has a right to:

Article 127 of  
the Mandatory  
Provisions

- (1) claim damages from the directors, supervisors, general manager, deputy general managers or other senior management members in compensation for losses sustained by the Company as a result of such breach;



- (2) rescind any contract or transaction entered into by the Company with the directors, supervisors, general manager, deputy general managers or other senior management members and any contract or transaction entered into by the Company with a third person who knows or should know that there is a breach of duties by the directors, supervisors, general manager, deputy general managers and other senior management members, as a representative of the Company;
- (3) demand an account of the profits made by the directors, supervisors, general manager, deputy general managers or other senior management members in breach of his/her duties;
- (4) recover any monies received by the directors, supervisors, general manager, deputy general managers and other senior management members which should otherwise have been received by the Company, including (without limitation) commissions;
- (5) demand payment of the interest earned or which may have been earned by the directors, supervisors, general manager, deputy general managers and other senior management members on the monies that shall have been paid to the Company.

**Article 145** The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with a director or supervisor wherein his emoluments are stipulated. The aforesaid emoluments include:

Article 128 of  
the Mandatory  
Provisions

- (1) emoluments in respect of his/her service as director, supervisor or senior management member of the Company;
- (2) emoluments in respect of his/her service as director, supervisor or senior management member 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 his/her retirement from office.

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a director or supervisor against the Company for any benefits which he/she should obtain in relation to the above matters.

**Article 146** The contracts concerning the emoluments between the Company and its directors or supervisors shall provide that, in the event of a takeover of the Company, the Directors and supervisors shall, subject to the prior approval of the shareholders in general meeting, have the right to receive compensation or other payment in respect of his/her loss of office or retirement. A “takeover of the Company” referred to above shall mean either:

Article 129 of  
the Mandatory  
Provisions

- (1) an offer made by any person to all the shareholders; or

- (2) an offer made by any person with a view to becoming a “controlling shareholder” himself within the meaning set out in Article 57 hereof.

If the relevant director or supervisor does not comply with the provision of this article, any sum so received by him/her shall belong to those persons who have sold their shares as a result of their acceptance of the said offer. The expenses incurred in distributing such sum pro rata amongst those persons shall be borne by the relevant director or supervisor and shall not be deducted out of the sum distributed.

## **Chapter 15 Financial and Accounting Systems and Profit Distribution**

**Article 147** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

Article 130 of  
the Mandatory  
Provisions

The accounting year of the Company adopts the Gregorian calendar, that is each accounting year shall be from January 1 to December 31.

The Company’s accounts shall be prepared in Chinese with RMB as the reporting currency.

**Article 148** At the end of each accounting year, the Company shall prepare a financial report, which shall be audited by an accounting firm as provided by the laws.

Article 131 of  
the Mandatory  
Provisions

The Company’s financial reports include the following financial accounting statements and ancillary statements:

Article 164 of the  
Company Law

- (1) balance sheet;
- (2) profit and loss account;
- (3) cash flow statement;
- (4) profit distribution statement;
- (5) financial position explanatory statement.

**Article 149** The board shall submit to the shareholders at every annual general meeting such financial reports as are required by the relevant laws, administrative regulations and directives promulgated by regional governments and competent authorities prepared by the Company.

Article 132 of  
the Mandatory  
Provisions

**Article 150** The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the convening of the annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this chapter.

Article 133 of the Mandatory Provisions Article 7 of Zheng Jian Hai Han Rule 5 of Appendix 3 to the Listing Rules

The Company shall, at least 21 days before the date of the annual general meeting, publish the above mentioned reports or the report of directors together with the Company's financial statements through the website(s) of the stock exchange(s) of the place where the Company's shares are listed and the website of the Company, or shall deliver the same through other means endorsed by the relevant regulatory authorities of the place where the Company's shares are listed or provided in this Articles of Association, or shall send the same to each shareholder of overseas listed foreign shares located in overseas by personal delivery or by prepaid mail and the addresses of the recipients shall be such addresses as shown in the register of members.

**Article 151** The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations.

Article 134 of the Mandatory Provisions

**Article 152** Any interim results or financial information published or disclosed by the Company must be prepared and presented in accordance with the PRC accounting standards and regulations.

Article 135 of the Mandatory Provisions

**Article 153** The Company shall publish its financial reports twice every accounting year, that is, the interim financial report shall be published within 60 days after the end of the first six months of each accounting year and the annual financial report shall be published within 120 days after the end of each accounting year.

