



Chongqing Machinery & Electric Co.,Ltd.*
重慶機電股份有限公司

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

(Stock Code: 02722)

Articles of Association

Passed at the 2007 second extraordinary general meeting on 1 August 2007
Amended for the first time as approved at the 2008 annual general meeting on 25 June 2009
Amended for the second time as approved at the 2009 second extraordinary general meeting on 31 August 2009
Amended for the third time as approved at the 2010 first extraordinary general meeting on 30 December 2010

Amended for the forth time as approved at the 2011 first extraordinary general meeting
on 9 December 2011
Amended for the fifth time as approved at the 2011 annual general meeting on 18 June
2012
Amended for the sixth time as approved as the 2013 first extraordinary general meeting
on 10 April 2013
Amended for the sixth time as approved as the 2014 first extraordinary general meeting
on 29 September 2014

This Articles of Association was formulated in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (the "Mandatory Provisions"), Zheng Jian Hai Han [1995] No.1 the Letter of Opinions on Supplementary Amendment to Articles of Association of Companies to be Listed in Hong Kong ("Zheng Jian Hai Han"), the Opinions on the Further Promotion of Standardized Operation and In-depth Reform of Companies Listed Overseas (the "Opinions") and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (Main Board) (the "Listing Rules").

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Articles of Association of Chongqing Machinery & Electric Co., Ltd.

Chapter 1 General Provisions

Article 1

Chongqing Machinery & Electric Co., Ltd. (the “Company”) is a joint stock limited company incorporated in accordance with the Company Law of the People's Republic of China ("the Company Law"), the Securities Law of the People's Republic of China (the “Securities Law”), the State Council's Special Regulations on Issuing Shares and Listing Overseas of Joint Stock Limited Companies" (the “Special Regulations”), and other relevant laws and administrative regulations of the People's Republic of China (the “PRC”, and for the purpose of this Articles of Association, excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and the Taiwan Region).

Article 1 of
the
Mandatory
Provisions

The Company was established by way of promotion on 27 July 2007. It was registered with the Administration for Industry and Commerce of Chongqing Municipality on the same day and was granted the business license for corporate entities with its registration number being 500000000000311.

The Company’s promoters are: Chongqing Machinery and Electronic Holding (Group) Co., Ltd, Chongqing Yufu Asset Management Co., Ltd, Chongqing Construction Engineering Group Corp., Ltd. and China Huarong Asset Management Co., Ltd.

Article 2

The registered name of the Company (in Chinese):重庆机电股份有限公司 (abbreviated as 重庆机电) .
English name: Chongqing Machinery and Electric Co., Ltd. (abbreviated as CQME)

Article 2 of
the
Mandatory
Provisions

Article 3

The Company's legal residence: No. 60, Middle Section of Huangshan Avenue, New North Zone, Chongqing City
Telephone: 023-63075707
Fax: 023-63076969
Postcode: 401123

Article 3
of the
Mandatory
Provisions

Article 4

The Company's legal representative is the Chairman of the Company.

Article 4 of
the
Mandatory
Provisions

Article 5

The Company is a joint stock limited company in perpetual existence.

The Company is an independent legal entity, and is governed and protected by laws, regulations and other relevant rules of the PRC.

Article 5 of
the
Mandatory
Provisions

Article 6

This Articles of Association (the “Articles of Association”) took effect upon completion of the Company’s IPO to supersede the original articles of association registered with the administration for industry and commerce.

Article 6 of the
Mandatory
Provisions

From the date on which it becomes effective, the Articles of Association constitute a legally binding document regulating the Company’s organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders inter se.

Article 7

The Articles of Association are binding on the Company and its shareholders, directors (“Directors”), supervisors, general managers and other senior managements, all of whom are entitled to claim rights regarding the Company’s affairs in accordance with the Articles of Association.

Article 7 of the
Mandatory
Provisions

The Company Law and the Articles of Association are actionable by a shareholder against the Company and vice versa; The Company Law and the Articles of Association are actionable by a shareholder against other shareholders; The Company Law and the Articles of Association are actionable by a shareholder against the Directors, supervisors, general managers and other senior managements of the Company.

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

Article 8

Other senior managements referred to in the Articles of Association include deputy general managers, financial controller, secretary of the board of directors and other executives specified by the board of directors of the Company(the “Board”); The senior management include the general manager and other senior management members.

Article 9

The Company may invest in other enterprise(s), but, shall not be jointly and severally liable to such enterprise(s) for their liabilities as their investor, unless otherwise stipulated

Article 8
of the
Mandatory
Provisions

Article 15 of
the Company
Law

by laws.

Article 10

The Company is an independent corporate entity. The Company shall conduct all its activities in compliance with the laws and regulations of the PRC and the listing place of the overseas listed foreign-invested shares and shall protect the lawful rights and interests of its shareholders.

All capital of the Company is classified as shares with same par value per share. The shareholders shall assume liability based on their shares subscribed and the Company shall bear the liability for debts of the Company with all of its property.

Chapter 2 Purposes and Scope of Business

Article 11

The Company's purposes of business: carry out its own businesses in accordance with relevant laws and regulations; constantly enhance its operation and management standards as well as core competitiveness to provide clients with quality services; maximize the interests of shareholders and corporate value of the Company; create admirable economic and social benefits; and become a world-class equipment manufacturing industry conglomerate with core competitiveness, vitality and sustainable development.

Article 9 of
the
Mandatory
Provisions

The Company's scope of business shall only cover the items approved by the company registration authority.

Article 10 of
the
Mandatory
Provisions

Scope of business of the Company:

Development, manufacture and sales of vehicle parts and components, electric machinery and apparatus, environment friendly equipment, machine tools, electric equipment and apparatus, communication equipment (excluding receiving and transmitting facilities), computer and its components, nonferrous metal smelting products and their rolling-processed products, instruments and meters, office machinery products, wind power generation equipment; import & export trade, high-tech consultation service.

According to the domestic and international market trends, business development needs and its own growth capability, the Company may opportunely adjust investment policies, business scope and mode, subject to approvals by resolution of the general meeting and relevant governmental authorities.

Chapter 3 Shares and Registered Capital

Article 12

There must, at all times, be ordinary shares in the Company; Subject to the approval from the companies approving department authorized by the State Council, the Company may issue other classes of shares.

Article 11 of
the Mandatory
Provisions

Article 13

All shares issued by the Company are stocks with a par value of Renminbi 1 yuan each.

Article 12 of
the Mandatory
Provisions

The Renminbi referred to in the preceding paragraph is the legal currency of the PRC.

Article 14

Subject to the confirmation and approval of the securities regulatory authority of the State Council, the Company may issue shares to domestic and foreign investors.

Article 13 of
the Mandatory
Provisions

The foreign investors referred to in the preceding paragraph means those investors from foreign countries and from the regions of Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company; domestic investors mean those investors within the territory of the PRC (excluding investors from the regions referred to in the preceding sentence) who subscribe for shares issued by the Company.

Article 15

Shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as domestic-invested shares. Shares issued by the Company to foreign investors for subscription in foreign currency shall be referred to as foreign-invested shares. Foreign-invested shares which are listed outside the PRC shall be referred to as overseas listed foreign-invested shares.

Article 14 of the
Mandatory
Provisions

Article 9 of
Appendix 3 to
the Listing
Rules

The foreign currency referred to in the preceding paragraph is a legal currency (other than Renminbi) of other countries or regions which is recognized by foreign exchange administration authority of the State and can be used for payment of the Company's shares.

Overseas listed foreign-invested shares issued by the Company and listed in Hong Kong shall be referred to as H shares for short. H shares refer to the shares approved to be listed on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), denominated in Renminbi for par value, and subscribed for and traded in Hong Kong dollar. H shares may also be listed on the stock exchange in the US as American depository receipts.

Shares held by holders of domestic-invested shares may be transferred to overseas

investors upon approval of the securities regulatory authority of the State Council, and be listed on an overseas stock exchange. The listing of the aforesaid shares on an overseas stock exchange shall be subject to compliance with the regulatory procedure, regulations and requirements of such overseas stock exchange. Unless otherwise required by the overseas stock exchange, the listing of the aforesaid shares on it does not require a class meeting to be called for voting.

Article 16

As approved by the companies approving department authorized by the State Council, the number of ordinary shares which may be issued by the Company totalled 2,679,740,154 shares, all of which were subscribed by the promoters at the time of the Company's establishment, accounting for 100% of its issuable ordinary shares.

Article 15
of the
Mandatory
Provisions

Article 17

The Company issued 1,100,187,470 overseas listed foreign-invested shares under the initial public offering upon its inception, among which 1,004,900,000 are new shares and 95,287,470 shares are state-owned shares. The shareholding structure of the Company after the above mentioned issuance is as follows:

Article 16 of the
Mandatory
Provisions

Article 9 of
Appendix 3 to
the Listing
Rules

Name of shareholders	After the initial public offering	
	Number of shares held	Percentage of total share capital
Shareholders as promoters		
Chongqing Machinery and Electronic Holding (Group) Co., Ltd.	1,924,225,189	52.22%
Chongqing Yufu Asset Management Group Co., Ltd.	232,132,514	6.30%
Chongqing Construction Engineering Group Co., Ltd.	232,132,514	6.30%
China Huarong Asset Management Co., Ltd.	195,962,467	5.32%
Subtotal	2,584,452,684	70.14%
H Shares	1,100,187,470	29.86%
Total	3,684,640,154	100%

Article 18

Upon approval or confirmation by the securities regulatory authorities of the State Council of the proposal for issue of overseas listed foreign-invested shares and domestic-invested shares, the Board may make implementation arrangements of separate issue.

