



**CAPINFO COMPANY LIMITED\***  
**首都信息發展股份有限公司**

**ARTICLES OF ASSOCIATION**

**2024**

**(Amended by way of special resolution at the  
extraordinary general meeting dated 18 January 2011)**

**(Amended by way of special resolution at the  
extraordinary general meeting dated 4 May 2012)**

**(Amended by way of special resolution at the  
extraordinary general meeting dated 22 December 2017)**

**(Amended by way of special resolution at the  
annual general meeting dated 19 June 2018)**

**(Amended by way of special resolution at the  
annual general meeting dated 19 June 2020)**

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**(Amended by way of special resolution at the  
annual general meeting dated 18 June 2024)**

\* For identification purpose only

## Table of Contents

CHAPTER 1: GENERAL PROVISIONS . . . . .	1
CHAPTER 2: OBJECTS AND SCOPE OF BUSINESS. . . . .	3
CHAPTER 3: SHARES AND REGISTERED CAPITAL. . . . .	4
CHAPTER 4: REDUCTION OF CAPITAL AND REPURCHASES OF SHARES . . . . .	6
CHAPTER 5: FINANCIAL ASSISTANCE FOR ACQUISITION OF THE COMPANY’S SHARES. . . . .	8
CHAPTER 6: SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS . . . . .	10
CHAPTER 7: SHAREHOLDERS’ RIGHTS AND OBLIGATIONS . . . . .	13
CHAPTER 8: SHAREHOLDERS’ GENERAL MEETINGS . . . . .	16
CHAPTER 9: SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS . . . . .	23
CHAPTER 10: COMMITTEE OF THE PARTY . . . . .	25
CHAPTER 11: BOARD OF DIRECTORS . . . . .	26
CHAPTER 12: SECRETARY OF THE BOARD OF DIRECTORS. . . . .	30
CHAPTER 13: GENERAL MANAGER OF THE COMPANY . . . . .	32
CHAPTER 14: BOARD OF SUPERVISORS. . . . .	32
CHAPTER 15: QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, GENERAL MANAGERS AND OTHER SENIOR OFFICERS OF THE COMPANY . . . . .	34
CHAPTER 16: FINANCIAL ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION . . . . .	41
CHAPTER 17: APPOINTMENT OF AUDITOR . . . . .	44
CHAPTER 18: MERGER AND DIVISION OF THE COMPANY . . . . .	47
CHAPTER 19: DISSOLUTION AND LIQUIDATION OF THE COMPANY. . . . .	48
CHAPTER 20: PROCEDURES FOR AMENDING THE ARTICLES. . . . .	50
CHAPTER 21: DISPUTE RESOLUTION . . . . .	51
CHAPTER 22: MISCELLANEOUS . . . . .	52

## CHAPTER 1: GENERAL PROVISIONS

**Article 1** The Company is a joint-stock company with limited liability established under “The Company Law of the People’s Republic of China” (the “Company Law”), “State Council’s Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies” (the “Special Regulations”), and other relevant laws and regulations of the People’s Republic of China (“PRC”). The Articles of Association are formulated under the objective of safeguarding the legal interests of the Company, its shareholders and creditors and regulating the Company’s organization and behavior, in accordance with the Company Law, “The Securities Law of the People’s Republic of China”, “Constitution of the Communist Party of China”, the Special Regulations, the “Mandatory Provisions for Articles of Association of Companies to be Listed Overseas”, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant requirements.

The Company, having been approved by the Beijing Municipal Government upon its Document Jing Zheng Han (2000) No. 74 and established by way of initiation on June 30, 2000, was registered with the Administration for Industry and Commerce of Beijing Municipality on July 14, 2000. The unified social credit code of the business license of the Company is 911100006336972074.

The initiators of the Company are Beijing State-owned Assets Management Corporation Limited, Beijing Sino-Sky Radio, TV & Communication Technology Co., Ltd., Beijing Gehua Cable TV Network Co., Ltd., Post and Telecom Data Network Integration Development Center, Beijing Telecommunications Investment Co., Ltd. and China Financial Data Network Co., Ltd.

**Article 2** The Company’s registered name in Chinese is 首都信息發展股份有限公司 and in English is CAPINFO COMPANY LIMITED.

**Article 3** The Company’s registered address is on No. 11, West 3rd Ring Middle Road, Haidian District, Beijing (North Door, Ground Floor, Beijing Central Tower).

**Article 4** The Chairman of the Board of Directors is the legal representative of the Company.

**Article 5** The Company is a joint-stock company with limited liability enjoying perpetual existence.

**Article 6** The Company’s Articles of Association (the “Articles”) take effect from the date of establishment of the Company.

From the effective date of the Articles, the Articles (which expression shall include the Articles as amended or substituted from time to time) constitute a legally binding document governing the organisation and conduct of the Company, and the rights and obligations between the Company and its shareholders, and of the shareholders *interse*.

**Article 7** The Articles shall be binding on the Company and its shareholders, Directors, Supervisors, general manager and other senior officers. These personnel above may, pursuant to the Articles, make claims relating to the affairs of the Company.

Pursuant to the Articles, shareholders may make claims against the Company, the Company may make claims against shareholders, shareholders may make claims against other shareholders, and shareholders may make claims against Directors, Supervisors, general manager and other senior officers of the Company. In this Article, “claims” include legal proceedings in court and arbitration proceedings.

**Article 8** The Company may invest in other companies with limited liability and joint stock limited companies, and the liabilities of the Company shall be limited to the amount of capital contribution made.

**Article 9** In accordance with provisions of the Constitution of the Communist Party of China, the Company shall establish an organization under the Party, which is affiliated with the committee of Beijing State-owned Assets Management Co., Ltd. of the Communist Party of China. The Party Committee shall take a leading role of guiding the direction, managing the overall situation, ensuring implementation, and discussing and deciding on major issues of the Company in accordance with regulations. The Company shall establish a working organization for the Party so as to carry out party activities.

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

**Article 10** According to the Constitution of the People’s Republic of China and other relevant laws, the Company exercises democratic management. The Company shall organize the trade union in accordance with the law, carry out trade union activities and safeguard the legal rights of employees. The Company shall provide necessary conditions for the activities of its trade union.

**Article 11** The Group promotes the management of enterprises according to law in an all-round way and implements a general legal adviser system to further give full play to the role of the general legal adviser as a gatekeeper for legal audits in operation and management, and to promote lawful operation and compliance management of enterprises.

A general legal adviser is a senior officer appointed by the Board, and is the specific leader of rule of law, being responsible for an enterprise’s legal affairs, and coordinating and handling legal affairs in decision-making, operation and management. The general legal adviser reports directly to the general manager or Chairman of the Board and is accountable to the Board.

In the event a major matter to be discussed and considered at the corporate decision-making meetings require legal review, the matter shall be submitted to the general legal adviser for legal review. If, upon review, the general legal adviser considers the matter involves significant risks, the submission of matter to the decision-making meeting shall be suspended. The general legal adviser shall attend the Party Committee's meeting and the Board's meeting, participate in the general managers' meeting and express independent legal opinions on matters involving legal issues.

## **CHAPTER 2: OBJECTS AND SCOPE OF BUSINESS**

**Article 12** The business objective of the Company shall be to cause the Company to realize steady development, generate good economic benefits for the shareholders, and make contributions to Beijing economic development by way of adapting to the demand of socialist market economy, focusing on economic benefit, adopting scientific and technological improvements as the motive power, and relying on modernized management.

**Article 13** The scope of business of the Company shall be in accordance with the approval issued by the registration authority of the Company. The scope of business of the Company includes the following:

To provide information resources services; e-commerce services; technical development, consultancy, services and training with respect to network interconnection, computer equipment, software and hardware products as well as communication software and hardware products; information and network system integration and proxy services; sales of computers and peripheral equipment; directly trading in or acting as consignee in importation and exportation of goods and technologies (except those restricted by the State or prohibited for import and export); professional contracting; sale agency of entrance tickets.

### CHAPTER 3: SHARES AND REGISTERED CAPITAL

**Article 14** The Company shall have ordinary shares at all times. Upon obtaining approval from the regulatory authorities for companies authorised by the State Council, the Company may, depending on its requirements, issue other types of shares.

**Article 15** Shares issued by the Company shall have a par value of RMB0.1 Yuan each.

**Article 16** The Company may, upon obtaining approval from the securities regulatory authority under the State Council, issue shares to domestic investors and overseas investors. In this Article, “domestic investors” refer to investors in the PRC who subscribe for shares issued by the Company, and “overseas investors” refer to investors in foreign countries and in Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan who subscribe for shares issued by the Company.

**Article 17** Shares issued by the Company to domestic investors for subscription in RMB are referred to as “domestic invested shares”. Shares issued by the Company to overseas investors for subscription in foreign currencies are referred to as “foreign invested shares”. Foreign invested shares which are listed outside the Mainland are referred to as “overseas listed foreign invested shares”. Holders of domestic invested shares and foreign invested shares are holders of ordinary shares of the Company.

**Article 18** Upon the examination and approval by the regulatory authority authorised by the State Council, the Company issued a total amount of 219,399,700 domestic invested ordinary shares of a par value of RMB1.00 Yuan each at the time of its establishment. Upon the approval by the State Council’s securities regulatory authority, each of the ordinary shares of a par value of RMB1.00 Yuan was split into 10 ordinary shares of a par value of RMB0.1 Yuan each. Therefore, post share split, the total amount of ordinary shares are 2,193,997,000, of which 1,850,971,000 shares are held by Beijing State-owned Assets Management Corporation Limited, 102,832,000 shares are held by Beijing Sino-Sky Radio, TV & Communication Technology Co., Ltd., 102,832,000 shares are held by Beijing Gehua Cable TV Network Co., Ltd., 52,832,000 shares are held by Post and Telecom Data Network Integration Development Center, 52,832,000 shares are held by Beijing Telecommunications Investment Co., Ltd., and 31,698,000 shares are held by China Financial Data Network Co., Ltd., representing approximately 84.36 percent (84.36%), 4.69 percent (4.69%), 4.69 percent (4.69%), 2.41 percent (2.41%), 2.41 percent (2.41%), and 1.44 percent (1.44%), respectively of the total shares issued by the Company.

Upon the approval of the state-owned shares administration authority under the State Council, Beijing State-owned Assets Management Corporation Limited, Post and Telecom Data Network Co., Ltd. and China Financial Data Network Co., Ltd. allocated respectively 67,339,081 shares, 1,922,163 shares and 1,147,665 shares (70,408,909 shares in total) to the Council of the National Social Security Fund. Upon the approval of the securities regulatory authority under the State Council, such 70,408,909 shares were sold to the public when the Company conducted its initial public offering overseas.

The Company increased its share capital by issuing additional ordinary shares in the form of 774,498,000 overseas listed foreign invested shares (including 70,408,909 overseas listed foreign invested shares converted from domestic invested shares).

**Article 19** The share capital structure of the Company is as follows: the Company has issued a total of 2,898,086,091 ordinary shares, of which 2,123,588,091 shares (73.28% of the total) are domestic invested shares and 774,498,000 shares (26.72% of the total) are overseas listed foreign invested shares. Of the domestic invested shares, 1,834,541,756 shares are held by Beijing State owned Assets Management Corporation Limited, 102,832,000 shares are held by Beijing Sino-Sky Radio, TV & Communication Technology Co., Ltd., 52,832,000 shares are held by Beijing Telecommunications Investment Co., Ltd. and the rest 133,382,335 shares are held by other domestic shareholders.

**Article 20** Where the Company's resolution for issuing overseas listed foreign invested shares or domestic invested shares has been approved by the securities regulatory authority under the State Council, the Board of Directors may arrange for these shares to be issued separately.