Article 136 of the Mandatory Provisions

**Article 154** The Company shall not prepare any account books other than the statutory account.

Article 137 of the Mandatory Provisions

**Article 155** The surplus reserve fund and capital reserve fund form the Company's reserve fund. The surplus reserve fund shall be divided into statutory surplus reserve fund and discretionary surplus reserve fund.

Article 138 of the Mandatory Provisions

Capital reserve fund includes the following amounts:

- (1) premium received when shares are issued at a premium to their par value;
- (2) any other income required to be included in the capital reserve fund by the competent finance department of the State Council.

**Article 156** When distributing each year's after-tax profits, the Company shall allocate 10% of its after-tax profits to the Company's statutory surplus reserve fund. The Company is not required to make further allocation if the aggregate balance in the statutory surplus reserve has reached more than 50% of the Company's registered capital.

Article 166 of the Company Law

Where the Company's statutory surplus reserve fund is not enough to make up the losses of the Company in the preceding year, the current year's profits shall be applied to offset the losses before being allocated to the statutory surplus reserve fund in accordance with the preceding paragraph.

Subject to the resolution of the general meeting, the Company may set aside funds for the discretionary reserve fund after allocation has been made to the Company's statutory surplus reserve fund from its after-tax profits.

If, in violation of the preceding paragraph, the general meeting or the board distributed the Company's profits to the shareholders before the Company has made up its losses and made an allocation to the statutory reserve fund, any profits distributed in violation of the aforementioned provisions shall be returned to the Company.

**Article 157** The Company shall not make any distribution or make distribution by way of bonus prior to its loss having been made up and allocation having been made to the statutory surplus reserve.

**Article 158** The reserve funds of the Company can only be used for the following purposes:

Article 168 of the  
Company Law

- (1) making up losses, but the capital reserve shall not be used to make up the losses of the Company;
- (2) expansion of the Company's production and operation, or increasing the capital of the Company.

The Company may convert its common reserve funds into capital upon a resolution approved in the general meeting and issue new shares to existing shareholders in proportion to their then respective shareholdings or increase the par value of each share, provided that, when the statutory reserve fund is converted into capital, the balance of such statutory reserve fund shall not fall below 25% of the registered capital.

**Article 159** Dividends shall be distributed in proportion to the shareholdings of the shareholders within 6 months after the end of each accounting year.

Unless otherwise resolved in the general meeting, the general meeting may authorise the board to distribute interim dividend or special dividend.

No dividends of the Company shall bear interest unless the Company fails to pay the relevant dividends to the shareholders on the dividend payment date.

Any amount paid up in advance of calls on any shares may carry interest but the holder of such shares shall not be entitled to dividend in respect of the amounts already paid which is declared after the payment.

Rules 3(1) and  
(2) of Appendix  
3 to the Listing  
Rules

Where power is taken to forfeit unclaimed dividends, such power shall not be exercised until six years or more after the date of declaration of the dividend.

**Article 160** The Company may distribute dividends in the following manners:

Article 139 of  
the Mandatory  
Provisions

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

**Article 161** Dividends and other payments payable by the Company to holders of domestic shares shall be denominated and declared in RMB, and payable in RMB within 3 months following the declaration of dividends. Those payable to holders of foreign shares (not listed overseas) and H shares shall be denominated and declared in RMB, and payable in foreign currency within 3 months following the declaration of dividends.

The Company shall pay foreign currency to holders of foreign shares (not listed overseas) and H shares in compliance with the regulations of foreign exchange control of the State.

Unless otherwise stipulated by relevant laws and administrative regulations, when cash dividends and other payments are to be paid in foreign currency, the exchange rate shall be the 5-day average price published by the People's Bank of China for the 5 working days prior to the declaration of payment of such dividends and other payments.

**Article 162** When distributing dividends to shareholders, the Company shall, based on the amount of distribution, withhold and pay on behalf of the individual shareholders the taxes payable on the dividends in accordance with the provisions of the PRC tax law.

**Article 163** The Company shall appoint receiving agents by the Company for holders of overseas listed foreign shares to receive on behalf of such shareholders dividends distributed and other payables by the Company.

Article 140 of  
the Mandatory  
Provisions

The receiving agents appointed by the Company shall satisfy the relevant requirements of the laws of the place and relevant regulations of the stock exchange where the Company's shares are listed.