Article 17 of
the Mandatory
Provisions

The Company's proposal for separate issue of overseas listed foreign-invested shares and domestic-invested shares pursuant to the preceding paragraph may be implemented within fifteen (15) months from the date of approval or confirmation by the securities regulatory authority of the State Council.

Article 19

Where the Company issues overseas listed foreign-invested shares and domestic-invested shares respectively within the total number of shares as stated in the issuance proposal, the respective shares shall be subscribed for in full at one time; If they cannot be subscribed for in full at one time under special circumstances, these shares may be issued in tranches subject to the approval or confirmation of the securities regulatory authority of the State Council.

Article 18 of the Mandatory Provisions

Article 20

Upon completion of the issue of overseas listed foreign-invested shares, the registered capital of the Company will be RMB3,684,640,154.

Article 19 of the Mandatory Provisions

Article 21

The Company may, based on its operation and development requirements, approve an increase in its capital in accordance with the relevant provisions of the Articles of Association.

Article 20 of the Mandatory Provisions

The Company may increase its capital in the following manners:

Article 10 of the **Securities Law**

- (1) by offering new shares to investors not particularly designated;
- (2) by placing new shares to existing shareholders;
- (3) by issuing bonus shares to its existing shareholders;
- (4) by offering new shares to specific investors;
- (5) other means as permitted by laws and administrative regulations.

Article 10 of the **Securities Law**

The increase in the capital of the Company by way of issuing new shares pursuant to the provisions of the Articles of Association shall be implemented in accordance with procedures under relevant laws and administrative regulations of the PRC.

Article 22

Unless otherwise provided by laws and administrative regulations, shares of the Company are freely transferable and are not subject to any lien.

Article 21 of the Mandatory Provisions

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

Article 23

Subject to compliance with the Articles of Association and other applicable requirements, once the shares of the Company are transferred, the name of the transferee shall be recorded in the register of shareholders as the holder of such shares.

Article 24

The issuance and transfer of all the overseas listed foreign-invested shares shall be recorded on the register of shareholders for holders of overseas listed foreign-invested shares deposited at the place of listing in accordance with Article 42.

Article 25

The Company shall ensure that the share certificates of all overseas listed foreign-invested shares carry the following representations, and instruct and cause the share registrar of the Company to refuse to register any person as holder of any shares of the Company subscribed, purchased or transferred unless and until such person has produced to the share registrar a properly signed form in respect of such shares indicating the following representations:

- (1) The purchaser agrees with the Company and each shareholder, and the Company agrees with each shareholder, to observe and comply with the Company Law and other relevant laws, administrative regulations as well as the Articles of Association;
- (2) the purchaser of the shares agrees with each of the shareholders, Directors, supervisors, general manager and other senior management members of the Company, and the Company, acting on behalf of itself and each of Directors, supervisors, general manager and other senior management members of the Company, agrees with each of the shareholders that, they will refer to arbitration for settlement all disputes and claims arising from the Articles of Association, or disputes and claims of rights in relation to the Company's affairs arising from any rights or obligations under the Company Law or other relevant laws and administrative regulations in accordance with the provisions of the Articles of Association, and that any referral to arbitration shall be deemed as an authorisation to an arbitral court to hold a public hearing and announce its arbitration award to the public. Such award shall be final and conclusive;
- (3) the purchaser of the shares agrees with the Company and each of the shareholders of the Company that the shares of the Company may be freely transferable;
- (4) the purchaser of the shares authorises the Company to act on his/her behalf to enter into a contract with each of the Directors and senior management

members of the Company, whereby such Directors and senior management members undertake to observe and comply with the provisions of the Articles of Association in respect of their responsibility to the shareholders.

Article 26

As for exercising the power to cease the delivery of dividend warrants by post to untraceable shareholders, the power may only be exercised after such dividend warrants have been so left uncashed on two consecutive occasions. However, this power may be exercised after the first occasion on which such a warrant is returned undelivered.

The Company may sell the shares of untraceable shareholders and keep the sale proceeds, if:

- (1) within a period of 12 years, dividends have been distributed in respect of the relevant shares at least 3 times but were not claimed by any shareholders during such period; and
- (2) upon the expiry of 12 years, the Company gives notice of its intention to sell the Shares by way of an advertisement published in the newspapers upon approval of the securities regulatory body of the State Council and notifies the Hong Kong Stock Exchange.

Chapter 4 Capital Reduction and Repurchase of Shares

Article 27

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

**Article 22 of
the
Mandatory
Provisions**

Article 28

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

**Article 23 of
the
Mandatory
Provisions**

The Company shall notify its creditors within ten days from the date of the Company's resolution on reduction of registered capital and shall publish an announcement in the newspaper at least three times within thirty days from the date of such resolution. A creditor has the right, within thirty days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within ninety days from the date of the first announcement, to require the Company to repay its debt or provide a corresponding guarantee for such debt.

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

Article 29

In the following circumstances, the Company may repurchase its issued shares in accordance with the procedures provided in the Articles of Association and with the approval of relevant governing authorities of the PRC:

- (1) to reduce the Company's capital;
- (2) to merge with another company that holds shares in the Company;
- (3) to grant shares to employees of the Company as incentives;
- (4) to acquire shares held by shareholders (upon their request) who vote against any resolution proposed in any general meeting on the merger or demerger of the Company;
- (5) other circumstances as permitted by laws and administrative regulations.

**Article 24 of
the Mandatory
Provisions**

**Paragraph 1 of
Article 143 of
the Company
Law**

Article 30

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

- (1) to make a general offer of repurchase on pro rata basis to all of its shareholders;
- (2) to repurchase shares through open transactions on a stock exchange;
- (3) to repurchase under an off-market agreement.

**Article 25 of
the
Mandatory
Provisions**

Article 31

The Company must obtain prior approval of the shareholders at a general meeting in accordance with the Articles of Association before it can purchase its own shares for any of the reasons as mentioned in subparagraphs (1) to (3) of the Article 29 or repurchase its shares by means of an off-market agreement. The Company may, with prior approval of shareholders at a general meeting by the same way, release or vary a contract so entered into by the Company in the manner set forth above or waive its rights thereunder.

**Article 26 of
the
Mandatory
Provisions**

**Paragraphs 2
and 3 of
Article 143 of
the Company**

The contract to repurchase shares as referred to in the preceding paragraph includes, but not is limited to, an agreement to assume the obligations of repurchasing shares or acquire the right to repurchase shares.

The Company shall not assign a contract to repurchase its shares or any of its right thereunder.

Article 32

That, where the Company has the rights to repurchase the redeemable shares:

- (1) repurchases not made through the market or by tender shall be limited to a maximum price;
- (2) if repurchases are made by tender, tenders shall be available to all shareholders alike.

**Article 8 (1)
and (2) of
Appendix 3 to
the Listing
Rules**

Article 33

Shares repurchased by the Company under subparagraph (1) of the Article 29 according to laws shall be cancelled within ten days from the date of acquisition; under those circumstances described in subparagraphs (2) and (4), the shares shall be transferred or cancelled within six months. The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital, and the Company shall apply to its original registration authorities for registration of the change in its registered capital.

Article 27 of the
Mandatory
Provisions

Shares repurchased under subparagraph (3) of the Article 30 of this Articles of Association shall not exceed 5% of the total number of shares of the Company in issue; payment by the Company for repurchase shall be made out of the after-tax profit of the Company; the shares purchased shall be transferred to the employees within one year.

**Paragraphs 2
and 3 of
Article 143 of
the Company
Law**

Article 34

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

Article 28 of the
Mandatory
Provisions

- (1) where the Company repurchases its shares at par value, payment shall be made out of book balance of the distributable profits of the Company or out of proceeds of a fresh issue of shares repurchased for that purpose;
- (2) where the Company repurchases its shares at a premium to its par value, payment up to the par value shall be made out of the book balance of distributable profits of the Company or out of the proceeds of a fresh issue of shares repurchased for that purpose; Payment of the portion in excess of the par value shall be effected as follows:
 1. if the shares being repurchased were issued at par value, payment shall be made out of the book balance of distributable profits of the Company;
 2. if the shares being repurchased were issued at a premium to their par value, payment shall be made out of the book balance of distributable profits of the Company or out of the proceeds of a fresh issue of shares repurchased for that purpose; provided that the amount paid out of the proceeds of the fresh issue shall not exceed the aggregate of premiums received by the Company

on the issue of the shares repurchased nor the current amount of the Company's share premium account or capital reserve account (including the premiums on the fresh issue).