Under the provision of this Article, the Company's plans for the issuance of overseas listed foreign invested shares and domestic invested shares may be implemented separately within fifteen (15) months from the date of the approval of the securities regulatory authority under the State Council.

**Article 21** The total number of shares that the Company has resolved to issue respectively, including the overseas listed foreign invested shares and domestic invested shares are required to be fully subscribed in their offering; under special circumstances where they cannot be fully subscribed in their offering, the shares may be issued by installments with the approval of the securities regulatory authority under the State Council.

**Article 22** The registered capital of the Company is RMB289,808,609 Yuan.

**Article 23** The Company may, depending on its business and development requirements, increase its capital pursuant to the approval required under the relevant provisions of the Articles.

The Company may increase its capital by way of:

- (1) offer of new shares to investors not particularly designated;
- (2) rights issue to existing shareholders;



- (3) bonus issue of new shares to existing shareholders;
- (4) capitalisation of the common reserve fund; and
- (5) other methods as permitted by laws and administration rules.

Where the Company proposes the increasing of its capital by issuing new shares, it shall seek for approval under the relevant provisions of the Articles, and then proceed in accordance with the laws and regulations of the PRC.

**Article 24** Subject to contrary provisions in any laws and regulations, the shares of the Company may be transferred freely, clear of any lien.

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

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

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

The Company shall notify its creditors within ten (10) days of the date of the resolution authorising the reduction of capital and publish an announcement in newspapers within thirty (30) days from the date of the resolution. Creditors shall, within thirty (30) days of receiving the notice or forty-five (45) days of the publication of the public notice (for those who have not received a notification), have a right to require the Company to settle its debts or to offer corresponding guarantees for their settlement.

**Article 27** In the following circumstances, the Company may repurchase the issued shares subject to a resolution in accordance with the provisions of the Articles and with the approval of the relevant regulatory authority under the State Council:

- (1) to cancel shares for purpose of capital reduction;
- (2) to amalgamate with another company which holds shares in the Company;
- (3) to grant incentive shares to staff of the Company;
- (4) to acquire shares held by shareholders (upon their request) who vote against any resolution proposed in any general meeting on the merger or division of the Company; and
- (5) other circumstances which are permitted by laws and regulations.



The Company's purchase of its own shares for any of the reasons as mentioned in items (1) to (3) above shall be subject to a resolution of a general meeting of shareholders. Where the Company purchases its own shares pursuant to the preceding paragraph, shares shall be cancelled within ten (10) days thereafter (in case of the reason mentioned in item (1) applies), or shall be transferred or cancelled within six (6) months thereafter (in case of the reason mentioned in item (2) or (4) applies).

Shares purchased by the Company in accordance with item (3) shall not exceed 5% of the total issued shares of the Company. The share purchase shall be funded by the Company's profits after taxation. Shares so purchased shall be transferred to its staff within 1 year.

**Article 28** The Company may, with the approval of the relevant regulatory authority under the State Council, repurchase its shares by one of the means as follows:

- (1) to make an offer of repurchase to all shareholders in equal proportions;
- (2) to repurchase through open transactions in stock exchanges; or
- (3) to repurchase through off-market agreements outside a stock exchange.

**Article 29** Where the Company proposes to repurchase its shares through an off-market agreement outside a stock exchange, it must seek prior approval of the shareholders in general meeting under the relevant provisions of the Articles. But the Company may rescind or vary an agreement so entered into by the Company or waive any of its rights thereunder with prior approval by the shareholders in general meeting obtained in the way mentioned above.

In the preceding Article, an "agreement for the repurchase of shares" includes, but not limited to, an agreement to become obliged to repurchase shares or to acquire the right to repurchase shares.

The Company shall not assign an agreement on repurchase of its own shares or any rights provided thereunder.

**Article 30** Where the Company cancels its shares as a result of share repurchases, it shall apply to the original company registration authority for alteration of its registered capital.

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

**Article 31** Except where the Company is in the course of liquidation, it must comply with the following provisions in repurchasing its own issued shares:

- (1) Where the Company repurchases its shares at their par value, the amount of the total par value shall be deducted from the Company's distributable profits or out of the proceeds of a fresh issue of shares made for that purpose;

- (2) Where the Company repurchases its shares at a premium, an amount equivalent to their total par value shall be deducted from the 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 their par value shall be effected as follows:
- (i) if the shares being repurchased were issued at their par value, payment shall be made out of distributable profits of the Company; or
  - (ii) if the shares being repurchased were issued at a premium, payment shall be made out of distributable profits of the Company or 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 may not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased or the current balance of the Company's capital common reserve account (inclusive of the premiums from the fresh issue);
- (3) Payment by the Company in consideration for the following purposes shall be made out of the distributable profits of the Company:
- (i) the acquisition of rights to repurchase shares of the Company;
  - (ii) the variation of any contract to repurchase shares of the Company; or
  - (iii) the release of any of the Company's obligations under any contract to repurchase shares of the Company; and
- (4) To the extent that shares are repurchased out of an amount deducted from the distributable profits of the Company, the amount of the Company's registered capital reduced under the relevant requirements shall be transferred to the Company's capital reserve account.

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

**Article 32** The Company and its subsidiaries shall not at any time give financial assistance in any way to any person acquiring or proposing to acquire shares in the Company. The persons acquiring shares in the Company include those who have incurred, directly or indirectly, any liability for the purpose of acquiring shares in the Company.

The Company or its subsidiaries shall not at any time give financial assistance in any way to the persons who have incurred such liability for the purpose of reducing or discharging that liability.

This Article is not applicable to the circumstances described in Article 34.

**Article 33** In this chapter, financial assistance includes, but not limited to, the following:

- (1) financial assistance given by way of gift;
- (2) financial assistance given by means of guarantee (including the provision of an undertaking or property to secure the performance of obligations by the obligor) or indemnity (exclusive of an indemnity in respect of the Company's own neglect or default), or by way of release or waiver;
- (3) financial assistance given by means of a loan or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party to the agreement, or by the novation of, or the assignment of rights arising under, the aforesaid loan or agreement; or
- (4) any other form of financial assistance given by the Company where the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

In this chapter, incurring a liability includes the incurring of a liability by making an agreement or arrangement (whether enforceable or unenforceable, and whether made on his own account or jointly with any other person) or through changing one's financial position by any other means.

**Article 34** The following activities shall not be treated as being prohibited by Article 32:

- (1) where the Company's principal purpose in giving that assistance is not to give it for the purpose of any such acquisition, or the giving of the assistance is but an incidental part of some larger purpose of the Company;
- (2) a lawful distribution of the Company's assets by way of dividend lawfully declared;
- (3) an allotment of bonus shares by means of dividend;
- (4) a reduction of registered capital, a repurchase of shares or a reorganisation of the share structure pursuant to the Articles;
- (5) the lending of money by the Company in the ordinary course of its business, where the lending of money is part of the scope of business of the Company (but only if the Company has net assets which are not thereby reduced or, to the extent that those assets are thereby reduced, if the assistance is provided out of the Company's distributable profits); and
- (6) the provision of money by the Company for contributions to employees' share schemes (but only if the Company has net assets which are not thereby reduced or, to the extent that those assets are thereby reduced, if the assistance is provided out of the Company's distributable profits).

## CHAPTER 6: SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

**Article 35** The Company's share certificates shall be in registered form.

A share certificate of the Company shall, in addition to matters required by the Company Law and the Special Regulations, include any other matters required to be specified by the securities exchange(s) on which the shares are listed.

**Article 36** Share certificates shall be signed by the Chairman of the Company's Board of Directors. Where the signatures of other senior officers of the Company are required by the securities exchange(s) on which the Company's shares are listed, the share certificates shall also be signed by those senior officers. The shares shall take effect upon affixing the Company's seal or special securities seal or by printing it thereon with the authority of the Board of Directors. The affixture of the Company's seal on the shares shall be authorized by the Board of Directors. The signatures of the chairman of the Company's Board of Directors and senior officers of the Company appearing on the shares may also be printed.

**Article 37** The Company shall keep a register of shareholders to contain the following particulars:

- (1) the name, address (residence) and occupation or nature of each shareholder;
- (2) the category and quantity of shares held by each shareholder;
- (3) the amount paid or payable on the shares of each shareholder;
- (4) share certificate numbers of the shares held by each shareholder;
- (5) the date on which each shareholder was registered as a shareholder; and
- (6) the date on which each shareholder ceased to be a shareholder.

The register of shareholders shall be full evidence of the shareholders' shareholding in the Company, unless there is evidence to the contrary.

**Article 38** The Company may, pursuant to any understanding or agreement reached between the securities regulatory authority under the State Council and overseas securities regulatory authority, keep the original register of the foreign shareholders of overseas listed foreign invested shares in any place outside the PRC, and entrust its administration to an overseas agency. Such original register of shareholders of overseas listed foreign invested shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall maintain an office copy of this register at the address of the Company; the entrusted overseas agent shall ensure that the original and duplicate copies of the register of shareholders of overseas listed foreign invested shares are consistent at all times.

Where the original and office copies of the register of overseas listed shareholders are not consistent, the original copy shall prevail.

**Article 39** The Company shall have a complete register of shareholders.

The register of shareholders shall contain the followings:

- (1) a part maintained at the Company's legal address consisting of portions other than that required under paragraph (2) and (3) of this Article;
- (2) the register(s) of holders of overseas listed foreign invested shares maintained at the place of the securities exchange(s) on which the shares are listed, it being required that where any such shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), a part of the register in relation to such listed shares shall be maintained in Hong Kong; and
- (3) any such parts maintained in such other places as the Board of Directors may deem necessary for listing purposes.

**Article 40** Different parts of the register of shareholders shall not be overlapped. No transfer of any shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

The alteration and rectification of each part of the share register shall be determined in accordance with the laws of its sites.

**Article 41** All paid-up overseas listed foreign shares listed in Hong Kong shall be transferable in accordance with the Articles of Association and by an instrument of transfer in the ordinary or common form or in any other forms acceptable to the Board of Directors and may be under hand without seal or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time, subject to the right of the board of Directors to refuse recognition of any transfer document, without providing any reason for such refusal, unless and until the following conditions are satisfied:

- (1) payment of a fee of HK\$2.5, or such larger amount as may from time to time be approved by the Stock Exchange, to the Company for the registration of any transfer document(s) or other document(s) relating to or affecting the ownership of the shares in question or the change of ownership of those shares;
- (2) the transfer document relates only to overseas listed foreign shares listed in Hong Kong;
- (3) payment in full of any stamp duty due on the transfer document;
- (4) production of the relevant share certificates and any other evidence reasonably required by the board of Directors to prove the transferor's right to make the transfer;

- (5) if the shares are to be transferred to joint holders, the number of joint holders does not exceed four (4); and
- (6) the relevant shares of the Company are free from all liens.

**Article 42** The period of closure of the register of shareholders prior to a shareholders' general meeting or the record date set for the purpose of distribution of dividends shall be in compliance with the laws and regulations in the PRC and the Listing Rules of the Hong Kong Stock Exchange.

**Article 43** For the purposes of convening a shareholders' general meeting, distributing dividends, liquidation or other activities requiring the determination of who is a shareholder, the Board of Directors shall designate a day to be the record date. Shareholders whose names appear on the share register at the end of that day are the shareholders of the Company.

**Article 44** Any person who challenges the information set out in the share register by requiring his (its) name to be entered in or removed from the share register may apply to a court of competent jurisdiction for rectification of the share register.