Article 8 of Zheng  
Jian Hai Han

The receiving agents appointed by the Company for holders of H shares shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

Rule 1(c) of  
Appendix 13d to  
the Listing Rules

As for the dividend certificate sent by mail to the members, the Company is entitled to cease sending such dividend certificates after two consecutive failures of cashing after the posting of such dividend certificates. If the first dividend certificate fails to reach the members and is sent back, the Company is entitled to exercise such right.

Rule 13 of  
Appendix 3 to  
the Listing Rules

The right to sell the shares of members who are unable to contact shall not be exercised unless the following requirements are satisfied:

- (1) at least three dividends in respect of the shares in question have been distributed in the past 12 years and no dividend has been claimed during such period; and

- (2) the Company has published an advertisement on the newspapers upon expiry of the 12 years regarding its intention to sell the shares, and has notified the same to the Hong Kong Stock Exchange.

## **Chapter 16 Appointment of Accounting Firm**

**Article 164** The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial statements and review the Company's other financial reports.

Article 141 of  
the Mandatory  
Provisions

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

If the inaugural meeting fails to exercise its power to appoint the first accounting firm, that power shall be exercised by the board.

**Article 165** The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholders at which the appointment is made until the conclusion of the next annual meeting of shareholders.

Article 142 of  
the Mandatory  
Provisions

**Article 166** The accounting firm appointed by the Company shall have the following rights:

Article 143 of  
the Mandatory  
Provisions

- (1) to inspect the books, records and vouchers of the Company at any time, and to require the directors, general manager and other senior management members of the Company to provide any relevant information and explanation thereof;
- (2) to require the Company to take all reasonable steps to obtain from its subsidiaries such necessary information and explanation for the performance of the duties of such accounting firm; and
- (3) to attend general meetings; to receive notice of meeting which any shareholder is entitled to receive or any information related to the meeting; and to speak in relation to the matters related to its capacity as the accounting firm of the Company at any meeting.

**Article 167** If the position of accounting firm becomes vacant, the board may appoint an accounting firm to fill such vacancy before a general meeting is held. However, if there are other accounting firms holding the position of accounting firm of the Company while such vacancy still exists, such accounting firms shall continue to act.

Article 144 of  
the Mandatory  
Provisions

**Article 168** The shareholders in general meeting may, by ordinary resolution, dismiss any accounting firm before the expiration of its office notwithstanding the stipulations in the contract between the Company and the firm without prejudice to that firm's right to claim, if any, for damages in respect of such dismissal.

Article 145 of  
the Mandatory  
Provisions

**Article 169** The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in general meeting. The remuneration of an accounting firm appointed by the board shall be determined by the board.

Article 146 of  
the Mandatory  
Provisions

**Article 170** The Company's appointment, dismissal and non-renewal of the appointment of an accounting firm shall be resolved by shareholders in general meeting. The resolution of the shareholders' general meeting shall be filed with the securities regulatory authorities of the State Council.

Article 147 of  
the Mandatory  
Provisions  
Article 9 of Zheng  
Jian Hai Han

Where it is proposed that any resolution be passed at a general meeting concerning the appointment of an accounting firm, which is not an incumbent firm, to fill a casual vacancy in the office of the accounting firm, reappointment of a retiring accounting firm which was appointed by the board to fill a casual vacancy, or dismissal of the accounting firm before the expiration of its term of office, the following provisions shall apply:

Rule1(e) of  
Appendix 13d  
to the Listing  
Rules

- (1) A copy of the proposal shall be sent to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant accounting year before notice of meeting is given to the shareholders (leaving its post includes being dismissed, resignation and retirement).
- (2) If the firm leaving its post makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall (unless the representations are received too late):
  - (i) in any notice given to shareholders about a resolution to be made, state the representations that has been made by the accounting firm which is about to leave;
  - (ii) attach a copy of such representation to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association.
- (3) If the firm's representations are not sent in accordance with paragraph (2) of this article, the relevant firm may require that the representations be read out at the general meeting and may lodge further complaints.
- (4) An accounting firm which is leaving its post shall be entitled to attend:
  - (i) the general meeting at which its term of office would otherwise have expired;
  - (ii) any general meeting at which it is proposed to fill the vacancy caused by its leaving its post;
  - (iii) any general meeting convened on its resignation;

and to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meetings in relation to matters concerning its role as the former accounting firm of the Company.