- (3) payment by the Company in consideration of the followings shall be made out of the Company's distributable profits:
 1. acquisition of rights to repurchase shares of the Company;
 2. variation of any contract to repurchase shares of the Company;
 3. release of any of the Company's obligation under any contract to repurchase its shares.
- (4) after the Company's registered share capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value portion of the shares repurchased shall be transferred to the Company's share premium account or capital reserve account.

Chapter 5 Financial Assistance for the Acquisition of Shares of the Company

Article 35

The Company and its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares of the Company. The said acquirer of shares of the Company includes a person who directly or indirectly incurs any obligations due to the acquisition of shares of the Company.

Article 29 of
the Mandatory
Provisions

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

This provision does not apply to the circumstances as stated in Article 37 of this Articles of Association.

Article 36

The financial assistance as referred to in this Chapter includes, but not limited to, the followings:

Article 30 of
the Mandatory
Provisions

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by

the obligor), compensation (other than compensation in respect of the Company's own default), release or waiver of any rights;

- (3) provision of loan or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the assignment of rights arising under, such loan or agreement;
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

"Incurring an obligation" as referred to in this Chapter includes the incurring of obligations by the changing of the obligor's financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

Article 37

The following activities shall not be deemed to be activities as prohibited in Article 35 of this Chapter:

Article 31 of
the Mandatory
Provisions

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interest of the Company, and the principal purpose in giving the financial assistance is not for the acquisition of shares, or the giving of the financial assistance is an incidental part of some larger purpose of the Company;
- (2) the lawful distribution of the Company's assets by way of dividend;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure of the Company effected in accordance with the Articles of Association;
- (5) the lending of money by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company);
- (6) the provision of money by the Company for contributions to staff's share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company).

Chapter 6 Share Certificates and Register of Shareholders

Article 38

Share certificates of the Company shall be in registered form.

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

- (1) Company name;
- (2) date of incorporation of the Company;
- (3) class of shares, nominal value and number of shares represented;
- (4) serial number of the certificate;
- (5) Other items to be contained as required by the Company Law, the Special Regulations and the stock exchange on which the shares of the Company are listed.

Article 39

The share certificates shall be signed by the Chairman of the Board. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by senior managements, the share certificates shall also be signed by such senior managements. The share certificates shall take effect after being affixed or printed with the seal of the Company. The share certificates shall only be affixed with the Company's seal under the authorization of the Board. The signatures of the Chairman and relevant senior management member(s) of the company may be in printed form.

Article 40

The Company shall maintain the register of Shareholders and register the following particulars:

- (1) the name, address (residence), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid-up or payable in respect of shares held by each shareholder;
- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which each shareholder was registered as a shareholder;
- (6) the date on which a person ceases to be a shareholder.

Article 32 of the
Mandatory Provisions

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

Article 33 of the
Mandatory
Provisions

Article 1 of
Zheng Jian Hai
Han

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

Article 34 of
the Mandatory
Provisions

The register of shareholders shall be the sufficient evidence for the shareholders' shareholding in the Company, except in cases with evidence to the contrary.

Article 41

The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain its register of holders of overseas listed foreign-invested shares outside China and appoint overseas agent(s) to manage such register. The original register of holders of H shares shall be maintained in Hong Kong.

**Article 35 of
the Mandatory
Provisions
Article 2 of
Zheng Jian Hai
Han**

The Company shall maintain a duplicate of the register of holders of overseas listed foreign-invested shares at the Company's residence; The appointed overseas agent(s) shall ensure the consistency between the original version and the duplicate register of holders of overseas listed foreign-invested shares at all times.

**Section 1(b) of
Appendix 13D
to the Listing
Rules**

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

Article 42

The Company shall maintain a complete register of shareholders.

**Article 36 of
the Mandatory
Provisions**

The register of shareholders shall include the followings:

- (1) the register of shareholders maintained at the Company's residence (other than those parts as described in subparagraphs (2) and (3) of this Article);
- (2) the register of shareholders in respect of the holders of overseas listed foreign-invested shares of the Company maintained at the place where the overseas stock exchange on which the shares are listed is located;
- (3) the register of shareholders maintained at such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

Article 43

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

**Article 37 of
the Mandatory
Provisions**

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

Article 44

All the fully paid-up H shares can be freely transferred in accordance with the Articles of Association. However, the Board may refuse to recognise any instrument of transfer without giving any reason, unless:

- (1) a fee (for each instrument of transfer) of HK\$2.50 or such higher fees as agreed by the Hong Kong Stock Exchange has been paid to the Company to register the instrument of transfer of shares and other documents relating to or which may affect the ownership of such shares;
- (2) the instrument of transfer involves only the overseas listed foreign-invested shares listed on the Hong Kong Stock Exchange;
- (3) the stamp duty payable on the instrument of transfer has been paid;
- (4) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares;
- (5) if the shares are to be transferred to joint holders, the number of such joint holders shall not exceed four;
- (6) the Company does not have any lien over the relevant shares.

If it refuses to register any transfer of shares, the Company shall provide the transferor and the transferee of the shares with a notification of refusal in relation to registration of shares within 2 months from the application for registration.

Shares of the Company held by the promoters shall not be transferred within one year from the date of the establishment of the Company. Shares issued prior to the public offering of shares by the Company shall not be transferred within one year from the date the shares of the Company were listed on the stock exchange(s).

The Directors, supervisors, general manager and other senior management members of the Company shall report to the Company their shareholdings in the Company and any changes thereto; They shall not transfer shares exceeding 25% of the total number of shares they held each year during the term of their office; The shares held by them shall not be transferred within one year from the date the shares of the Company were listed and traded on the stock exchange(s). The aforesaid person(s) shall not transfer the shares of the Company held by them within six months commencing from the termination of their service.

Any shareholder of the overseas listed foreign-invested shares is entitled to transfer all or some of their shares of the Company by the written instrument of transfer or signed or printed instrument of transfer commonly used at the listing place. The standard form of transfer as prescribed by the Hong Kong Stock Exchange may be used for such

**Article 12 of
Zheng Jian Hai
Han
Article 1 of
Appendix 3 to
the Listing
Rules**

**Paragraph 1
and 2 of
Article 142 of
the Company
Law**

share transfer. An instrument of transfer shall be signed by the transferor and transferee by hand or by printing.

Article 45

Transfers may not be entered in the register of shareholders within thirty (30) days prior to the date of a shareholders' general meeting or within five (5) days before the record date set by the Company for the purpose of distribution of dividends.

**Article 38 of the
Mandatory
Provisions**

Article 46

When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholdings, the Board shall designate a day to be record day. Shareholders whose names appear in the register of shareholders at the end of the record date are shareholders of the Company.

**Article 39 of
the Mandatory
Provisions**

Article 47

Any person who objects to the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

**Article 40 of
the Mandatory
Provisions**

Article 48

Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may, if his share certificates (the "Original Certificates") are lost, apply to the Company for a replacement share certificate in respect of such shares (the "Relevant Shares").

**Article 41 of
the Mandatory
Provisions**

Application by a holder of domestic-invested shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with the Company Law.

Application by a holder of overseas listed foreign-invested shares, who has lost his share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of holders of overseas listed foreign-invested shares is maintained, the rules of the stock exchange or other relevant regulations.

Applications for re-issue of share certificates of H shareholders shall satisfy the following requirements:

- (1) The applicant shall submit an application to the Company in prescribed form accompanied by a notarial act or statutory declaration containing the grounds

upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as declaring that no other person shall be entitled to request to be registered as the shareholder 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 certificates.
- (3) the Company shall, if it decides to issue a replacement certificate to the applicant, make an announcement of its intention to issue the replacement certificate in such newspapers designated by the Board; The announcement shall be made at least once every thirty (30) days in a period of ninety (90) days.
- (4) the Company shall have, prior to the publication of its announcement of intention to issue a replacement certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of 90 days.

In case an application to issue a replacement certificate has been made without the consent of the registered holder of the Relevant Shares, the Company shall send by post or by email to such registered shareholder a copy of the announcement to be published.

- (5) if, upon expiration of the 90-day period referred to in subparagraphs (3) and (4) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to his application.
- (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.
- (7) all expenses relating to the cancellation of an Original Certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant.

Article 49

Where the Company issues a replacement certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in

**Article 42 of
the Mandatory
Provisions**

the case where he is a bona fide purchaser) shall not be removed from the register of shareholders.

Article 50

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 has acted fraud action.

**Article 43 of
the Mandatory
Provisions**

Chapter 7 Rights and Obligations of Shareholders

Article 51

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

**Article 44 of
the Mandatory
Provisions
Article 1(3) of
Appendix 3 to
the Listing
Rules**

A shareholder shall enjoy rights and assume obligations according to the class and proportion of the shares held by him or her; shareholders holding the same class of shares shall enjoy same rights and undertake same obligations.