**Article 45** Any person who is a registered holder of shares in the Company or who claims to be entitled to have his name entered in the register of shareholders in respect of shares in the Company may, if it appears that the certificate relating to the shares ("the original certificate") is lost, apply to the Company for a new certificate in respect of such shares (the "relevant shares").

Where holders of domestic invested shares have lost their share certificates and apply for their replacement shall be dealt with under the provisions of Article 143 of the Company Law.

Where holders of overseas listed foreign invested shares have lost their share certificates and apply for their replacement may be dealt with in accordance with the laws, securities exchange rules and other relevant requirements of the place at which the original register of holders of overseas listed foreign invested shares is kept.

In the case that the Company is to go public in Hong Kong, the issue of replacement certificates to holders of overseas listed foreign invested shares shall comply with the following requirements:

- (1) the applicant shall submit an application to the Company in prescribed form accompanied by a notarial act or a statutory declaration stating the grounds upon which the application is made, the circumstances for such loss and the evidence thereof, and that no other person shall be entitled to enter his name on the register of shareholders in respect of the relevant shares;
- (2) no statement has been received by the Company from a person other than the applicant for having his name registered as a holder of the relevant shares before the Company came to a decision to issue the replacement certificate;

- (3) the Company shall, if it decides to issue a replacement certificate, publish a notice of its intention in such newspapers or periodicals as prescribed by the Board of Directors. The publication must be made at least once every thirty (30) days in a period of ninety (90) days;
- (4) the Company shall, prior to publication of its notice of intention to issue a replacement certificate, deliver to the securities exchange on which the relevant shares are listed a copy of the notice to be published. The notice may be published upon receiving confirmation from such securities exchange that the notice has been exhibited at its premises, it being a condition that such exhibition shall be for a period of ninety (90) days;

In the case of an application made without the consent of the registered holder of the relevant shares, the Company shall send by post a photocopy of the notice to be published to such registered shareholder;

- (5) if, by the expiration of the 90-day periods referred to in Paragraph (3) and (4) of this Article, the Company has not received notice of any other claim in respect of the relevant shares, the Company may issue a replacement certificate in accordance with the applicant's request;
- (6) where the Company issues a replacement certificate under this Article, it shall forthwith cancel the original certificate and enter the cancellation and issue in the register of shareholders accordingly; and
- (7) all expenses relating to the cancellation of an original certificate and the issue of a replacement certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until reasonable security is provided by the applicant.

**Article 46** Where the Company issues a replacement certificate in accordance with the Articles, the name of a bona fide purchaser of the replacement certificate issued or of a person who is subsequently registered as a shareholder owning the shares to which the certificate relates, shall not be removed from the register of shareholders.

**Article 47** The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original certificate or the issuance of the replacement certificate, unless the claimant proves that the Company had acted fraud action.

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

**Article 48** A shareholder of the Company is a person who legally holds the shares of the Company and who has had his name entered in the register of shareholders.

Shareholders enjoy rights and have obligations according to the category and amount of shares held by them. Shareholders holding shares of the same class of shares enjoy equal rights and have same form of obligations.



In the case of joint holders, on the death of any one of such joint holders, the survivor(s) shall be the only person or persons recognized by the Company as having any title to any such shares, but the Board of Directors may require such evidence of death as it may deem fit for the purpose of making amendments to the particulars in the register of shareholders. Only the person whose name stands first in the register of shareholders as one of the joint holders of any share shall be entitled to receive the certificate relating to such share, to receive notices from the Company, to attend and exercise all the voting powers attached to such share at general meetings of the Company, and any notice given to such person shall be deemed notice to all the joint holders.

**Article 49** Holders of ordinary shares of the Company reserve the following rights:

- (1) to collect dividends and other distributions according to the number of shares held by them;
- (2) to attend or appoint proxies to attend shareholders' general meetings and to exercise voting rights;
- (3) to supervise the management of the business operations of the Company and to make recommendations or enquiries;
- (4) to transfer shares in accordance with laws, regulations and the Articles;
- (5) to obtain relevant information in accordance with the provisions of the Articles, which shall include:
  - (i) the right to have a copy of the Articles upon payment of a charge to cover costs; and
  - (ii) the right to inspect and copy after payment of reasonable charges:
    - (A) all parts of the register of shareholders;
    - (B) personal particulars of Directors, Supervisors, general managers and other senior officers as follows:
      - (a) present forename and surname and any former forename or surname and any aliases;
      - (b) principal address (residence);
      - (c) nationality;
      - (d) full-time and all other part-time occupations and duties; and
      - (e) identity documents and their relevant numbers;
  - (iii) status of the Company's share capital;

- (iv) reports showing in respect of each class of shares repurchased by the Company since the end of the last financial year, the aggregate par value, the number and the maximum and minimum price paid for the shares repurchased; and
  - (v) minutes of shareholders' general meetings;
- (6) upon termination or liquidation of the Company, the right to participation in the distribution of the Company's remaining assets in proportion to the shares held by them; and
- (7) other rights conferred by the Articles and relevant laws and regulations.

The Company shall not have any right to block or adopt other means to damage any right and interests attached to the shares due to any person who has direct or indirect right interests not disclosing his or her rights and interests.

**Article 50** Holders of ordinary shares of the Company have the following obligations:

- (1) to act in compliance with the Articles;
- (2) to pay subscription moneys according to the amount of shares subscribed by them and the method of subscription; and
- (3) to undertake further obligations imposed by laws, regulations and the Articles.

A shareholder is not liable to make further contribution to share capital other than as agreed by the subscriber of the relevant shares on subscription.

**Article 51** In addition to obligations imposed by law, administrative regulations or required by the securities exchange(s) on which shares of the Company are listed, a controlling shareholder (as defined in the following Article) shall not exercise his voting rights in a manner prejudicial to the interests of the shareholders generally or of some of the shareholders of the Company over the following issues:

- (1) to remove 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 guise, of the Company's assets, including without limitation, opportunities which are advantageous 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 without limitation, rights to distributions and voting rights, save and except where it was done pursuant to a restructuring submitted to and approved by the shareholders' general meeting in accordance with these Articles.

**Article 52** In the preceding Article, controlling shareholder refers to a person who meets any one of the following conditions:

- (1) he alone or acting in concert with others has the power to elect more than half of the Board of Directors;
- (2) he alone or acting in concert with others has the power to exercise or to control the exercise of thirty 30 percent (30%). or more of the voting rights in the Company;
- (3) he alone or acting in concert with others holds thirty 30 percent (30%). or more of the issued and outstanding shares of the Company;
- (4) he alone or acting in concert with others in any other manner controls the Company in fact.

## **CHAPTER 8: SHAREHOLDERS' GENERAL MEETINGS**

**Article 53** The shareholders' general meeting is the authority of power of the Company. It exercises its functions and powers according to law.

**Article 54** The shareholders' general meeting shall exercise the following powers:

- (1) to decide on the Company's business policies and investment plans;
- (2) to elect and replace Directors and to decide on matters relating to remuneration of Directors;
- (3) to elect and replace those Supervisors who shall according to the Articles be appointed from amongst the shareholders' representatives, and to decide on matters relating to the remuneration of Supervisors;
- (4) to consider and approve reports of the Board of Directors;
- (5) to consider and approve reports of the Board of Supervisors;
- (6) to consider and approve the Company's annual financial budget and final accounts;
- (7) to consider and approve the Company's profit distribution proposals and proposals 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, division, dissolution and liquidation of the Company;
- (10) to resolve on the issuance of debentures by the Company;

- (11) to resolve on the appointment, removal or non-renewal of the services of an auditor for the Company;
- (12) to amend the Articles;
- (13) to consider and approve proposals submitted by shareholders representing more than three percent (including 3%) of voting shares of the Company; and
- (14) to resolve other matters which are required by laws, administrative regulations and the Articles to be resolved by the shareholders' general meeting.

**Article 55** The Company shall not enter into any contract with any person other than a Director, Supervisor, general manager or other senior officers of the Company whereby the management and administration of the whole or any substantial part of any business of the Company is to be handed over to such a person without the prior approval of shareholders in a general meeting.

**Article 56** Shareholders' general meetings can be annual general meetings or extraordinary general meetings. Shareholders' general meetings shall be convened by the Board of Directors. The annual shareholders' general meeting shall be convened once a year, and shall take place within six (6) months of the end of the previous financial year.

The Board of Directors shall convene an extraordinary general meeting within two (2) months after the occurrence of any one of the following circumstances:

- (1) where the number of Directors is less than the number stipulated in the Company Law or is no more than two-thirds (2/3) of the number required by the Articles;
- (2) where the accrued losses of the Company amount to one-third (1/3) of its total paid-up capital;
- (3) where shareholders holding ten percent (10%) or more of the Company's issued shares carrying the right to vote make a request in writing to convene an extraordinary general meeting;
- (4) where the Board of Directors considers it necessary or the Board of Supervisors proposes to call for such a meeting; or
- (5) where two (2) or more independent Directors make a call for an extraordinary general meeting.

**Article 57** Where the Company convenes an annual general meeting, written notice to notify all shareholders whose names appear in the share register must be given not less than twenty (20) business days before the meeting of the matters to be considered and the date and venue of the meeting. Where the Company convenes an extraordinary general meeting, written notice must be given not less than ten (10) business days or fifteen (15) days, whichever is longer.

**Article 58** Shareholders holding more than three percent (including 3%) of total voting shares of the Company are entitled to propose a provisional proposal and submit it to the convener in writing ten (10) days before the date of the general meeting. In respect of proposals which relate to the scope of duties of the general meeting, the convener shall serve a supplementary notice of the general meeting within two (2) days after receiving the proposal and announce the content of the provisional proposal and include the proposal in the agenda of such meeting.

**Article 59** A shareholders' general meeting shall not decide on matters which are not specified in the notice.

**Article 60** Notice of meeting of shareholders shall:

- (1) be in writing;
- (2) be in specific place, date and time of the meeting;
- (3) state the motions to be discussed at the meeting;
- (4) provide such information and description as are necessary for the shareholders to exercise an informed judgment on the proposals before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase the shares of the Company, to reorganise its share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such a proposal must be properly explained;
- (5) contain a disclosure of the nature and extent, if any, of material interests of any Director, Supervisor, general manager or other senior officer in the transaction proposed and the effect of the proposed transaction on him in his capacity as shareholder in so far as it is different from the effect on the other shareholders of the same class;
- (6) contain the full text of any special resolution proposed for the meeting;
- (7) contain a specific statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a shareholder; and
- (8) state the time within which and the address to which the relevant instruments appointing the proxies for the meeting are to be delivered.

**Article 61** Notice of a shareholders' general meeting shall be served on each shareholder, whether or not entitled to vote thereat, by one or more of the following means:

- (1) By personal delivery;
- (2) By prepaid mail;

- (3) By email;
- (4) By announcement;
- (5) By other means as permitted by laws and regulations and the regulatory authorities of the place where the shares of the Company are listed.

Where laws and regulations require an announcement, an announcement shall be made. If the regulatory authority of the place on which the shares of the Company are listed requires one or more other forms of delivery in addition to the announcement, it shall prevail.

Notices of general meetings may be published by way of announcement on the website designated on which the shares of the Company are listed and the website of the Company. Upon announcement, the notices shall be deemed to have been served to all shareholders.

**Article 62** Where the notice of a meeting is not delivered due to accident omission to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions passed at the meeting.

**Article 63** Any shareholder entitled to attend and vote at a shareholders' general meeting of the Company shall be entitled to appoint one or more persons (who need not be a shareholder or shareholders) as his proxies to attend and vote instead of him. A proxy so appointed shall enjoy the following rights pursuant to authorisation by that shareholder:

- (1) to have the same right as the shareholder to speak at the meeting;
- (2) the right to vote by way of poll.