**Article 171** Prior to the dismissal or the non-renewal of the appointment of an accounting firm, the Company should notify such accounting firm in advance, and such accounting firm shall be entitled to express its opinion at the general meeting. Where the accounting firm resigns of its own accord, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

Article 148 of  
the Mandatory  
Provisions

Any accounting firm may resign by depositing a resignation letter at the Company's legal domicile. The notice shall become effective on the date deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:

Article 10 of  
Zheng Jian Hai  
Han

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

Rule 1(e) of  
Appendix 13d to  
the Listing Rules

Where a notice is deposited under the preceding paragraph, the Company shall within 14 days send a copy of the notice to the competent authority. If the notice contains a statement under paragraph 2 of the preceding article, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail or by other means specified in this Articles of Association to every holder of H shares at the address registered in the register of members.

Where the notice of resignation of an accounting firm contains a statement of any circumstances which shall be brought to the notice, the accounting firm may require the board to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

## **Chapter 17 Merger and Split of the Company**

**Article 172** In the event of the merger or split of the Company, a plan shall be proposed by the board of the Company and shall be approved in accordance with the procedures stipulated in the Articles of Association and the relevant examining and approving formalities shall be processed as required by law. Shareholders who oppose the plan of merger or split of the Company shall have the right to request the Company or the shareholders who agree with such merger or split plan to purchase their shares at a fair price.

Article 149 of  
the Mandatory  
Provisions

A special document of the Company's resolution on the information of merger or split shall be prepared for inspection by the shareholders. The aforesaid document shall also be dispatched to the holders of H Shares by mail or by other means as provided in this Articles of Association.



**Article 173** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

Article 150 of the Mandatory Provisions

In the event of a merger of the Company, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days of the date of the merger resolution and shall make at least 3 newspaper announcements within 30 days of the date of the merger resolution. Creditors may, within 30 days after receipt of such notice, or within 45 days of the date of the first announcement for those who do not receive notice, to demand that the Company settle their debts or to provide corresponding securities.

Article 173 of the Company Law

After the merger of the Company, claims and liabilities of parties to the merger shall be taken over by the company subsisting after the merger or the newly established company.

**Article 174** When the Company is to be split, its assets shall be split up accordingly.

Article 151 of the Mandatory Provisions

In the event of a split of the Company, the parties to the split shall enter into a split agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days of the date of the split agreement and shall make at least 3 newspaper announcements within 30 days of the date of the split agreement.

Rule 7(1) of Appendix 3 to the Listing Rules

Unless otherwise agreed by the Company and creditors on settling liabilities in writing prior to the split, debts incurred by the Company before its split shall be borne jointly and severally by the companies established after the split.

Article 176 of the Company Law

**Article 175** When the merger or split of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

Article 152 of the Mandatory Provisions

## **Chapter 18 Dissolution and Liquidation of the Company**

**Article 176** The Company shall be dissolved and liquidated in accordance with law upon the occurrence of any of the following events:

Article 153 of the Mandatory Provisions

- (1) a resolution for dissolution is passed by shareholders at a general meeting;
- (2) dissolution is necessary due to a merger or split of the Company;
- (3) the Company is legally declared insolvent due to its failure to repay debts due;
- (4) its business licence is revoked or the Company is ordered to close down or revoked in accordance with the law;
- (5) the circumstance as stipulated in Article 182 in The Company Law of The Peoples' Republic of China.

Article 181 of the Company Law

**Article 177** In the event that the Company is dissolved pursuant to paragraphs (1), (4) and (5) of the preceding article, a liquidation committee shall be established within 15 days, the members of which shall be determined by the general meeting by way of an ordinary resolution. If the Company fails to set up a liquidation committee within the prescribed period, the creditors may apply to the People's Court for appointment of committee members to proceed with the liquidation.

Article 183 of the  
Company Law

In the event the Company is dissolved pursuant to paragraph (3) of the preceding article, the people's court shall, in accordance with the law, order the establishment of the liquidation committee which comprises members from the relevant authorities and professionals to carry out the liquidation process.

**Article 178** Where the board resolves to liquidate the Company due to causes other than the liquidation after the Company has declared its insolvency, the board 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 is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

Article 155 of  
the Mandatory  
Provisions

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

The liquidation committee shall act in compliance with the instructions of the general meeting to make a report at least once every year to the 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 general meeting on completion of the liquidation.

**Article 179** The liquidation committee shall notify creditors within 10 days from the date of its establishment and make at least 3 newspaper announcements within 60 days from the date of its establishment. Creditors shall, within 30 days after receipt of the notice, or for those who do not receive the notice, within 45 days from the date of the first announcement, declare their claims to the liquidation committee. The creditors who failed to declare their claims within the prescribed period shall be deemed to have given up their rights.