In the case of joint shareholders, if one of the joint holders is deceased, only the other surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares. But the Board shall have the power to require them to provide a death certificate as necessary for the purpose of modifying the register of shareholders. In case of any joint holders of shares, only the joint holder whose name appears first in the register of shareholders is entitled to receive the relevant share certificates and the Company's notices, and to attend and exercise voting rights at a general meeting of the Company. Any notice delivered to that person shall be deemed as having been delivered to all joint holders of the relevant shares.

Article 52

Holders of ordinary shares of the Company shall have the rights:

- (1) to claim dividends and distribution of profits in any other form in proportion to the number of shares held;
- (2) to file a petition according to laws, to convene, hold and attend or to appoint proxy to attend shareholders' general meetings and to vote thereat;
- (3) to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;
- (4) to transfer, donate or pledge the shares he/she held in accordance with laws, administrative regulations and the Articles of Association;

**Article 45 of
the Mandatory
Provisions
Article 9 of
Appendix 3 to
the Listing
Rules**

**Article 98 of
the Company
Law**

- (5) to receive information as provided in the Articles of Association, including:
1. copy of the Articles of Association upon payment of the costs thereof;
 2. the right to inspect and copy, subject to payment of reasonable charge:
 - 1) all parts of the register of shareholders;
 - 2) personal particulars of the Directors, supervisors, general managers and other senior management member of the Company, including:
 - a) present and former forename and surnames and any aliases;
 - b) principal address (domicile);
 - c) nationality;
 - d) occupation and all other part-time occupation and positions;
 - e) identification documents and their number.
 - 3) status of the share capital of the Company;
 - 4) reports showing the total nominal value and number of shares repurchased by the Company since the end of the last financial year, the highest and the lowest prices paid and the aggregate amount paid by the Company in respect of each class of its shares repurchased;
 - 5) Minutes of the general meetings as well as resolutions passed at the meetings of the Board and the Supervisory Committee;
 - 6) counterfoil of debentures of the Company;
 - 7) financial statements.
- (6) to participate in the distribution of the residual assets of the Company in proportion to the number of shares held in the event of termination or liquidation of the Company;
- (7) to request the Company to repurchase its shares by the shareholders when they cast votes against the proposal for merger or demerger at the shareholders' general meeting of the Company;
- (8) other rights conferred by laws, administrative regulations and the Articles of Association.

**Article 98 of
the Company
Law**

**Item (iv) of
paragraph 1 of
Article 143 the
Company Law**

The Company shall not exercise any of its rights to freeze or otherwise impair any of the

**Article 12 of
Appendix 3 to
the Listing
Rules**

rights attaching to any shares of the Company by reason only that person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

Article 53

Where a shareholder requests to refer to the above-mentioned relevant information or demands information, the written documents stating the class and number of the held shares of the Company shall be submitted to the Company. Upon the verification of the identity of the shareholder, the Company will provide to the shareholder as required.

Article 54

Holders of ordinary shares of the Company shall assume the following obligations:

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

**Article 46 of
the Mandatory
Provisions**

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

Article 55

In addition to obligations imposed by laws, administrative regulations or required by Listing Rules of the stock exchange on which shares of the Company are listed, a controlling shareholder (as defined in the following article) shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

- (1) to relieve a Director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another person), in any guise, of the Company's assets, including (without limitation) opportunities beneficial to the Company;
- (3) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another person), in any guise, of the other shareholder's individual interests, including (without limitation to) distribution rights and voting rights, except for the restructuring of the Company submitted to general meeting according to the Articles of Association.

**Article 47 of
the Mandatory
Provisions**

Article 56

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

**Article 48 of
the Mandatory
Provisions**

- (1) The person, when acting on his own or in concert with other parties, can elect more than 50 per cent of Directors;
- (2) The person, when acting on his own or in concert with other parties, can exercise or control the exercise of 30 per cent or more of the voting rights of the Company;
- (3) The person, when acting on his own or in concert with other parties, holds 30 per cent or more of the issued and outstanding shares of the Company;
- (4) The person, when acting on his own or in concert with other parties, controls the Company by otherwise means de facto.

Chapter 8 General Meeting

Article 57

As the highest authority of the Company, the general meeting exercises its powers under the laws.

**Article 49 of
the Mandatory
Provisions**

Article 58

The powers exercisable by the general meeting are as follows:

**Article 50 of the
Mandatory
Provisions**

- (1) to decide the Company's operational guidelines and investment schemes;
- (2) to elect and re-elect the Directors and to determine their remunerations;
- (3) to elect and re-elect the supervisors not as employee representatives and to determine their remunerations;
- (4) to consider and approve the report of the Board;
- (5) to consider and approve the report of the Supervisory Committee;
- (6) to consider and approve the Company's annual budget scheme and final accounts;
- (7) to consider and approve the Company's profit distribution plan and loss

**Article 100,
items (2) and (9)
of Article 38,
paragraph 2 of
Article 103 and
paragraph 2 of
Article 16 of the
Company Law**

- recovery plan;
- (8) to resolve on the increase or decrease in registered capital of the Company;
 - (9) to resolve on matters such as merger, demerger, change in corporate form, dissolution and liquidation of the Company;
 - (10) to resolve on the issue of bonds and other securities and the listing of the Company;
 - (11) to resolve on the appointment, removal or ceasing of the retainment of the accounting firms;
 - (12) to consider the purchases or sales of any material asset of the Company within a year the amount of which exceeds 30% of its latest audited total assets;
 - (13) to consider and approve the following guarantees:
 - 1. any guarantees which is given after the total amount of external guarantees reaches or exceeds 30% of the latest audited total assets;
 - 2. a single external guarantee the amount of which exceeds 10% of the latest audited net assets;
 - 3. any guarantee which is given after the total amount of external guarantees of the Company and its holding subsidiaries exceed 50% of the latest audited net assets;
 - 4. any guarantee provided in favour of a guaranteed party with an asset to liability ratio exceeding 70%;
 - 5. any guarantee provided for shareholders or the de facto controller.
 - (14) to amend the Articles of Association;
 - (15) to consider the ad hoc motions put forward by shareholder(s) severally or jointly holding 3 per cent or more of the Company's shares with voting rights;
 - (16) any other matters as required in accordance with the laws, administrative regulations and the Articles of Association.
 - (17) Share incentive scheme;
 - (18) matters which the Board may be authorised or delegated to deal with by the general meeting.

Article 59

Unless a prior approval is obtained in a general meeting, the Company shall not enter into any contract with any party other than the Directors, supervisors, general manager and other senior management members pursuant to which such party shall be in charge of

**Article 51 of
the Mandatory
Provisions**

management of the whole or any substantial part of the Company's business.

Article 60

A general meeting shall either be an annual general meeting or an extraordinary general meeting. The general meetings shall be convened by the Board. Annual general meetings are held once every year and within six (6) months from the close of the preceding financial year.

**Article 52 of
the Mandatory
Provisions**

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

- (1) the number of Directors is less than the quorum required by the Company Law or two-thirds of the number of Directors specified in the Articles of Association;
- (2) the unrecovered losses of the Company amount to one-third of its total paid-up share capital;
- (3) where any shareholder(s) holding severally or jointly 10% or more of the Company's issued and outstanding shares carrying voting rights request in writing for the convening of an extraordinary general meeting;
- (4) when deemed necessary by the Board or when requested by the supervisory committee;
- (5) when proposed by two or more independent non-executive Directors;
- (6) When necessary to hold a general meeting according to Article 109 (3) of the Articles of Association.

**Article 101 of
the Company
Law**

**Article 6 of
the Opinions**

In the cases of subparagraphs (3), (4),(5) and (6), the matters proposed by the party requesting to convene a meeting shall be included in the agenda of such meeting.

Article 61

A forty-five days' written notice convening the general meeting shall be given to notify shareholders whose names appear in the register of shareholders of the matters proposed to be considered and the date and place of the meeting. Shareholders who intend to attend the meeting shall serve the written reply slip to the Company twenty days prior to the date of the meeting.

**Article 53 of
the Mandatory
Provisions**

Article 62

If the Company decides to hold a general meeting, shareholders individually or jointly holding 3% or more of the total shares carrying voting right shall be entitled to propose

**Article 54 of
the
Mandatory
Provisions
Paragraph 2
of Article 103
of the
Company**

motions in writing to the convener 10 days before the convening of the general meeting. The convener shall dispatch a supplemental notice of the general meeting within 2 days from receipt of the proposal to notify other shareholders and include such proposed motions into the agenda for such general meeting if they are matters falling within the functions and powers of general meeting.

Article 63

Motions raised at a general meeting shall satisfy the following requirements:

- (1) Free of conflicts with the provisions of laws and administrative regulations, and fall into the business scope of the Company and the terms of reference of the general meeting;
- (2) With definite topics to discuss and specific matters to resolve;
- (3) Submitted in writing or served to the Board.

**Paragraph 2 of
Article 103 of
the Company
Law**

Article 64

The Company shall, based on the written replies received 20 days before the date of the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of shares with voting rights represented by the shareholders who intend to attend the meeting reaches one half or more of the Company's total voting shares, the Company may hold the meeting; Otherwise, the Company shall within 5 days notify the shareholders, again by way of a public announcement, of the matters to be considered at, and the place and date for, the meeting. The Company may then proceed to hold the meeting.