Where that shareholder is a recognised clearing house within the meaning of the Securities and Futures (Clearing Houses) 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 (or representatives) at any shareholders' general meeting or any meeting of any class of shareholders provided that, if more than one person is so authorised, the authorisation must specify the number and class of shares in respect of which each such person is so authorised. The person so authorised will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house (or its nominees) could exercise as if it were an individual shareholder of the Company.

**Article 64** The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a legal person, it shall be under seal or under the hand of a Director or attorney duly authorised. The instrument shall specify the number of shares which the proxy will represent.

**Article 65** The instrument appointing a proxy shall be deposited at the residence of the Company or at some other place specified for that purpose in the notice of meeting no later than twenty-four (24) hours prior to the meeting at which the proxy is authorised to vote or twenty-four (24) hours before the time specified for the voting. Where such an instrument is signed by a person under power of attorney on behalf of the appointer, that power of attorney or other authorisation documents shall be notarially certified. The notarially certified power of attorney and other authorisation documents shall, together with the instrument appointing the proxy, be deposited at the Company's residence or at some other place specified for that purpose in the notice of meeting.

If the appointer is a legal person, its legal representative or a person appointed by its Board of Directors or other decision-making body shall be entitled to attend a shareholders' general meeting of the Company on behalf of the appointer as its proxy, and attendance or actions by the appointee at such meeting shall for the purpose of the Articles be deemed the attendance or (as the case may be) actions of the appointer.

**Article 66** Any form issued to a shareholder by the Directors for use by him for appointing a proxy to attend and vote at a shareholders' general 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 business to be transacted at the meeting. Such a form should contain a statement that in default of instructions the proxy may vote as he thinks fit.

**Article 67** A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, loss of capacity, revocation or transfer shall have been received by the Company before the commencement of the meeting or adjourned meeting at which the proxy is used.

**Article 68** Resolutions of a shareholders' general meeting can be ordinary resolutions or special resolutions.

An ordinary resolution of a shareholders' general meeting shall be passed by an affirmative vote of more than half of the Company's total voting shares being held by the shareholders who are present at the meeting (including proxies).

A special resolution of a shareholders' general meeting shall be passed by an affirmative vote of more than two-thirds (2/3) of the Company's total voting shares being held by the shareholders who are present at the meeting (including proxies).

**Article 69** Shareholders (including proxies) who vote at the shareholders' general meeting shall exercise their voting rights in relation to the amount of voting shares they represent. Each share carries the right to one vote.



Where Rules Governing the Listing of Securities on the Main Board (“Listing Rules”) requires any shareholder to abandon his or her voting on specific resolution, or restricts any shareholder to vote for or against specific resolution, any vote of the shareholder or his or her proxy against the relevant requirement or restriction shall not be included.

**Article 70** The votes will be taken by way of poll at a shareholders’ general meeting.

**Article 71** Matters voted by way of a poll shall be deemed to be a resolution of the meeting.

**Article 72** On a poll taken at a meeting, a shareholder (including his proxy) entitled to two or more votes need not cast all his votes in the same way.

**Article 73** The following matters shall be resolved by way of ordinary resolution of the shareholders’ general meeting:

- (1) work reports of the Board of Directors and the Board of Supervisors;
- (2) profit distribution proposals and proposals for making up losses formulated by the Board of Directors;
- (3) appointment and removal of members of the Board of Directors and the Board of Supervisors and their remuneration and methods of payment;
- (4) the Company’s annual financial budget, final accounts, balance sheet, profit and loss account and other financial statements; and
- (5) matters other than those which are required by laws, administrative regulations or the Articles to be adopted by way of special resolutions.

**Article 74** The following matters shall be resolved by way of special resolution of the shareholders’ general meeting:

- (1) increase or reduction of the Company’s share capital and the issuance of shares of any class, warrants and other similar securities;
- (2) issuance of debentures by the Company;
- (3) division, merger, dissolution and liquidation of the Company
- (4) amendment of the Articles; and

- (5) other matters which, according to an ordinary resolution of the shareholders' general meeting, may have a significant impact on the Company and require adoption by way of a special resolution.

**Article 75** Shareholders seeking to convene an extraordinary general meeting or a class meeting shall proceed in accordance with the following procedure:

- (1) two (2) or more shareholders holding one-tenth or more of the shares carrying the right to vote at the meeting sought to be held may, by signing one or more counterpart requisition(s) stating the object of the meeting, require the Board of Directors to convene an extraordinary general meeting or a class meeting. The Board of Directors shall as soon as possible proceed to do so. The shareholdings referred to shall be calculated as at the date of the delivery of the requisitions;
- (2) if the Board of Directors fails to issue a notice of such a meeting within thirty (30) days from the date of the receipt of the requisition, the requisitionists may themselves convene such a meeting in a manner as nearly as possible as where meetings are to be convened by the board, provided that any meeting so convened shall not be convened after the expiration of four months from the date of receipt of the requisition by the board.

Any reasonable expenses incurred by the requisitionists by reason of the failure of the Directors duly to convene a meeting shall be borne by the Company and shall be set off against any sums owed to the Directors in default by the Company.

**Article 76** A shareholders' general meeting shall be convened by the Board of Directors and presided over and chaired by the chairman of the Board. If the chairman of the Board cannot perform his duties thereof, he may designate a Director of the Company to chair the meeting. If the chairman of the Board fails to perform his duties, more than half of the directors may elect a director to preside over and chair the meeting. If a chairman has not been designated, shareholders attending the meeting may elect a person to act as chairman. If for any reason the shareholders cannot elect a chairman, the shareholder with the greatest number of voting shares present at the meeting whether in person or by proxy shall act as chairman.

**Article 77** The chairman of a shareholders' general meeting shall be responsible for deciding whether or not a resolution has been carried. His decision shall be final and shall be announced at the meeting and recorded in the minutes.

**Article 78** Where the chairman of a shareholders' general meeting has doubt about the results of the resolution tabled for voting, he may count the number of votes cast. If no counting is made by the chairman of the meeting, any shareholder who queries the results as announced by the chairman shall have the right to immediately demand a counting of the votes. The chairman shall forthwith conduct a counting of the votes as demanded.

**Article 79** Where a counting of the votes has been conducted at a shareholders' general meeting, the results shall be recorded in the minutes. These minutes and the signed attendance record of those shareholders attending the meeting and the powers of attorney of those attending by proxy shall be kept at the Company's residence.

**Article 80** Copies of the minutes shall be available for inspection during office hours of the Company to any shareholder without charge. If a shareholder demands from the Company a copy of such minutes hereof, the Company shall send a copy to him or her within seven (7) days upon receiving such demand and the shareholder shall be responsible for reasonable charges as may be imposed.

## **CHAPTER 9: SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS**

**Article 81** Holders of various classes of shares are referred to as class shareholders.

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

**Article 82** Any proposal by the Company to vary or abrogate the rights conferred on any class shareholders must be approved by a special resolution of the shareholders' general meeting and by the class shareholders affected at a separate meeting convened in accordance with Articles 84 to 88.

**Article 83** The rights of class shareholders are deemed to be varied or abrogated in the following circumstances:

- (1) the increase or decrease of the number of shares of such class, or the increase or decrease of the number of shares of a class having voting or equity rights or privileges equal or superior to the shares of such class;
- (2) the exchange of all or part of the shares of such class into shares of another class, or the exchange of all or part of the shares of another class into the shares of such class or conferring such rights of exchange;
- (3) the removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) the reduction or removal of a dividend preference or a liquidation preference attached to shares of such class;
- (5) the increase, removal or reduction of conversion privileges, options, voting rights, transfer or pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;
- (6) the removal or reduction of rights to receive amounts payable by the Company in particular currencies attached to shares of such class;

- (7) the creation of a new class of shares having voting or equity rights or other privileges equal or superior to the shares of such class;
- (8) the imposition of restrictions or additional restrictions on the transfer of ownership of the shares of such class;
- (9) the issue of rights to subscribe for, or convert into, shares of such class or another class;
- (10) the increase in rights or privileges of shares of another class;
- (11) the restructuring of the Company which will result in shareholders of different classes bearing a disproportionate burden of such proposed restructuring; and
- (12) the variation or abrogation of the provisions of this chapter.

**Article 84** Shareholders of the affected class, 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 matters concerning Articles 83 (2) to (8), (11) and (12), but Interested Shareholder(s) shall not be entitled to vote at class meetings.

In this Article, an “Interested Shareholder” has the following meaning:

- (1) in the case of a repurchase by a general offer made to all shareholders in equal proportions or through open transactions on a stock exchange under Article 28, a Controlling Shareholder within the meaning of Article 50 is an Interested Shareholder;
- (2) in the case of a repurchase of shares by contract made outside the stock exchange under Article 28, a holder of the shares to which the contract relates is an Interested Shareholder; or
- (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 shareholders of that class is an Interested Shareholder.

**Article 85** Resolution of any class shareholders meeting shall be passed by votes of not less than two-thirds (2/3) of the voting rights of shareholders of that class represented at that meeting who, according to Article 84, are entitled to vote at class meetings.

**Article 86** Where the Company convenes a class meeting of shareholders, it shall issue written notices to notify the respective shareholders of that class whose names appear in the share register of the items to be considered and the date and venue of the meeting with reference to the period for notice of annual or extraordinary general meetings set out in Article 57 of the Articles of Association.

**Article 87** Notices of class meetings need only be served on shareholders entitled to vote thereat. Meetings of any class of shareholders shall be conducted as nearly as possible as shareholders' general meetings. Provisions in these Articles which relate to any meeting of shareholders shall apply to any meeting of a class of shareholders.

**Article 88** In addition to holders of other classes of shares, holders of domestic invested shares and overseas listed foreign invested shares are deemed to be shareholders of different classes.

The special procedure for approval by class shareholders shall not apply:

- (1) where the Company issues, either separately or concurrently, domestic invested shares and overseas listed foreign invested shares in numbers not exceeding twenty percent (20%) of the number of domestic invested shares and overseas listed foreign invested shares then in issue respectively in any 12-month period as approved by a special resolution of a shareholders' general meeting;
- (2) where the Company's plan for issuing domestic invested shares and overseas listed foreign invested shares upon its establishment is implemented within fifteen months (15) from the date of approval by the State Council securities regulatory department;
- (3) Where with the approval by the securities regulatory authorities of the State Council the shareholders cause the unlisted shares held by them to be listed and dealt in on an overseas stock exchange.

## **CHAPTER 10: COMMITTEE OF THE PARTY**

**Article 89** The Company shall establish the committee of the Communist Party of China of Capinfo Company Limited (the "Party Committee") and the Committee of the Communist Party of China for Discipline Inspection of Capinfo Company Limited (the "Discipline Committee"). In principle, the secretary of the Party Committee and the chairman of the Board shall be assumed by one person, and one full-time deputy secretary shall be designated in charge of party building work. Eligible members of the Party Committee can join the board of directors, the board of management through legal procedures, while eligible Party members of the board of directors, the board of management can also join the Party Committee in accordance with relevant rules and procedures.