Article 156 of  
the Mandatory  
Provisions

When declaring their claims, creditors shall explain the relevant particulars of their claims and provide supporting materials. The liquidation committee shall register the claims.

Article 185 of the  
Company Law

**Article 180** During the liquidation period, the liquidation committee shall exercise the following functions and duties:

Article 157 of  
the Mandatory  
Provisions

- (1) to ascertain the Company's assets and to prepare a balance sheet and an inventories of assets respectively;
- (2) to notify creditors by sending notice or by making announcement;
- (3) to deal with and settle the Company's outstanding business deals in relation to the liquidation;

- (4) to settle outstanding taxes;
- (5) to clear all claims and debts;
- (6) to dispose of the remaining assets of the Company after the debts have been paid off;
- (7) to represent the Company in any civil proceedings.

**Article 181** After ascertaining the Company's assets and preparing a balance sheet and an inventories of assets, the liquidation committee shall formulate a liquidation plan and submit the same to the general meeting or the People's Court for confirmation.

Article 158 of  
the Mandatory  
Provisions

Payment of the liquidation costs shall take priority to other payments and after such payment, the assets of the Company shall be applied in the following order of priority: (i) salaries, social insurance premiums and statutory compensation of the Company's employees; (ii) overdue taxes; (iii) bank loans, corporate debentures and other debts of the Company.

Article 186 of the  
Company Law

The remaining assets of the Company after repayment of the amounts in accordance with the above paragraph shall be distributed to the shareholders of the Company according to the class of shares and the proportion of shareholdings.

During the liquidation period, the Company shall not carry out any new business activities.

**Article 182** In the event of Company's liquidation owing to dissolution and the liquidation committee, having examined the Company's assets and prepared a balance sheet and assets list, discovers that the Company's properties are insufficient to pay its debts in full, it shall immediately apply to the People's Court for a declaration of bankruptcy.

Article 159 of  
the Mandatory  
Provisions

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

Article 187 of the  
Company Law

**Article 183** Following the completion of liquidation, the liquidation committee shall prepare a report on liquidation, a revenue and expenditure statement and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in China, these report, statement and books shall be submitted to the general meeting or relevant competent authorities for confirmation.

Article 160 of  
the Mandatory  
Provisions

The liquidation committee shall also submit the documents referred to in the preceding paragraph to the company registration authority and apply for cancellation of the registration of the Company, and announce the termination of the Company within 30 days after such confirmation.

## Chapter 19 Procedures for Amendment to the Articles of Association of the Company

**Article 184** The Company may amend its Articles of Association in accordance with the requirements of law, administrative regulation and the Articles of Association.

Article 161 of  
the Mandatory  
Provisions

**Article 185** The procedures for amending Article of Association shall be as follows:

- (1) after passing resolutions pursuant to this Articles of Association, the board shall propose to the general meeting to amend the Articles of Association and draw up the amendment proposal;
- (2) notify the shareholders of the Company of the above amendment proposal of the Article of Association and convene the general meeting for voting;
- (3) the amendments submitted to the general meeting for voting shall be passed by special resolutions.

The board may be authorized by an ordinary resolution of general meeting: (1) in the event that the Company increases its registered capital, the board may amend the Articles of Association in respect of the registered capital of the Company based on the specific situations; and (2) in the event that the wordings or the sequence of the provisions of the Articles of Association of the Company approved by general meeting is required to be amended when submitted to the Ministry of Commerce and the securities regulatory department of the State Council for approval, the board may make relevant amendments according to the requirements of the Ministry of Commerce and the securities regulatory department of the State Council.

**Article 186** Modifications to the Articles of Association involving the contents of the Mandatory Provisions shall become effective upon approval by the Ministry of Commerce and the securities regulatory department of the State Council; If there is any change relating to the registered particulars of the Company, application shall be made to the company registration authority for registration of the changes in accordance with law.

Article 162 of  
the Mandatory  
Provisions

## Chapter 20 Dispute Resolution

**Article 187** The Company shall act according to the following principles to settle disputes:

- (1) Whenever any disputes or claims concerning the Company's business based on the rights or obligations provided for in the Articles of Association or in the Company Law or other relevant laws or administrative regulations arise between holders of the overseas listed foreign shares and the Company, holders of the overseas listed foreign shares and the Company's directors, supervisors, general manager, deputy general managers or other senior management members, or holders of the overseas listed foreign shares and holders of domestic shares, such disputes or claims shall be referred by the relevant parties to arbitration.