**Article 55 of
the Mandatory
Provisions**

No decision shall be made on matters not stated in the notice and supplemental notice of a general meeting.

**Paragraph 3 of
Article 103 of
the Company
Law**

Article 65

Notice of a general meeting shall:

- (1) be in writing;
- (2) specify the place, the date and the hour of the meeting;
- (3) specify the record date for shareholders who are entitled to attend the general meeting;
- (4) specify the name and telephone number of the contact person;
- (5) set out the matters to be considered at the meeting;

**Article 56 of
the
Mandatory**

- (6) provide shareholders with such information and explanation as necessary for them to make informed decisions on the matters to be considered; This principle includes (but is not limited to) where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganize the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal shall be properly explained;
- (7) disclose the nature and degree of the material interest (if any) of any Director, supervisor, general manager and other senior management members in the matters to be considered; In case that the impact of the matters to be considered on such Director, supervisor, general manager and other senior management members as a shareholder is different from that on other holders of same class of shares, the difference shall be clarified;
- (8) set out the full text of any special resolution proposed to be approved at the meeting;
- (9) contain a striking statement that a shareholder eligible for attending and voting is entitled to appoint one or more proxies to attend and vote on his behalf and that a proxy need not be a shareholder;
- (10) specify the time and place for lodging proxy forms for the relevant meeting.

Article 66

Notices of a general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), in person or by email or prepaid mail to the registered address of such shareholders. For holders of domestic-invested shares, notices of general meeting can be given by way of public announcement.

Article 57 of the Mandatory Provisions Article 7(3) of Appendix 3 to the Listing

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority of the State Council within forty-five to fifty days before the date of the meeting. Once the announcement is made, the holders of domestic-invested shares shall be deemed to have received the notice of the relevant general meeting. The Chinese and English versions of such announcements shall be published respectively in a major Chinese newspaper and an English newspaper in Hong Kong on the same date.

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

Article 67

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

Article 58 of the Mandatory Provisions

Article 68

Once the notice of a general meeting is issued, the meeting shall not be postponed or cancelled and resolutions contained in the notice shall not be withdrawn without proper reasons. In the event that the general meeting was postponed or cancelled, the convener shall make an announcement at least 2 business days prior to the original date of the general meeting and expatiate on the reasons.

No postponement of the general meeting shall alter the date of record of the shareholders who are entitled to the general meeting as mentioned in the original notice.

Article 69

Any shareholder who is entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote on his behalf. A proxy so appointed shall exercise the following rights pursuant to such authorization:

- (1) the shareholder's right to speak at the meeting;
- (2) the right to demand or join in demand for a poll;
- (3) unless otherwise required by applicable rules governing the listing of securities or other securities laws and regulations, the right to vote by hand or on a poll, provided that when a shareholder has appointed more than one proxy, such proxies may only vote on a poll.

Where that shareholder is a recognised clearing house (the "Recognised Clearing House") (or its nominees) within the meaning of Hong Kong laws, it may authorise one or more persons as it thinks fit to act as its representative at any shareholders' general meeting or any class meetings 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(s) so authorised will be entitled to exercise the same power on behalf of the Recognised Clearing House (or its nominees) as if it were an individual shareholder of the Company.

Article 70

The instrument appointing a proxy must be in writing under the hand of the shareholder or his / her attorney duly authorized in writing; if the appointer is a legal entity, such instrument shall be either under seal or under the hand of a Director or an attorney or other person duly authorized. The proxy form shall specify the number of shares represented by the proxy. Such proxy form shall contain the number of shares represented by each proxy in case several proxies are appointed.

Article 71

**Article 59 of the
Mandatory
Provisions**

**Article 60 of the
Mandatory
Provisions**

**Article 11(2) of
Appendix 3 to
the Listing
Rules**

**Article 61 of
the Mandatory
Provisions**

The proxy form shall be deposited at the address of the Company or another place specified in the notice of the meeting not less than 24 hours prior to the time appointed for the holding of the meeting or 24 hours prior to the time appointed for voting. Where the proxy form is signed by a person authorised by the appointer, the power of attorney or other authorisation instruments shall be notarised. The notarised power of attorney and other authorisation instruments, together with the proxy form, shall be lodged at the address of the Company or such other place as specified in the notice to the meeting.

In the case of a corporate shareholder, the proxy shall be authorised by the legal representative, the board of directors or other authority body of that corporation to attend the Company's general meeting.

Article 72

Any form issued to a shareholder by the Board for use by him for appointing a proxy to attend and vote at a meeting of the Company shall be such as to enable the shareholder, according to his intention, to instruct the proxy to vote in favour of or against the resolutions, and such instructions shall be given in respect of each individual matter to be voted at the meeting. Such a form shall contain a statement that, in default of instructions, the proxy may vote as he thinks fit.

Article 62 of the Mandatory Provisions Article 11(1) of Appendix 3 to the Listing Rules

Article 73

The Company is entitled to require the proxy attending the general meeting on behalf of an individual shareholder to produce his identification document and the power of attorney signed by the principal or the authorised representative of the principal.

If a corporate shareholder (excluding the Recognised Clearing House or its proxies) appoints its legal representative to attend a meeting, the Company has the right to request such representative to produce his/her identification document and valid documents evidencing his capacity as a legal representative.

Article 74

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 or loss of capacity, revocation or transfer as aforesaid shall have been received by the Company at its residence before the commencement of the meeting at which the proxy is used.

Article 63 of the Mandatory Provisions

Article 75

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

Article 64 of the Mandatory Provisions

resolutions.

To adopt an ordinary resolution, more than one half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

To adopt a special resolution, not less than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

Article 76

Shareholders (including proxies) exercise their voting rights in proportion to their shareholdings with voting rights, and each share entitles the shareholder one voting right upon voting at the general meeting. The shares held by the Company carry no voting rights and shall not be counted into the total number of shares with voting rights held by shareholders attending the meeting.

**Article 65 of the
Mandatory
Provisions
Paragraph 1 of
Article 104 of the
Company Law**

Article 77

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

**Article 66 of the
Mandatory
Provisions**

- (1) by the chairman of the meeting;
- (2) by at least two shareholders present in person or by proxy for the time being entitled to vote at the meeting;
- (3) by one or more shareholders present in person or by proxy separately or jointly representing 10% or more of all shares carrying the right to vote at the meeting.

Unless otherwise specified by applicable rules governing the listing of securities or other securities laws and regulations or a poll is demanded according to the preceding provisions, a declaration by the chairman that a resolution has been passed on a show of hands and the recording of such in the minutes of meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favour of or against such resolution.

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

Article 78

A poll demanded on the election of the chairman of the meeting, or on adjournment of the meeting, shall be taken forthwith. A poll demanded on other matters shall be taken at such time as the chairman directs. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the

**Article 67 of the
Mandatory
Provisions**

poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

Article 79

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 68 of the
Mandatory
Provisions**

Article 80

In the case of equivalency between the dissenting votes and affirmative vote, whether voting by show of hands or poll, the chairman of the meeting has the right to cast one more vote.

**Article 69 of the
Mandatory
Provisions**

Article 81

The following matters shall be resolved by ordinary resolutions at a general meeting:

**Article 70 of the
Mandatory
Provisions**

- (1) work reports of the Board and the Supervisory Committee;
- (2) profit distribution plan and loss recovery plan formulated by the Board;
- (3) appointment or removal of members of the Board and the Supervisory Committee, their remuneration and manner of payment;
- (4) Reports on the Company's annual budget and final accounts, balance sheet, income statement, and other financial statements;
- (5) matters other than those required by the laws and administrative regulations or the Articles of Association to be adopted by a special resolution.

Article 82

The following matters shall be resolved by special resolutions at a general meeting:

**Article 71 of the
Mandatory
Provisions**

- (1) increase or reduction of the share capital and issue of shares of any class, stock warrants or other similar securities;
- (2) issuance of corporate bonds;
- (3) demerger, merger, dissolution or change of corporate form of the Company;
- (4) amendments to the Articles of Association of the Company;
- (5) purchases or sales of any material asset of the Company within a year the amount of which exceeds 30% of its latest audited total assets;

**Paragraph 2 of
Article 104 and
Article 122 of
the Company
Law**

- (6) any guarantee which is given after the total amount of external guarantees of the Company reaches or exceeds 30% of its latest audited total assets;
- (7) Share incentive scheme;
- (8) Any other matters considered by the shareholders at general meeting, and resolved by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and shall be adopted by special resolutions.