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

**Article 90** The Party Committee shall, in accordance with the Constitution of the Communist Party of China and other party rules, perform its duties:

- (1) To strictly perform the primary duties of grassroots organization under Article 32 of Constitution of the Communist Party of China;
- (2) To ensure and supervise the thorough implementation of the guidelines and policies of the party and the state as well as the decisions and deployment made by the municipal party committee, the municipal government and the superior party committee throughout the Company;
- (3) To adhere to the principle of the Party exercising leadership over officials, the selection of operating managers by the board of directors, and the exercise of power as regards the right of officials' appointment by the operating managers in accordance with laws. To consider and decide on the appointment, removal or recommendation of management cadres. The Party Committee shall observe and appoint or remove party cadres; recommend nominees to the Board of Directors and general manager, or deliberate and give opinions on the candidates nominated by the Board of Directors and general manager; together with the Board of Directors, observe the proposed candidates and discuss jointly to provide opinions and suggestions thereon. To fulfil the duties of managing talents and adopt the strategy of strengthening the Company through talent;
- (4) To study and discuss stable reform and development as well as material issues related to the interests of our staff, and provide advice and recommendations in this regard;
- (5) To assume full responsibility to comprehensively strengthen party discipline. To promote party building in respect of politics, ideology, organization, working style and discipline and run through it into system construction, fight against corruption and improve the scientific standard of party building. To lead mass organization such as the trade union and the Communist Youth League. To support the Discipline Committee in fulfilling its responsibility of supervision in practice;
- (6) Other duties prescribed by the superior party organization.

## **CHAPTER 11: BOARD OF DIRECTORS**

**Article 91** The Company shall establish a Board of Directors. The Board of Director shall comprise twelve (12) Directors, including at least three (3) independent Directors, at least one of which shall be qualified appropriately in professional qualification or in accounting or related financial management in accordance with GEM Listing Rule. Independent Directors refer to Directors who are independent of the shareholders of the Company and do not hold any position within the Company. The Board of Directors shall include one Chairman and eleven (11) Directors.

The external Directors (namely, who do not hold a position in the Company, including independent Directors) shall comprise one half or more of the Board of Directors.

**Article 92** Directors shall serve a term of three (3) years. Upon the expiration of the term and if re-elected, a Director may serve consecutive terms. The Chairman of the Board of Directors is elected and removed by a majority of all the Directors. The Chairman of the Board of Directors shall be appointed for a term of three (3) years, and may serve consecutive terms if re-elected.

Directors are elected by the shareholders in general meeting. A notice in writing of the intention to propose a candidate for election as a Director and a notice in writing by that candidate of his willingness to be elected shall have been given to the Company at least seven (7) days before the date of the shareholder's meeting. The period of the delivery of the stated notices is counted at the date when a notice of meeting on such election but is not ended in or early seven (7) days prior to the meeting date.

Directors are not required to hold shares in the Company.

Subject to the relevant laws and regulations, the shareholders' general meeting may remove any Director by ordinary resolution prior to the expiration of such Directors' term, but without prejudice to any claim for damages which such Director may have under any contract.

**Article 93** The Board of Directors shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers:

- (1) to be responsible for convening shareholders' general meetings and to report on its work to the shareholders' general meeting;
- (2) to implement resolutions of the shareholders' general meeting;
- (3) to decide on the Company's business plans and investment proposals;
- (4) to formulate the Company's annual financial budget and final accounts;
- (5) to formulate the Company's profit distribution proposals and proposals for making up losses;
- (6) to formulate proposals for the increase or reduction of the registered capital of the Company and proposals for the issuance of debentures of the Company;
- (7) to draft proposals for the merger, division or dissolution of the Company;
- (8) to decide on the establishment of the Company's internal management organization;
- (9) to appoint or remove the Company's general manager, and to appoint or remove the deputy general manager (or deputy general managers) and other senior officers based on the recommendations of the general manager, and to decide on their remuneration;
- (10) to formulate the Company's basic management system;



- (11) to formulate proposals for any amendment of the Articles; and
- (12) to exercise other duties and rights as stipulated in laws, regulations or the Articles of Association and as authorised in a general meeting.

Except in relation to items (6), (7), and (11) which require the affirmative vote of more than two-thirds (2/3) of the Directors, resolutions on any other items may be approved by the affirmative vote of more than half of the Directors.

The Board of Directors shall be independent of the controlling shareholder of the Company and shall not be controlled by the board of directors of the controlling shareholder.

Where the above duties involve any of the significant events or issues referred to under Article 90, it shall be decided by the Board of Directors after deliberation by the Party Committee.

**Article 94** Where there is a disposition of fixed assets by the Board of Directors and the aggregate of the expected value of the consideration for the proposed disposition and the value of the consideration for any disposition of fixed assets made in the four (4) months immediately preceding the proposed disposition exceeds thirty-three per cent (33%) of the value of the fixed assets as shown in the last balance sheet placed before the shareholders in general meeting, the Board of Directors shall not dispose or agree to dispose of the fixed assets without the prior approval of shareholders in general meeting.

In this Article, disposition of fixed assets includes an act involving transfer of an interest in property other than by way of security.

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

**Article 95** The chairman of the Board of Directors shall exercise the following functions and powers:

- (1) to preside at shareholders' general meetings and to convene and preside at meetings of the Board of Directors;
- (2) to examine the implementation of resolutions of the Board of Directors;
- (3) to sign securities issued by the Company; and
- (4) other functions and powers conferred by the Board of Directors.

Where the chairman of the board is unable to exercise his functions and powers, the chairman may instruct a director to exercise such functions and powers on his behalf.

**Article 96** Regular Board meetings are required to be held at least four (4) times every year. A board meeting shall be convened by the chairman and a relevant notice shall be given to all directors fourteen (14) days before the meeting date. In case of emergency matters, an extraordinary board meeting may be proposed by shareholders representing more than one tenth of the voting rights, three (3) or more directors, two (2) or more independent directors, the Party Committee of the Company, the supervisory committee, the chairman of the board or the general manager of the Company. Notice of meeting shall be served to all directors at least 5 days before an extraordinary board meeting.

Such notice can be waived where half of all the directors of the Company consent to the extraordinary board meeting, and such meeting may, in accordance to the needs, be held by way of a timely board meeting or by written resolutions.

**Article 97** The written notice for convening meetings of the Board of Directors and extraordinary meetings of the Board of Directors may be sent to each Director by way of face to face delivery, facsimile, courier, registered mail or email.

**Article 98** Any meeting, regular or extraordinary, of the Board, may be held by means of telephone conference or similar communication equipment so long as all Directors participating in such meeting can hear and communicate with one another, and all such Directors shall be deemed to be present in person at the meeting.

**Article 99** Meetings of the Board of Directors may be held only if half or more of the Directors or their representatives are in attendance.

Each Director shall have the right to one vote. The Board may pass resolutions only upon a majority vote. If one quarter (1/4) or more of the Directors or two (2) or more of the external Directors believe that there is insufficient information or that the argument are inconclusive, they may jointly propose that the Board meeting be postponed or that some of the matters to be discussed at the Board meeting be discussed at a later time. In such circumstances, the Board of Directors shall accept the proposal.

**Article 100** Meetings of the Board of Directors shall be attended by the Directors in person. If a Director cannot attend for any reason, he may authorise another Director in writing to represent him at the board meeting. The relevant authorisation letter shall state the scope of authority.

A Director who attends a board meeting on behalf of another Director shall exercise the rights of a Director within the given scope of authority in the authorisation letter. A Director who fails to attend a particular board meeting and who has not appointed a representative to do so shall be deemed to have waived his voting rights in respect of that meeting.

**Article 101** For matters which would otherwise need to be approved at a special meeting of Directors, in lieu of a meeting of the Board, a written resolution may be adopted by the board if such resolution is sent to all members of the board and affirmatively signed and adopted by the number of Directors necessary to make such a decision as stipulated in Article 93.

**Article 102** The Board of Directors shall keep minutes of its decisions on the matters under their consideration. Directors attending the meeting and the person taking minutes shall sign their names on the minutes of that meeting. The opinions expressed by an independent Director shall be clearly recorded in the resolutions of the Board of Directors. Directors shall be responsible for the resolutions of the Board of Directors. Where a resolution of the Board of Directors is in violation of the laws and administrative regulations or the Articles, thereby causing serious losses to the Company, the Directors who took part in such a resolution shall be liable to compensate the Company. However, if a Director can prove that he had expressed his opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, that Director may be relieved of such liability.

## **CHAPTER 12: SECRETARY OF THE BOARD OF DIRECTORS**

**Article 103** The Company shall have a secretary of the Board of Directors, who shall be a senior officer of the Company.

**Article 104** The secretary to the board of the Company shall be a natural person with required professional knowledge and experience, and shall be appointed by the board. Primary responsibilities of the secretary to the board are:

- (1) to organise and prepare for general meetings and board meetings; to prepare documents for such meetings; to make relevant arrangements for meetings, to be responsible for taking minutes; to ensure the accuracy of minutes; to keep documents and minutes of meetings and to actively learn about the implementation of relevant resolutions; and to report and make recommendations to the board on important issues being implemented;
- (2) to ensure that important decisions of the board will be implemented in strict compliance with required procedures; at the request of the board, to take part in, and organise the consultation and analysis of issues to be decided by the board and provide advice and recommendations thereon; and to carry out daily routine of the board and its relevant committees upon authorisation;
- (3) to act as the contact person of the Company with securities regulatory authorities; to be responsible for the organisation, preparation and timely submission of documents required by regulatory authorities; and to be responsible for undertaking, organising and completing tasks delegated by regulatory authorities;
- (4) to be responsible for coordinating and organising the Company's information disclosure, setting up a sound information disclosure system and participating in all meetings of the Company in relation to information disclosure; and to gain in a timely manner knowledge of important business decisions and relevant information of the Company;

- (5) to be responsible for keeping price-sensitive information of the Company confidential and formulating effective confidentiality rules and measures; in case of a leakage of price-sensitive information of the Company for whatever reasons, to take necessary remedial measures, make prompt explanation and clarification and notify regulatory authorities of domestic and overseas jurisdictions where the Company is listed;
- (6) to be responsible for organising marketing activities, coordinating reception of visits to the Company, dealing with investor relationships, maintaining contact with investors, intermediaries and the media; to be responsible for coordinating and answering questions raised by the public; to ensure investors can promptly obtain information disclosed by the Company; to organise and prepare for marketing and promotion activities within and outside the PRC; and to organise the reporting of the same to regulatory authorities of domestic and overseas jurisdictions where the Company is listed;
- (7) to be responsible for administering and keeping the Company's register of members, registers of directors, records of shareholdings of major shareholders and directors and list of holders of outstanding debentures of the Company; and to be permitted to keep the common seal and to establish comprehensive measures for the management of the common seal;
- (8) to assist directors and managers in exercising their powers as per domestic and foreign laws, regulations, the Articles of Association and other relevant regulations; and to serve a prompt reminder after becoming aware of resolutions or possible resolutions in breach of relevant regulations and to have the right to report the case to regulatory authorities of domestic and overseas jurisdictions where the Company is listed;
- (9) to coordinate the provision of necessary information to facilitate the Company's supervisory committee and other auditing bodies in performing their supervisory duties; and to assist in the investigations as to whether the Company's directors, managers and financial controllers have performed their fiduciary duties; and
- (10) to perform other functions and powers conferred by laws and regulations, the Articles of Association and the board and as required in domestic and overseas jurisdictions where the Company is listed.

**Article 105** A director or other senior officers of the Company (excluding the general manager and the financial controller of the Company) may act as the secretary to the board. The accountant of a certified public accounting firm which has been engaged by the Company shall not act as the secretary to the board.

Where the secretary is also a Director and an act is required to be done by a Director and a secretary separately, such person in lieu of Secretary and Director may not perform the act in both capacities.

## **CHAPTER 13: GENERAL MANAGER OF THE COMPANY**

**Article 106** The Company shall have one general manager and several deputy general managers, who shall all be appointed or removed by the Board of Directors.