Article 163 of  
the Mandatory  
Provisions

Article 11 of  
Zheng Jian Hai  
Han

Where a dispute or claim of rights abovementioned 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 abide by the arbitration if they are the Company or the Company's shareholder, directors, supervisors, general manager, deputy general managers or other senior management members.

Disputes in relation to the identification of shareholders and disputes in relation to the register of members need not be referred to arbitration.

- (2) A claimant may elect to conduct the arbitration 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 to conduct the arbitration at Hong Kong International Arbitration Centre, any party to the dispute or claim may request for the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (3) Unless otherwise provided by laws or administrative regulations, the laws of the PRC shall apply to the settlement by means of arbitration of disputes or claims referred to in (1).
- (4) The award of an arbitration body shall be final and conclusive and binding on all parties.

## Chapter 21 Notice

**Article 188** Unless otherwise provided for in this Articles of Association, any notice, information, written statements or any document (including but not limited to annual reports, interim reports, notices of meetings, listing documents, circulars and proxy forms) (hereinafter "**Corporate Communications**") to be issued by the Company must be sent by personal delivery or by mail to each holder of H shares at his/her registered address; or by means of facsimile, electronic mail, disk or other electronic means; or by publication thereof on the website in accordance with the procedures stipulated below; or by such other means endorsed by the relevant regulatory authorities of the place where the Company's shares are listed or provided under this Articles of Association.

If the Company delivers Corporate Communications to the holders of H shares by publishing the same on the website of the Company, then upon the completion of the following procedures, any holder of H shares who has consented in writing or not objected to the delivery of Corporate Communications in such manner shall be deemed to have accepted the delivery of Corporate Communications by the Company in such manner:

Rule 7(3) of  
Appendix 3 to  
the Listing Rules

- (1) The Company serves a written notice to each of the holders of H shares, requesting for their consents to the delivery or provision of Corporate Communications by publishing the same on the website of the Company, and
- (2) The Company has not received any written reply from such holder of H shares indicating their objections thereto, within 28 days of the service of the notice as described in paragraph (1) above (or such period as prescribed by the relevant regulatory authorities from time to time).

If any holder of H shares who has been deemed to have accepted the delivery of Corporate Communications by publishing the same on the website of the Company is unable to collect or receive the Corporate Communications so delivered for whatsoever reason, then upon a written request to the Company, such holder may change its choice of the way to receive Corporate Communications and may also receive a hardcopy of Corporate Communications free-of-charge.

Notices distributed to holders of domestic shares by the Company shall be dispatched to each holder of domestic shares at his/her registered address by hand or by post or by way of announcement in one or more newspapers designated by the securities regulatory authorities of the State. All holders of domestic shares shall be deemed to have received the notice upon the publication of the announcement.

Unless the context of this Articles of Association otherwise requires, an “announcement” to be issued to holders of domestic shares or to be issued within the territory of the PRC in accordance with the applicable regulations and this Articles of Association means the publication of an announcement in the newspapers in the PRC designated or suggested by the local laws, regulations or the relevant securities regulating bodies. An announcement to be issued to holders of overseas listed foreign shares or to be published at the places of the stock exchange where the securities of the Company are listed overseas means the publication of an announcement on the website of the overseas stock exchange on which the shares of the Company are listed (and the Company’s website) and newspapers designated or suggested by the local laws, regulations and the relevant securities regulating bodies of the places of the relevant stock exchange.

**Article 189** When the notice is delivered by mail, it shall clearly specify the address, prepaid the postages and put the notice into the envelope for posting. The shareholders shall be deemed to have received the notice of the relevant meeting 5 days after the letter containing the notice is posted.

**Article 190** Any notice, document, information or written statement given by a shareholder or director to the Company may be delivered by hand or by registered mail to the legal address of the Company.

**Article 191** Shareholders or directors who wish to prove that notices, documents, information or written statements have been served on the Company shall provide evidential materials showing that the same have been served on the Company by usual means within the prescribed periods, as well as evidential materials showing that the mailing address is correct and the postage was fully paid.

## **Chapter 22 Supplementary Provisions**

**Article 192** Reference to the term “Accounting Firm” herein shall have the same meaning as ascribed to the term “Auditors”.

Article 165 of  
the Mandatory  
Provisions

**Article 193** References to “above”, “within” and “below” in this Articles of Association are inclusive of the relevant numbers themselves whereas “except” and “outside” are exclusive of the item itself.