Article 83

Shareholders requisitioning extraordinary general meetings or class meetings shall abide by the following procedures:

- (1) Two or more shareholders jointly holding 10% or more of the voting shares relating to a proposed extraordinary general meeting or class meeting may request the Board to convene such meeting by signing and submitting one or more written requests with the same format and contents in which the matters for consideration at the meeting shall be set out clearly. The Board shall proceed to convene the extraordinary general meeting or the class meeting as soon as possible after receiving the aforesaid written request. For the purpose of the preceding requirement relating to the number of voting shares held, such number shall be calculated on the basis of the number of relevant voting shares held on the date of submission of such written request.
- (2) If the Board fails to issue a notice of such meeting within 30 days from the date of the receipt of the request, the shareholders submitting such request may require the Supervisory Committee to convene an extraordinary general meeting or a class meeting pursuant to the requirement in the above subparagraph (1). If the Supervisory Committee fails to convene and preside over an extraordinary general meeting or a class meeting according to law within 5 days from the date of the receipt of the request, the shareholders submitting such request and individually or jointly holding 10% or more of the shares of the Company for more than 90 consecutive days may convene such a meeting by themselves within 4 months from the date of receipt of the request by the Board, following the procedure for convening such meeting by the Board as much as possible.

Any reasonable expenses incurred by the shareholders in convening and holding such meeting due to the failure of the Board to convene such meeting in response to the aforesaid request shall be borne by the Company. Such expenses shall be deducted from the amounts owed by the Company to the Directors in default.

Article 84

All Directors, supervisors and the secretary of the Board shall attend the Company's general meeting while the general manager and other senior management members shall attend the meeting as non-voting attendees.

**Article 72 of the
Mandatory
Provisions**

**Paragraph 2 of
Article 102 of
the Company
Law**

Other than those matters in relation to business secrets of the Company which cannot be made public at the general meeting, the Directors and supervisors present at the meeting as well as the general manager and other senior management members as non-voting attendees shall reply to or give explanation on the inquiries and suggestions made by the shareholders.

**Article 151 of
the Company
Law**

Article 85

The general meeting shall be convened by the Board and presided over and chaired by the chairman; If the chairman is unable or fails to perform his/her duties, a Director shall be elected by more than half of the Directors to preside over and chair the meeting; If none of the Directors can be elected by more than half of the Directors to preside over and chair the meeting, the shareholders present at the meeting may elect one to act as the chairman; If for any reason, the shareholders fail to elect a chairman, the shareholder (including his/her proxy) present and holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.

**Article 73 of the
Mandatory
Provisions**

**Article 102 of
the Company
Law**

If the Board is unable or fails to perform his duties to convene the general meeting, the Supervisory Committee shall act timely in its stead. In case of failure of the Supervisory Committee to convene and preside over a general meeting, shareholders individually or collectively holding 10% or more of the Company's shares for more than 90 consecutive days may do so by themselves.

A general meeting convened by the Supervisory Committee shall be presided over by the chairman of the Supervisory Committee, or the supervisor elected by not less than half of the supervisors if the chairman is unable or fails to perform his duties.

A general meeting convened by the shareholders shall be chaired by a representative proposed by the convener.

Article 86

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

**Article 74 of the
Mandatory
Provisions**

Article 87

If the chairman of the meeting has any doubt as to the result of a resolution put to the vote of the meeting, he may have the votes counted. If the chairman of the meeting fails to have the votes counted, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the result, and the chairman of the meeting shall have the votes counted immediately.

**Article 75 of the
Mandatory
Provisions**

Article 88

Providing that the votes are counted at the general meeting, the counting results shall be recorded into the minutes of the meeting.

**Article 76 of the
Mandatory
Provisions**

Article 89

For connected transactions to be considered at a general meeting, connected shareholders shall abstain from voting on such connected transactions, and the number of shares carrying voting rights they represent shall not be counted into the valid voting results. In special circumstances where it is impossible for the connected shareholders to abstain from voting, the Company may, upon approval from other non-connected shareholders, proceed with the normal voting procedure.

When guarantees proposed to be provided by the Company for its shareholders or de facto controller are considered at a general meeting, the aforesaid shareholders and shareholders controlled by the de facto controller shall abstain from voting. And such matter shall be approved by more than half of the voting rights held by other shareholders who are present at the meeting.

**Paragraph 3 of
Article 16 of the
Company Law**

Article 90

Minutes shall be taken in respect of the resolutions on matters considered at the general meeting and signed by the chairman of the meeting, Directors present at the meeting and the minutes taker.

**Article 76 of
the
Mandatory**

The meeting minutes together with the signatures of shareholders present and proxy forms shall be kept at the address of the Company for at least 10 years.

Article 91

Copies of the meeting minutes of any general meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within 7 days following the receipt of reasonable charges.

**Article 77 of the
Mandatory
Provisions**

Article 92

Where any shareholder who is required by the Company Law, the Listing Rules or other laws, regulations or rules to abstain from voting on any particular resolution or is restricted to voting only for or only against any particular resolution, any votes cast by such shareholder or its proxy in contravention of such requirement or restriction shall not be counted.

**Article 14 of
Appendix 3
to the Listing
Rules**

Article 93

Shareholders holding different classes of shares are referred to as class shareholders.

**Article 78 of the
Mandatory
Provisions**

A class shareholder shall enjoy rights and assume obligations in accordance with laws, administrative regulations and the Articles of Association.

Article 94

Rights conferred on class shareholders may not be varied or abrogated unless approved by way of a special resolution at a general meeting and by the affected class shareholders at a separate shareholders' meeting convened in accordance with Articles 96 to 100.

**Article 79 of the
Mandatory
Provisions**

Article 95

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

**Article 80 of the
Mandatory
Provisions**

- (1) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of another class having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
- (2) to convert all or part of a class of shares into another class, or to convert all or part of another class of shares into that class of shares, or to grant such conversion right;
- (3) to remove or reduce the rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) to reduce or remove a dividend preference or a liquidation preference to distribution of property attached to shares of such class;
- (5) to add to, remove or reduce the rights to conversion, options, voting, transfer or pre-emptive rights to placement or rights to acquire securities of the Company attached to shares of such class;
- (6) to remove or reduce the rights to receive amounts payable by the Company in particular currencies attached to shares of such class;
- (7) to create a new class of shares having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
- (8) to impose or increase restrictions on the transfer or ownership of the shares of such class;
- (9) to issue subscription rights or share conversion rights for shares of such class or other classes;

- (10) to increase the rights and privileges of shares of another class;
- (11) to restructure the Company where the proposed restructuring scheme will result in different classes of shareholders bearing a disproportionate burden of obligations of such restructuring; and
- (12) to vary or abrogate the provisions of this chapter.

Article 96

Shareholders of the affected class, whether or not otherwise entitled to vote at the general meetings, shall nevertheless be entitled to vote at the class meetings in respect of matters concerning subparagraphs (2) to (8) and (11) to (12) of Article 95, but interested shareholder(s) shall not be entitled to vote at the class meetings.

**Article 81 of the
Mandatory
Provisions**

For the purpose of the preceding paragraph, an "interested shareholder" is:

- (1) in the case of a repurchase of shares by pro rata offers to all shareholders or through public dealing on a stock exchange under Article 30 of the Articles of Association, a "controlling shareholder" within the meaning of Article 56 in the Articles of Association;
- (2) in the case of a repurchase of shares under an off-market agreement in accordance with Article 30 of the Articles of Association, a shareholder to whom such agreement relates; and
- (3) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate burden imposed on other shareholders of that class or who has interests different from those of other shareholders of that class.

Article 97

Resolutions of a class meeting shall be passed by shareholders present at the meeting representing two thirds or more of the voting rights according to the Article 96.

**Article 82 of the
Mandatory
Provisions**

Article 98

A 45 days' written notice convening a class meeting shall be given to shareholders whose names appear on the register of shareholders of such class, specifying the matters proposed to be considered and the date and place of the meeting. The shareholders who intend to attend the meeting shall serve the written reply to the Company 20 days prior to the date of the meeting. The quorum for a class meeting (other than an adjourned meeting) to consider a variation of the rights of any class shares shall be at least one third of the holders of the issued shares of such class.

**Article 83 of the
Mandatory
Provisions
Article 6(2) of
Appendix 3 to
the Listing
Rules**

If the number of share carrying voting rights at the meeting represented by the

shareholders intending to attend the meeting exceeds half of the total number of shares of such class carrying the voting right at the meeting, the Company may hold the class meeting; Otherwise, the Company shall within 5 days notify the shareholders again, by way of public announcement, of the matters to be considered at, and the place and date for, the meeting before it proceeds to hold the class meeting.

Article 99

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

**Article 84 of the
Mandatory
Provisions**

The procedure for a class meeting shall be as similar as possible to that of a general meeting. The provisions of the Articles of Associations which relate to the convening of general meetings shall apply to class meetings.

Article 100

Apart from other class shareholders, holders of domestic-invested shares and overseas listed foreign-invested shares shall be deemed to be shareholders of different classes.

**Article 85 of the
Mandatory
Provisions
Article 3 of Zheng
Jian Hai Han
Section 1(f) of
Appendix 13D to
the Listing Rules**

The special voting procedures for class meetings do not apply to the following circumstances:

- (1) where the Company issues, upon approval by a special resolution of its shareholders in a general meeting, either separately or concurrently once every twelve months, not more than twenty per cent of each of the existing issued domestic-invested shares and overseas listed foreign-invested shares of the Company; or;
- (2) where the Company's plan to issue domestic-invested shares and overseas listed foreign-invested shares on establishment is implemented within fifteen months from the date of approval by the securities regulatory authority of the State Council.