**Article 107** The Company's general manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

- (1) to be in charge of production, operation and management of the Company, and to organise the implementation of the resolutions of the Board of Directors;
- (2) to organise the implementation of the Company's annual business plans and investment plans;
- (3) to draft the plan for establishment of the Company's internal management organization;
- (4) to draft the Company's basic management system;
- (5) to formulate the basic rules and regulations of the Company;
- (6) to request the appointment or dismissal of the Company's deputy general manager (or deputy general managers) and other senior officers;
- (7) to appoint or dismiss management personnel other than those to be appointed or dismissed by the Board of Directors; and
- (8) to exercise other functions and powers conferred by the Board of Directors and the Articles.

Where the above duties involve any of the significant events or issues referred to under Article 90, it shall be decided by the Board of Directors after deliberation by the Party Committee.

**Article 108** The Company's general manager shall attend meetings of the Board of Directors, but if he is not a Director, he shall not have the right to vote at such meetings.

**Article 109** The Company's general manager and deputy general manager shall exercise their functions and powers in accordance with laws, regulations and the Articles, and shall discharge their duties of fidelity and diligence.

## **CHAPTER 14: BOARD OF SUPERVISORS**

**Article 110** The Company shall establish Board of Supervisors.

**Article 111** The Board of Supervisors shall comprise three (3) members, one of whom shall act as chairman of the Board of Supervisors. The term of a Supervisor shall be three (3) years. A Supervisor may serve consecutive terms if re-elected.

The election or removal of the chairman of the Board of Supervisors shall be decided by more than two-thirds (2/3) of the members of the Board of Supervisors.

The external Supervisors (namely, Supervisors who do not hold a position in the Company) shall comprise one half or more the Board of Supervisors.

**Article 112** The Board of Supervisors shall comprise two (2) shareholders' representatives and one employees' representative of the Company. Shareholders' representatives shall be elected and removed by shareholders in general meeting. Employees' representative shall be democratically elected and removed by the Company's employees.

**Article 113** The Company's Directors and senior management shall not serve concurrently as Supervisors.

**Article 114** Meetings of the Board of Supervisors shall be held at least twice a year. They shall be convened by the chairman of the Board of Supervisors.

**Article 115** The Board of Supervisors shall be accountable to the shareholders in general meeting and shall exercise the following functions and powers according to law:

- (1) to examine the Company's financial affairs;
- (2) to supervise the Company's Directors, general manager and other senior officers to see whether they violate any laws, administrative regulations or the Articles in performing their duties;
- (3) if an act of the Company's Directors, general manager and other senior officers is harmful to the Company's interest, to require them to correct such act;
- (4) to verify accounting reports, business reports, profit distribution plans and other such financial information proposed to be tabled at the shareholders' general meeting and, if in doubt, to appoint, in the name of the Company, any registered accountant or practising auditor to assist in reviewing them;
- (5) to propose to convene an extraordinary general meeting of shareholders;
- (6) to represent the Company in negotiations with Directors or in initiating legal proceedings against a Director; and
- (7) to do other matters authorised by the shareholders' annual general meeting and the Articles.

Supervisors shall attend meetings of the Board of Directors with no voting.

**Article 116** Decisions of the Board of Supervisors shall be made by the affirmative vote of more than two-thirds (2/3) of the members of the Board of Supervisors.

**Article 117** All reasonable expenses incurred by the Board of Supervisors in the appointment of professionals such as lawyers, registered accountants or practising auditors shall be borne by the Company.

**Article 118** Supervisors shall faithfully perform their Supervisors' responsibilities in accordance with laws, administrative regulations and the Articles.

## **CHAPTER 15: QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, GENERAL MANAGERS AND OTHER SENIOR OFFICERS OF THE COMPANY**

**Article 119** None of the following persons may serve as a Director, Supervisor, general manager or any other senior officer of the Company:

- (1) a person without capacity for civil conduct or with limited capacity for civil conduct;
- (2) a person who was punished for the crime of corruption, bribery, expropriation or misappropriation of property or disrupting the social and economic order, and a period of five (5) years has not elapsed since the punishment was completed, or who was deprived of his political rights as punishment for a criminal offence, and a period of five (5) years has not elapsed since the deprivation was completed;
- (3) a person, who was a Director, factory chief or general manager of a company or enterprise which entered into insolvent liquidation due to mismanagement, and who was personally liable for that insolvent liquidation and a period of three (3) years, counting from the date of completion of the liquidation proceedings in question, has not elapsed;
- (4) a person, who was the legal representative of a company or enterprise which has had its business license revoked for violating the law, and who was personally liable for that revocation and a period of three (3) years, counting from the date of revocation of the business license in question, has not elapsed;
- (5) a person with comparatively large individual debts that have fallen due but have not been settled;
- (6) a person who has been placed on file for investigation by judicial organs for having violated the criminal law, and such investigation has not been concluded;
- (7) a person who is prohibited from acting as a leader of an enterprise by virtue of any laws and administrative regulations;
- (8) a non-natural person; or



- (9) a person who was convicted by any relevant regulatory department of violation of securities-related laws and regulations, where such violation involved acts of a fraudulent or dishonest nature and a period of five (5) years, counting from the date of the conviction in question, has not elapsed.

**Article 120** The validity of an act of a Director, general manager or other senior officer of the Company on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his election, appointment, or qualification.

**Article 121** In addition to obligations imposed by laws, administrative regulations or rules of the securities exchange(s) on which shares of the Company are listed, each Director, Supervisor, general manager or other senior officer of the Company owes a duty to each shareholder in the exercise of the following functions and powers of the Company entrusted to him:

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

**Article 122** Each Director, Supervisor, general manager or senior officer of the Company owes a duty, in the exercise of his powers or in the discharge of his obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 123** Each Director, Supervisor, general manager or other senior officer of the Company shall observe his fiduciary obligation when discharging his duties. He shall not place himself in a position where his interest and his duty may conflict. This principle includes (but without limitation) discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his powers and not to exceed those powers;
- (3) to exercise the discretion vested in him personally and not allow himself to act under the control of another and, unless and to the extent permitted by laws and administrative regulations or with the informed consent of shareholders in general meeting, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

- (5) except as otherwise provided in the Articles or with the informed consent of shareholders in general meeting, not to enter into a contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders in general meeting, not to use the Company's property for his own benefit;
- (7) not to use his functions and powers as a means to accept bribes or any other unlawful income, not to expropriate in any way the Company's property, including (but without limitation) opportunities that may benefit the Company;
- (8) without the informed consent of shareholders in general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to observe the Articles, to discharge his responsibilities faithfully, to protect the Company's interest, and not to use his position, functions and powers in the Company to seek personal gains;
- (10) without the informed consent of shareholders in general meeting, not to compete with the Company in any way;
- (11) not to misappropriate the Company's funds or lend them to others, not to deposit the Company's assets in accounts opened in his own name or in another person's name and not to use the Company's assets as security for the debts of the Company's shareholders or other personal debts; and
- (12) without the informed consent of shareholders in general meeting, not to disclose confidential information relating to the Company that was acquired by him during his tenure at the Company and not to use the information save and except where disclosure of such information is in the furtherance of the interests of the Company. However, disclosure of such information to the court or other governmental authorities is permitted under the following circumstances:
  - (i) disclosure is made under compulsion of relevant law;
  - (ii) there is a duty to the public to disclose; or
  - (iii) the interests of that Director, Supervisor, general manager or other senior officer require disclosure.

**Article 124** A Director, Supervisor, general manager or other senior officer of the Company shall not cause a person or an organisation (in this chapter referred to as "connected persons") set out below to do what he is prohibited from doing:

- (1) the spouse or minor child of that Director, Supervisor, general manager or other senior officer of the Company;

- (2) a person acting in the capacity of trustee of that Director, Supervisor, general manager or other senior officer of the Company or any person referred to in paragraph (1);
- (3) a person acting in the capacity of partner of that Director, Supervisor, general manager or other senior officer of the Company or any person referred to in paragraphs (1) and (2);
- (4) a company in which that Director, Supervisor, general manager or other senior officer of the Company, alone or jointly with the persons referred to in paragraphs (1), (2) and (3) or other Directors, Supervisors, general managers and other senior officers of the Company, has *de facto* control; or
- (5) a Director, Supervisor, general manager or other senior officer of the company being controlled as referred to in paragraph (4).

**Article 125** The fiduciary duties of Directors, Supervisors, general managers and other senior officers of the Company do not necessarily cease with the termination of their tenure. Their duty of confidence in relation to the Company's trade secrets survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination and the act concerned and the circumstances and conditions under which the relationship with the Company terminated.

**Article 126** Subject to Article 51, a Director, Supervisor, general manager or other senior officer of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders in general meeting.

**Article 127** A Director may not vote as a Director on board resolutions in regard to any contract, arrangement or any other suggestion in which he or any of his connected person is interested, and he shall not be taken into account in determining a quorum for a meeting considering such matters, except for the circumstances as follows:

1. (i) where Director or his or her related person lends to the Company or any subsidiary of the Company, or is required by the Company and any subsidiary of the Company to cause or assume obligation for their interests, the Director or his or her connected person shall be provided with any mortgage or indemnification guarantee; or
- (ii) where Company or any subsidiary of the Company provides for the third party any mortgage or indemnification guarantee upon its liability or obligation, upon which Director or his or her connected person has taken all or partial responsibilities (either single or collectively) according to one mortgage or indemnification guarantee, or based on providing a mortgage.
2. Where any suggestion of offer given by other person or company for subscribing for purchase or purchase the shares, bonds or other securities of the Company or other company which was initiated by the Company or for which the Company has equity, the Director or his or her connected person has rights and interests for participating in the offer's underwriting or sub-underwriting;

3. Where any suggestion given by any other company, on which the Director or his or her connected person directly or indirectly has rights and interests either in senior officer, administrators or shareholders; or where any suggestion given by any other company for which the Director or the connected person who claims right and interests has the shares of the stated company of which, however, the Director and the connected person collectively (or a third company through which the Director or the connected person claim rights and interest) no more than 5% issued shares of any class or voting right;
4. Any suggestion or arrangement relating to the interests of the employees of the Company or subsidiary, including:
  - (i) Adopt, amend or exercise any employee's shares scheme, any share award scheme or share option scheme in favor of the Director and the connected person; or
  - (ii) Adopt, amend or exercise the retiring funding scheme, retiring scheme, death or disability interests scheme, relating to the Director, the connected person and the employee of the Company and the subsidiary, out of which, no favor or interests is generally given to the Director (or the connected person) and any person related to the scheme or funding thereof; and
5. Any Director or the connected person claim rights and interests of a contract or arrangement, in which the Director or the connected person has the same way to claim rights and interests as the other holders of the shares, bonds and other securities of the Company due to their equity on the shares, debenture and other securities.

The "connected person" in the Article refers to that as defined in the Listing Rules.

Where a Director, Supervisor, general manager or other senior officer of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, other than his contract of service, he shall declare the nature and extent of his interest to the Board of Directors at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the Board of Directors.

Unless the Director, Supervisor, general manager or other senior officer of the Company has disclosed his interest in accordance with the previous provision of this Article and the contract, transaction or arrangement in which he is interested has been approved by the Board of Directors at a meeting in which he was not counted in the quorum and had refrained from voting, any contract, transaction or arrangement in which a Director, Supervisor, general manager or other senior officer of the Company is materially interested shall be voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the Director, Supervisor, general manager or senior officer concerned.

A Director, Supervisor, general manager or other senior officer of the Company is deemed to be interested in any contract, transaction or arrangement in which a connected person of that Director, Supervisor, general manager or senior officer is interested.

**Article 128** Where a Director, Supervisor, general manager or other senior officer of the Company gives to the Board of Directors a general notice in writing before the relevant contract, transaction or arrangement is first taken into consideration by the Company stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding provisions of this chapter to be a sufficient declaration of his interest, so far as attributable to those facts.

**Article 129** The Company shall not in any manner pay taxes for and on behalf of its Directors, Supervisors, general managers and other senior officers.

**Article 130** The Company shall not directly or indirectly make a loan to its Directors, Supervisors, general managers and other senior officers or Directors, Supervisors, general managers and other senior officers of its holding company, or provide any guarantee in connection with a loan made by any person to any such Director, Supervisor, general manager or senior officer, or make a loan or provide any guarantee in connection with any loan made by any person to a connected person of such Director, Supervisor, general manager or senior officer.

The preceding provision shall not apply to the following circumstances:

- (1) the provision of a loan or a guarantee for a loan by the Company to a company which is a subsidiary of the Company;
- (2) the provision of a loan or a guarantee for a loan by the Company under a service contract which has been approved by shareholders in general meeting to provide funds by the Company to any of its Directors, Supervisors, general managers and other senior officers to meet expenditure incurred or to be incurred by him for the purposes of the Company or the purpose of enabling him to properly perform his duties; and
- (3) the provision of a loan or a guarantee for a loan by the Company to any of its Directors, Supervisors, general managers and other senior officers or their connected persons in the ordinary course of its business on normal commercial terms, where the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

**Article 131** A loan made by the Company in breach of the preceding Article shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

**Article 132** A loan guarantee provided by the Company in breach of the first paragraph of Article 130 shall be unenforceable against the Company, unless:

- (1) the guarantee was provided to a connected person of a Director, Supervisor, general manager or other senior officer of the Company or its holding company and at the time the loan was advanced the lender did not know the relevant circumstances; or
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 133** “Guarantee” as referred to in the preceding provisions of this chapter includes an undertaking or property provided to secure the performance of obligations by the obligor.

**Article 134** In addition to any rights and remedies provided by law and administrative regulations, where a Director, Supervisor, general manager or other senior officer of the Company is in breach of his duties to the Company, the Company has a right to:

- (1) require the relevant Director, Supervisor, general manager or other senior officer to compensate for losses sustained by the Company as a consequence of such breach;
- (2) rescind any contract or transaction entered into by the Company with the relevant Director, Supervisor, general manager and other senior officer or with a third party where such third party knew or should have known that there was such a breach;
- (3) require an account of the profits made by the relevant Director, Supervisor, general manager or other senior officer in breaching their duties;
- (4) recover any monies received by the relevant Director, Supervisor, general manager or other senior officer that should have been received by the Company including, but without limitation, commissions; and
- (5) require the interest earned or which may have been earned by the relevant Director, Supervisor, general manager or other senior officer in respect of the monies that should have been given to the Company.

**Article 135** The Company shall enter into a written contract with a Director or Supervisor of the Company concerning his remuneration, which has to be approved by the shareholders in general meeting prior to the contract being entered into. The aforesaid remuneration include:

- (1) emoluments in respect of his service as a Director, Supervisor, or senior officer of the Company;
- (2) emoluments in respect of his service as a Director, Supervisor or senior officer of any subsidiary of the Company;

- (3) emoluments otherwise in connection with the management of the affairs of the Company or any subsidiary thereof; and
- (4) the payment by way of compensation for loss of office, or as consideration for or in connection with his retirement from office.

Except under a contract entered into in accordance with the foregoing, no legal action may be brought by a Director or Supervisor against the Company for anything due to him in respect of the above matters.

**Article 136** The Company shall stipulate in the contracts entered into by the Company with a Director or Supervisor of the Company in respect of his emoluments that in the event of a takeover of the Company, a Director or Supervisor of the Company shall have the right to receive payment made to him by way of compensation for loss of office, or as consideration for his retirement from office after obtaining prior approval of the shareholders in general meeting. A takeover of the Company referred to in this Article means any of the following:

- (1) an offer made by any person to the general body of shareholders to buy their shares in the Company; or
- (2) an offer made by any person to buy shares of the Company with a view to the offer of becoming a controlling shareholder within the meaning of Article 52.

If the relevant Director or Supervisor has failed to comply with this Article, any sum received by him on account of the payment belongs to those persons who have sold their shares as a result of the offer made as aforesaid, and the expenses incurred by him in distributing that sum pro rata amongst those persons shall be borne by him and not paid out of that sum.

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

**Article 137** The Company shall establish its own financial accounting system in accordance with laws, administrative regulations and PRC accounting standards formulated by the State Council's finance regulatory authority.

**Article 138** The Company shall prepare financial reports at the end of each financial year. Such reports shall be examined and verified according to law.

**Article 139** The Board of Directors shall place before the shareholders at every annual general meeting such financial reports as are required by relevant laws, administrative regulations and normative provisions promulgated by the local government and the authorities in charge of the Company to be prepared by the Company.



**Article 140** The above mentioned financial reports of the Company together with a report of the Board of Directors shall be made available for inspection by shareholders at least twenty (20) days prior to the date of the annual shareholders' general meeting. Each shareholder shall be entitled to obtain a copy of any financial statements referred to in this Chapter.

Copies of such statements and the report of the Board of Directors shall at least be delivered or sent to each holder of overseas listed foreign invested shares at least twenty-one (21) days prior to the date of the annual shareholders' general meeting. Subject to the compliance of laws, administration rules, department regulations, normative provisions and relevant requirements of listing rules of the stock exchange(s) where the shares of the Company are listed, the Company can choose to conduct via electronic means or publish on the Company's website or the designed website of the stock exchange(s) where the shares of the Company are listed.

**Article 141** The Company's financial statements shall be prepared in accordance with PRC accounting standards and regulations.

**Article 142** Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations.

**Article 143** The Company shall publish two (2) financial reports every accounting year. An interim report shall be published within sixty (60) days of the end of the first six (6) months of the accounting year and the annual report shall be published within one hundred and twenty (120) days of the end of the accounting year.

**Article 144** No books of account other than those provided under the law may be established by the Company.

**Article 145** After tax profits of the Company shall be applied in the following order of priority:

- (1) to make up for losses;
- (2) allocation to the statutory common reserve fund;
- (3) allocation to the discretionary common reserve fund subject to a resolution of the general meeting;  
and
- (4) payment of dividends for ordinary shares.

The Board of Directors shall decide in accordance with the relevant laws and administrative regulations (if any) the percentage for each of the matters referred to in this Article and propose the percentages for approval by shareholders at a general meeting. The Company shall not distribute dividends or make other distribution by way of bonus before it has made up for losses and made allocations to the statutory common reserve and the statutory public welfare fund.

**Article 146** Capital common reserves shall include the following:

- (1) premium amount in excess of the par value of shares which have been issued; and
- (2) other sums required to be included in the capital common reserves by the finance regulatory department of the State Council.

**Article 147** The common reserves of the Company shall only be used for the following purposes:

- (1) the making up of losses;
- (2) increase of capital by conversion: The Company may subject to a resolution of a shareholders' general meeting convert the common reserves into share capital by issuing new shares or increasing the par value of each share in proportion to the shareholders' existing shareholding. However, when the statutory common reserve is converted to increase share capital, the remaining statutory common reserve after such conversion shall be no less than twenty five (25) percent. of the registered capital; and
- (3) reinvestment by the Company.

**Article 148** Unless otherwise approved by ordinary resolution of the general meeting of shareholders, the Company shall only distribute dividends once a year. Shareholders may by an ordinary resolution authorise the Board of Directors to declare and pay an interim dividend after it has considered the financial position of the Company, subject to compliance with all relevant laws and administrative regulations.

**Article 149** The Company may distribute dividends in the following forms:

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

If a shareholder does not claim the dividends distributed under these Articles, such shareholder shall, after the expiration of the applicable limitation period, be deemed to have lost the right to obtain such dividends.

**Article 150** Dividends or other distributions on ordinary shares shall be declared and denominated in RMB. Dividends or other distributions payable on domestic invested shares shall be paid in RMB. Dividends or other distributions payable on foreign invested shares shall be denominated and declared in RMB, but shall be paid in the currency of the place where these foreign invested shares are listed (or, if there is more than one such place, of the place where those foreign invested shares maintain a primary listing as determined by the Board of Directors).

Any paid-up share prior to call shall have interests, while holders of shares have not right to participate in having the dividend declared after advance on subscription.

The Company shall terminate delivery of dividend warrant by mail post in the following cases:

- (1) the dividend warrant is not withdrawn in two consecutive times; or
- (2) the dividend warrant is returned due to failing to delivery to the receiver at its first delivery.

The Company should sell the shares of which the holder(s) is or are not available and keep the proceeds, provided that:

- (1) the relevant shares propose dividends three (3) times within twelve (12) years, where the shareholder(s) does not or do not claim any of dividends; and
- (2) after the expiration of the twelve (12) years, the Company publishes an advisement on newspaper to sell the shares hereof and hereby notifies this intent to Hong Kong Stock Exchange.

**Article 151** In paying dividends in foreign currency, the applicable exchange rate shall be the average of the closing exchange rates for the foreign currency as announced by the People's Bank of China for the calendar week preceding the date on which such dividends and other distributions are declared.

**Article 152** A Company shall appoint receiving agents on behalf of holders of overseas listed foreign invested shares to receive on behalf of such shareholders the dividends declared and all other monies owing by the Company in respect of overseas listed foreign invested shares.

The receiving agents appointed by the Company shall meet the requirement of the local laws or the relevant rules of the stock exchange where shares in the Company are listed.

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

## **CHAPTER 17: APPOINTMENT OF AUDITOR**

**Article 153** The Company shall appoint an independent accounting firm which complies with the relevant requirements of the PRC to audit the Company's annual accounts and to review other financial reports of the Company.

The first auditor of the Company may be appointed at the inaugural meeting before the first annual general meeting, such auditor so appointed to hold office until the conclusion of the first annual general meeting. If the inaugural meeting does not exercise its right under this Article, it may be exercised by the Board of Directors.

**Article 154** The term of an auditor appointed by the Company shall commence from the conclusion of the annual general meeting and expire at the conclusion of the next annual general meeting of the Company.

**Article 155** An auditor appointed by the Company shall enjoy the following rights:

- (1) the right to access at all times to the books, records or vouchers of the Company, and the right to require the Directors, general manager or other senior officers of the Company to provide any relevant information and explanations;
- (2) the right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanations as are necessary for the purposes of its duties as the auditor of the Company; and
- (3) the right to attend any shareholders' general meetings and to receive all notices of, and other communications relating to, any such meetings and to be heard at such meetings on any matter which concerns it as the auditor of the Company.

**Article 156** The Board of Directors may fill any casual vacancy in the office of an auditor before a shareholders' general meeting is convened and shall hold such office until the next following annual general meeting, but while any such vacancy continues, the surviving or continuing auditor, if any, may act.

**Article 157** The shareholders in general meeting may by ordinary resolution remove an auditor before the expiration of its term of office, notwithstanding anything in any agreement between the Company and that auditor, but without prejudice to its claims, if any, for damages in respect of such removal.

**Article 158** The remuneration of an auditor shall be fixed by the shareholders in general meeting or in such manner as the shareholders in general meeting may determine. In the case of an auditor appointed by the Board of Directors, the remuneration of the auditor may be fixed by the Directors.

**Article 159** Decisions to appoint, remove or not to renew the services of an auditor shall be made by the shareholders in general meeting and shall be filed with the State Council securities regulatory department.