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Chapter 10 The Board

Article 101

The Company shall establish a Board which consists of 12 directors, comprising 1 chairman.

**Article 86 of
the Mandatory
Provisions**

The Board is independent of the controlling entity (refer to a company, enterprise or public institution with legal person status and having controlling interests in the Company, the same below).

**Article 1 of
the Opinions**

Half or more of the members of the Board shall be external Directors (refer to Directors who do

**Article 6 of
the Opinions**

not take up any posts in the Company, the same below), including more than two independent non-executive Directors (refer to Directors who are independent of shareholders of the Company and do not take up any posts in the Company, the same below).

New Requirements under the Article 3.10A and 3.11 of the Listing Rules

Independent non-executive Directors shall form at least one-third of the Board.

Article 102

Directors shall be elected at the general meeting with the term of three years. At the expiry of a Director's term of office, the term is renewable upon re-election.

Article 87 of the Mandatory Provisions

Directors elected as additional or supplemental directors at a general meeting shall hold office from the effective date of such election to the expiry of the term of such session of the Board.

Article 4 of Zheng Jian Hai Han

A written notice stating the intention to nominate a candidate for directorship and the nominee's consent to the nomination shall be submitted to the Company after the despatch of the notice of general meeting in relation to the election of such directors by the Company and at least 7 days before the convening of general meeting. The notice period for such written notice shall not be less than 7 days.

Articles 4(4) and 4(5) of Appendix 3 to the Listing

The chairman shall be elected or dismissed by more than one half of members of the Board, with a term of three years. At the expiry of a director's term of office, the term is renewable upon re-election.

Rules Paragraph 3 of Article 109 and paragraph 2 of Article 46 of the Company Law Article 4 of Zheng Jian Hai Han

In the event that the terms of Directors fall upon maturity whereas new members of the Board are not re-elected in time, or the resignation of any Director during his term of office results in the number of members of the Board falling below the statutory or minimum requirement, the existing Director shall continue to perform his/her duties in accordance with the laws, the administrative regulations and the Articles of Association until the re-elected directors assume their office.

The general meeting may by ordinary resolution remove any Director before the expiration of his/her term of office (but without prejudice to such Director's rights to claim damages based on any contract) in compliance with the relevant laws and administrative regulations.

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

At most two persons among the chairman, vice-chairman and executive directors of controlling entity can concurrently serve as the chairman and executive Directors of the Company.

Article 1 of the Opinions

The Directors shall not be required to hold shares of the Company.

Article 103

The Board report to general meetings and exercise the following powers:

Article 88 of the Mandatory Provisions

39 **Paragraph 4 of Article 109 and Article 47 of the Company Law**

- (1) to convene the general meetings and report its work to the general meeting;
- (2) to implement resolutions of the general meetings
- (3) to decide on the operational plan and investment proposal of the Company;
- (4) to formulate the Company's annual budget scheme and final accounts;
- (5) to formulate the Company's profit distribution plan and loss recovery plan;
- (6) to formulate proposals for increases or reductions of the Company's registered capital and the issue of corporate debentures or other securities and the listing thereof;
- (7) to draw up plans for the merger, demerger, change in corporate form, and dissolution of the Company;
- (8) to decide on external guarantee matters other than those requiring resolutions of the shareholders in general meeting
- (9) to determine the establishment of the Company's internal management structure;
- (10) to appoint or dismiss the Company's general manager and the secretary of the Board, and to appoint or dismiss other senior management members of the Company pursuant to the general manager's nominations and fix their remuneration;
- (11) to formulate the Company's basic management system.
- (12) to formulate the proposed amendments to the Articles of Association;
- (13) to propose at general meetings for the appointment or re-appointment or dismissal of accounting firms conducting auditing for the Company;
- (14) To decide the receipt of fixed-asset investment of war industry and the affairs in relation to increase of state-owned capital by transferring investment within central budget;
- (15) to exercise any other powers specified in relevant laws and regulations or the Articles of Association or conferred by the shareholders at general meetings.

Except for the Board's resolutions in respect of the matters specified in the sub-paragraphs (6), (7) and (12) of this Article which shall be passed by two-thirds or more of the Directors, the Board's resolutions in respect of all other matters shall be approved by more than half of all directors.

Article 104

In cases where the expected value of fixed assets proposed for disposal by the Board, when aggregated with value of fixed assets disposed within four month before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet considered by the shareholders' general meetings, the Board shall not dispose or consent to dispose such fixed assets without prior approval by the shareholders' general meeting.

The term of "disposal of fixed assets" referred to in this Article represents (among other things) transferring interests in certain assets, but not including provision of guarantees with the fixed assets.

Validity of transactions regarding disposal of fixed assets by the Company will not be affected due to a breach of first paragraph of this Article.

Article 105

The chairman of the Board is entitled to the following powers:

- (1) to preside over general meetings and to convene and preside over the Board meetings;
- (2) to be responsible for organizing executive directors to conduct the daily work of the Board during the close of the Board meeting.
- (3) to check on the implementation of resolutions of the Board;
- (4) to sign the securities certificates issued by the Company;
- (5) to nominate candidates of the Company's general manager and secretary of the Board;
- (6) to exercise special disposal powers that are conferred compliant to laws ,administrative regulations and interests of the Company on matters of the Company in case of force majeure emergencies such as extraordinary serious natural calamities, and provide post-event reports to the Directors and the general meeting;
- (7) to exercise the powers of the legal representatives;
- (8) to exercise other powers conferred by the Board;

If the chairman is unable or fails to perform his/her duties, a director jointly elected by more than half members of the Board shall perform the duties of the chairman.

Article 106

The Board may establish special committees in accordance with relevant laws, regulations or rules;

Duties of special committees of the Board shall be determined in accordance with relevant regulations and resolutions of the Board.

Article 107

The Board shall hold two meetings at least every year, which shall be convened by the chairman of the Board. Notice of the meeting shall be served on all of the Directors and supervisors ten (10) days before the date of the meeting.

**Article 91 of
the Mandatory
Provisions**

An extraordinary Board meeting may be convened as proposed by shareholders representing 10% or more of the voting rights, more than one-third of the Directors or the supervisory committee, two or more independent non-executive Directors and the general manager. The Chairman shall convene and preside over the extraordinary Board meeting within 10 days upon receipt of the proposal.

**Paragraph 2 of
Article 111 of
the Company
Law**

Costs reasonably incurred by Directors in attending the Board meeting shall be borne by the Company. Such expenses may include costs for transportation to meeting site (if other than the residence location of Directors), food and accommodation, rental for meeting venue and local transportation.

Article 108

When the Company make decisions on whether to exercise preferential trading rights, options, preferential purchase rights in accordance with relevant agreements entered into by the Company and controlling shareholders (as defined in Article 56 of this Articles of Association):

- (1) If all independent non-executive Directors do not agree the Company to exercise these rights, the Company shall make decisions on not exercising these rights;
- (2) If all or above half of independent non-executive Directors agree the Company to exercise these rights, the Company shall make decisions on exercising these rights;
- (3) In the circumstances other than those set out in the above subparagraphs (1) and (2), the Company shall convene a Board meeting and, pursuant to the resolutions of the Board meeting, the Board shall convene a general meeting to make resolutions on the exercising of these rights and the general meeting shall perform relevant voting procedures for the aforesaid matters in accordance with Article 89 of the Articles of Association.

Article 109

Notice convening regular or extraordinary Board meetings shall be issued in the

**Article 92 of
the Mandatory
Provisions**

following ways:

(1) If the time and location of a regular Board meeting has been provided by the Board in advance, it can be convened without notice.

(2) If the time and location of a regular Board meeting has not been provided by the Board in advance, the chairman shall order the secretary of the Board to notify the Directors of the time and location of the meeting through telex, telegraph, fax, express mail, registered mail, e-mail or in person at least 10 days before the date of such a meeting.

(3) When convening an extraordinary Board meeting for emergencies, the chairman shall order the secretary of the Board to notify all Directors and supervisors the meeting time and location through telex, telegraph, fax, express mail, registered mail, e-mail or in person at least 5 days before the date of such a meeting.

(4) The notice shall be made in Chinese and shall include the agenda of the meeting. Its English version may be enclosed if necessary. Any director may waive his right for being served with the notice of the Board meeting.

Article 110

Should a Director attend the meeting, and has not raised any issues of not having received such notice of the meeting prior to or at the meeting, such notice shall be deemed as sent out to him/her.

Article 111

Board meetings can be held by way of teleconference meeting or by virtue of similar telecommunication devices. So long as the Director present can hear and communicate with each other, all Directors present are deemed to as if they had participated in the meeting in person.

Article 112

Board Meetings are subject to a quorum of more than half of the number of the Directors (including such Directors who are delegated to attend in accordance with the Article).

**Article 93 of
the Mandatory
Provisions**

Each Director has a ballot for voting. Resolutions of the Board shall be passed by more than half of all Directors, unless otherwise stipulated in the Articles of Association.