**Article 160** Where a resolution at a general meeting of shareholders is to be passed to appoint as auditor a person other than an incumbent auditor, to fill a casual vacancy in the office of auditor, or to reappoint as auditor a retiring auditor who was appointed by the Board of Directors to fill a casual vacancy, or to remove an auditor before the expiration of his term of office, the following provisions shall apply:

- (1) a copy of the proposal regarding the appointment or removal shall be sent before notice of meeting is given to the shareholders to the person proposed to be appointed or the auditor proposing to leave his post or the auditor who has left his post;

Leaving includes leaving by removal, resignation and retirement;

- (2) if the auditor leaving his post makes representations in writing and requests their notification to the shareholders, the Company shall (unless the representations are received too late):
  - (i) in any notice of this resolution given to shareholders, state the fact of the representations having been made; and
  - (ii) deliver a copy of the representations, as an attachment to the notice, to every shareholder entitled to notice of general meetings, through the method prescribed in the Articles of Association;
- (3) if the Company fails to send the auditor's representations pursuant to Paragraph (2) of this Article, the auditor may (in addition to his right to be heard) require that the representations be read out at the meeting; and
- (4) an auditor who is leaving his post shall be entitled to attend:
  - (i) the general meeting at which his term of office would otherwise have expired;
  - (ii) any general meeting at which it is proposed to fill the vacancy caused by his removal; and
  - (iii) any general meeting convened on his resignation.

and to receive all notices of, and other communications relating to, any such meeting, and to be heard at any such meeting which he attends on any part of the business of the meeting which concerns him as former auditor of the Company.

**Article 161** The Company which decides to remove or not to renew the services of an auditor shall give advanced notice to that auditor. The auditor shall have the right to present its views at the shareholders' general meeting. Where an auditor resigns, it shall be under an obligation to inform the shareholders' general meeting as to whether or not there is any impropriety in the Company.

**Article 162** An auditor may resign his office by depositing at the Company's residence a written notice of resignation to that effect and containing:

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

Any such notice shall terminate his office on the date on which it is deposited or on such later date as may be specified therein.

Where a notice is deposited under the foregoing provisions of this Article, the Company shall within fourteen (14) days send a copy of the notice to the competent authority. If the notice contained a statement under paragraph (2) of this Article, the Company shall deposit a copy of such statement in the Company for examination by the shareholders. The Company shall also deliver or send a copy of such statement by electronic means to each of the holders of the overseas listed foreign investment shares.

Where the auditor's notice of resignation contains a statement of any circumstances which should be brought to the notice, the auditor may require the Board of Directors to convene an extraordinary general meeting of shareholders for the purpose of receiving an explanation of the circumstances connected with the auditor's resignation.

## **CHAPTER 18: MERGER AND DIVISION OF THE COMPANY**

**Article 163** A proposal for the merger or division of the Company shall be proposed by the Board of Directors, and after it has been approved in accordance with the provisions of the Articles, it shall be submitted for review and approval according to law. Shareholders who oppose the proposal shall have the right to require the Company or shareholders who are in favour of such proposal to purchase their shares at a fair price. The resolution approving the merger or division shall be compiled into a special document for inspection by shareholders. Copies of the document referred to above shall also be delivered by post or other means as permitted by relevant laws, regulations and the stock exchange(s) where the shares of the Company are listed to holders of overseas listed foreign invested shares.

**Article 164** Merger of companies may take the forms of merger and consolidation.

Where there is a company merger, the parties to the merger shall enter into a merger agreement, and prepare balance sheets and lists of property. The Company shall notify its creditors within a period of ten (10) days from the date of the resolution approving the merger and make newspaper announcements of the merger within thirty (30) days of that date. The creditors who have received such notice shall, within thirty (30) days thereafter, and those creditors who have not received such notice shall, within forty-five (45) days from the date the notice is first published, be entitled to require the Company to repay the debt or to provide appropriate alternative guarantees for the debt.

After the merger, the company which is survived or newly established shall succeed to the claims and debts of all the parties to the merger.

**Article 165** Where there is a company division, its property shall be divided accordingly.

Where there is a company division, the parties to the division shall enter into a division agreement, and prepare balance sheets and lists of property. The Company shall notify its creditors within a period of ten (10) days from the date of the resolution approving the division and make newspaper announcements of the division within thirty (30) days from that date.

Debts owing by the Company before the division shall be borne by the companies after the division, except when the Company has reached a written agreement on debt settlement with the creditors before the division.

**Article 166** Where the merger or division of the Company involves changes in its registered particulars, such changes shall be registered with the Company's registration authority according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to the relevant law.

## **CHAPTER 19: DISSOLUTION AND LIQUIDATION OF THE COMPANY**

**Article 167** The Company shall be dissolved and liquidated according to law if any of the following circumstances occurs:

- (1) the shareholders' general meeting resolves to dissolve the Company;
- (2) dissolution is necessary as a result of a merger or division of the Company;
- (3) the Company is declared bankrupt according to law because it is unable to pay its debts when they fall due;
- (4) the Company has its business license revoked, or is ordered to shut down, or is cancelled in accordance with laws;
- (5) Where the Company experiences material difficulties in its operation or management and its continuous existence on a going concern will result in substantial losses to shareholders' interests, and no other remedy is available, an application can be made to the People's Court to dissolve the Company by a shareholder or a group of shareholders holding ten percent (10%) or above of the total voting rights.

**Article 168** Where the Company is dissolved by virtue of provisions set out in (1), (3), (4) or (5) of Article 167, a liquidation committee shall be established within fifteen (15) days after the date on which the dissolving reason is identified to commence the liquidation. The liquidation committee shall comprise members determined in a general meeting. Where the liquidation committee is not formed within the stipulated time frame to conduct the liquidation, creditors of the Company may apply to the People's Court to appoint relevant personnel to establish the liquidation committee to conduct the liquidation.

**Article 169** Where the Board of Directors proposes to liquidate the Company (otherwise than because of a declaration of bankruptcy), the board shall, in the notice convening a general meeting of shareholders to consider the proposal, include a statement to the effect that a full enquiry has been made into the affairs of the Company, and the board is of the opinion that the Company will be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.



Upon the passing of a special resolution on the liquidation of the Company by the shareholders in general meeting, all functions and powers of the Board of Directors shall be ceased.

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

**Article 170** A liquidation committee shall notify creditors within a period of ten (10) days from the date of its establishment and make at least three (3) newspaper announcements of the liquidation within sixty (60) days of that date. Claims shall be registered by the liquidation committee.

**Article 171** Within thirty (30) days following the date of service of the written notification, or within ninety (90) days following the public announcement if the written notification is not personally received, creditors shall declare their claims to the liquidation committee. When making declaration of their rights, creditors shall specify the items to which their rights relate and produce evidence to this effect. The liquidation committee shall record all such declared creditors' rights.

**Article 172** A liquidation committee shall exercise the following functions and powers during the course of the liquidation:

- (1) to sort out the property of the Company and to prepare balance sheets and lists of property;
- (2) to notify creditors by notice or public announcement;
- (3) to dispose of and liquidate any relevant unfinished business of the Company;
- (4) to pay all outstanding taxes;
- (5) to sort out all claims and debts;
- (6) to dispose of the Company's residual property after full payment of its debts; and
- (7) to take part in civil litigation on behalf of the Company.

**Article 173** After a liquidation committee has sorted out the Company's property and prepared balance sheets and lists of property, it shall formulate a liquidation plan to be submitted for confirmation by the shareholders in general meeting or the relevant regulatory authority.

Payment of debts out of the Company's property shall be made in the order of priority prescribed by applicable laws and regulations.

The remaining property of the Company after payment has been made under the previous provision shall be distributed to its shareholders according to the class and proportion of their shareholding.

The Company shall not undertake any new business during the process of liquidation.

**Article 174** If a Company is liquidated by reason of dissolution and the liquidation committee finds, having sorted out the Company's property and prepared balance sheets and lists of property, that the Company's property is insufficient to pay its debts in full, it shall immediately apply to the People's Court for a declaration of bankruptcy.

After the People's Court has made a declaration of bankruptcy in respect of the Company, the Company's liquidation committee shall turn over the affairs of the liquidation to the People's Court.

**Article 175** Following the completion of liquidation of the Company, the liquidation committee shall formulate a liquidation report, as well as a revenue and expenditure statement and financial books in respect of the liquidation period which, after they have been certified by a Chinese registered accountant, shall be submitted to the shareholders in general meeting or the relevant regulatory authority for confirmation.

A liquidation committee shall, within thirty (30) days of the date of confirmation by the shareholders in general meeting or the relevant regulatory authority, submit the above documents to the relevant Company registration authority, apply to cancel the Company's registration and publicly announce the termination of the Company.

## **CHAPTER 20: PROCEDURES FOR AMENDING THE ARTICLES**

**Article 176** The Company shall amend the Articles of Association under any of the following circumstances:

- (1) amendments to the "Company Law" or other relevant laws or regulations result in conflicts between provisions in the Articles of Association and those of amended laws or regulations;
- (2) changes in the state of the Company result in discrepancies between the actual status and those stated in the Articles of Association; and
- (3) the general meeting resolves to amend the Articles of Association.

**Article 177** Amendments made to the Articles concerning matters prescribed by the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (Zheng Wei Fa (1994) No. 21) issued on August 27, 1994 by the formerly State Council Securities Commission and the State Commission for Restructuring the Economic System shall take effect upon approval by the companies examination and approval authority appointed by the State Council and the State Council securities regulatory department. Where the amendments relate to registered particulars of the Company, those particulars shall be amended according to law.

## CHAPTER 21: DISPUTE RESOLUTION

**Article 178** The Company observes the following rules for resolution of disputes:

- (1) (i) Whenever any disputes or claims arise from the Articles, the Company Law and the Special Regulations and any other relevant laws and administrative regulations concerning the affairs of the Company; (a) between a holder of overseas listed foreign invested shares and the Company, (b) between a holder of overseas listed foreign invested shares and a Director, Supervisor, general manager or other senior officer of the Company; or (c) between a holder of overseas listed foreign invested shares and a holder of domestic invested shares, the parties concerned shall refer the disputes or claims to arbitration.
  - (ii) Where a dispute or claim falling within the scope stated above is referred to arbitration, the entire dispute or claim shall be referred to arbitration and all persons (being shareholders, Directors, Supervisors, general manager or other senior officers of the Company) 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 submit to arbitration.
  - (iii) Notwithstanding the foregoing, disputes regarding the definition of shareholders and the register of shareholders need not be resolved by way of arbitration;
- (2) Disputes or claims referred to arbitration may be heard, at the option of the claimant, 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 the claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body chosen by the claimant. If the claimant chooses to refer the dispute or claim to arbitration at the Hong Kong International Arbitration Centre, either party may apply for such hearing to be conducted in Shenzhen under the Securities Arbitration Rules of the Hong Kong International Arbitration Centre;
  - (3) Unless otherwise provided in laws and administrative regulations, PRC law shall apply in the resolution of any dispute or claim by arbitration referred to in paragraph (1) of this Article;
  - (4) Awards made by an arbitral body shall be final and binding on all parties.

## CHAPTER 22: MISCELLANEOUS

**Article 179** Unless otherwise provided, any notice or report required or permitted to be given or delivered by the Company by public advertisement must be published in at least one newspaper with national circulation approved by the State Council securities regulatory department.

**Article 180** The term of “accounting firm” used in this Articles of Association also refers to Auditor.

**Article 181** The term “senior officers” in the Articles of Association refers to the general manager, deputy general manager, chief financial officer, general legal adviser, assistant to general manager, secretary to the Board, chief auditor etc.

**Article 182** The Articles are written in Chinese and English. Both language versions are valid, but in the case of discrepancy the Chinese version shall prevail.