In case of equivalency between the dissenting votes and affirmative votes, the chairman has the right to cast one more vote.

All Directors must be informed of any significant matters required to be decided by the Board within the time stipulated in the Articles of Association and be provided with

sufficient information at the same time in strict compliance with the stipulated procedures. Directors may request for the provision of supplementary information. Where one-fourth of the Directors or more than two external Directors (Directors who do not hold any internal positions in the Company, including non-executive Directors and independent non-executive Directors) are of the opinion that the information of the matters to be resolved is inadequate or the argument is uncertain, they may jointly propose for a delay in convening the meeting of the Board or discussing the matters to be presented at the meeting, and the Board shall accept such proposal.

**Article 3 of
the Opinions**

If any Director is associated with the enterprises that are involved in the matters to be resolved at the Board meetings, he/she shall not exercise his voting rights for such matters, nor shall such Director exercises voting rights on behalf of other Directors. Such Board meeting may be convened with attendance of more than half of non-connected Directors, and resolutions shall be passed by more than half of non-connected Directors at the Board meeting. If the number of non-connected Directors attending the Board meetings is less than three, such matters shall be submitted to the general meeting of the Company for approval.

**Article 125 of
the Company
Law**

Article 113

A Director shall attend Board meetings in person. If a Director are not able to attend the meeting due to certain reasons, he/she may appoint in written other Directors to attend the meeting on his/her behalf. The name of the proxy, the matters for entrustment, the scope of authorization and the validity period shall be specified in the power of attorney which shall be signed and sealed by the appointing party.

**Article 94 of
the Mandatory
Provisions**

The appointed Director attending the meeting shall only exercise the rights within the power of attorney. Should a Director neither attend a Board meeting nor appoint another Director to attend on his/her behalf, the said Director shall be deemed as waiving his/her voting rights at the meeting.

Article 114

The Board shall keep minutes of resolutions on matters discussed at meetings. The minutes shall be signed by the Directors, secretary of the Board present at the meeting and the person who recorded the minutes. The Directors shall be liable for the resolutions of the Board. If a resolution of the Board violates laws, administrative regulations or the Articles of Association, or resolutions of general meetings and results in the Company sustaining serious losses, the Directors participating in the resolution are liable to compensate the Company. However, if it can be proven that a Director expressly objected to the resolution when the resolution was voted on, and that such objection is recorded in the minutes of the meeting, such Director may be released from such liability.

**Article 95 of
the Mandatory
Provisions**

Opinions of independent non-executive Directors shall be set out in the resolutions of the Board.

The minutes of Board meetings shall be kept by the secretary of the Board as corporate archives. The minutes of Board meetings shall be kept for a period not less than 10 years.

Article 115

The Board may adopt resolution in writing instead of holding a Board meeting, but the draft of such resolutions shall be delivered to each Director by one of these means: by hand, by post, by fax or e-mail. If relevant written resolution has been delivered to all Directors, one or more counterpart drafts have been signed and approved by Directors above quorum and delivered to the secretary to the Board by one of the aforesaid means, such resolutions shall become the resolution passed by the Board and no Board meeting shall be further required to be held.

Chapter 11 Secretary of the Board of the Company

Article 116

The Company shall have a secretary of the Board, who is a senior management of the Company

**Article 96 of
the Mandatory
Provisions**

Management of the controlling entity shall not serve as the secretary of the Board concurrently.

**Article 1 of
the Opinions**

Article 117

The secretary of the Board shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the Board and be primarily responsible for:

**Article 97 of
the Mandatory
Provisions**

(1) to be responsible for preparation of the general meetings and the Board meetings, and to keep files;

**Article 124 of
the Company
Law**

(2) to ensure that the Company maintain complete organisational documents and records;

(3) to ensure that the Company prepares and delivers such reports and documents as required by competent authorities in accordance with laws;

(4) to be responsible for keeping information of shareholders to ensure that the Company's registers of shareholders are properly maintained, and that persons entitled to access to the relevant records and documents are furnished with such records and documents without delay;

(5) to be responsible for the coordination and organization of information disclosure to ensure of a timely, accurate, lawful, true and complete disclosure of information;

(6) to perform other duties as provided in the Articles of Association and the listing rules

of the stock exchange where the Company's shares are listed.

Article 118

A Director or other senior management members of the Company may hold the office of the secretary of the Board concurrently. The accountant(s) of the accounting firm appointed by the Company shall not hold the position of the secretary of the Board concurrently.

**Article 98 of
the Mandatory
Provisions**

Provided that where the office of secretary is held concurrently by a Director, and an act is required to be done by a Director and a secretary separately, the person who holds the office of Director and secretary may not perform the act in dual capacity.

Chapter 12 General Manager of the Company

Article 119

The Company shall have one general manager, who shall be appointed and dismissed by the Board. The Company shall have a number of deputy general managers to assist the general manager. A member of the Board may server as the general manager concurrently as decided by the Board.

**Article 99 of
the Mandatory
Provisions**

None of the management members of controlling entity shall hold concurrent post of general manager, deputy general manager (s), financial executive, marketing director and secretary of the Board of the Company.

**Article 1 of
Opinions**

The general manager has a term of office of 3 years since the effective date of appointment resolution, renewable upon reappointment.

Article 120

The general manager shall report to the Board and exercise the following powers:

**Article 100 of
the Mandatory
Provisions**

(1) to lead the Company's production, operation and management and organise resources to carry out the Board's resolutions

(2) to organise the implementation of the Company's annual business plan and investment plan;

(3) to prepare plans for the establishment of the Company's internal management structure;

(4) to draw up or decide on (within the authorisation granted by the Board) investment proposals of the Company;

(5) to prepare the Company's basic management system.

- (6) to formulate the Company's basic regulations;
- (7) to propose to appoint or dismiss the Company's deputy general manager, chief financial controller;
- (8) to determine appointment or dismissal of the management members (other than those required to be appointed or removed by the Board) and staffs;
- (9) to determine remuneration, welfare, bonus and punishment of staffs and daily costs and expenses of the Company within the Company's budget and authorisation granted by the Board;
- (10) to exercise other powers conferred by the Articles of Association and the Board.

Article 121

The general manager of the Company shall attend the Board meeting; while the general manager, if not being a Director, shall have no voting right at a Board meeting

Article 101 of the Mandatory Provisions

Article 122

In the exercise of his/her powers, the general manager of the Company shall perform his/her duties on a faithful, diligent and honest manner under the laws, administrative regulations and the Articles of Association.

**Article 102 of the Mandatory Provisions
Article 148 of the Company Law**

Chapter 13 Supervisory Committee

Article 123

The Company shall establish a supervisory committee.

Article 103 of the Mandatory Provisions

Article 124

The supervisory committee comprises 6 supervisors, one of which acts as the chairman of supervisory committee. The term of office of supervisors shall be three years, renewable upon re-election.

Article 104 of the Mandatory Provisions

The appointment and dismissal of the chairman of the supervisory committee shall be passed by votes of more than two-thirds of its members.

Article (1)(d)(i) of Appendix 13D to the Listing Rules

Article 125

The supervisory committee shall comprise two shareholder representatives, two independent supervisors (refer to supervisors who are independent of the shareholders

Article 5 of Zheng Jian Hai Han Article 105 of the Mandatory Provisions

and do not hold any internal positions in the Company) and two staff representatives. Appointment and removal of supervisors as shareholder representatives and independent supervisors shall be subject to election at the general meeting, while appointment and removal of supervisors as staff representatives shall be subject to democratic election at the staff representative meetings, staff meetings or by other way.

Supervisors elected as additional or supplemental supervisors at a general meeting or by staffs of the Company shall hold office from the effective date of such election to the expiry of the term of such session of the supervisory committee.

More than half of the external supervisors of the supervisory committee (refer to supervisors who do not have any positions in the Company, including supervisors who are representatives of shareholders and independent supervisors, the same below). The external supervisors shall report independently to the general meeting the performance of the senior management members of the Company in relation to their faithfulness and diligence.

Article 7 of the Opinions Paragraph 2 of Article 118 of the Company Law

The proportion of staff representatives in the supervisory committee shall not be less than one-third.

Article 126

None of the Directors, general manager and other senior management members may hold concurrent post of supervisor.

Article 106 of the Mandatory Provisions Paragraph 4 of Article 118 of the Company Law

Article 127

Meetings of the supervisory committee shall be held at least every six months. The supervisors may propose convening of extraordinary meeting of the supervisory committee.

Article 107 of the Mandatory Provisions Article 120 and Paragraph 2 of Article 118 of the Company Law

Meetings of the supervisory committee shall be convened and presided over by the chairman of the supervisory committee; Should the chairman of the supervisory committee be unable to, or fail to perform his duties, a supervisor elected by more than half of the supervisors shall convene and preside over the meeting.

Article 128

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

Article 108 of the Mandatory Provisions Article 119,54, and 55 of the Company Law

- (1) to examine the Company's financial situation;
- (2) to supervise Directors, the general manager and other senior management members in performing their duties to the Company and to propose dismissal of those who violate any laws, administrative regulations and the Articles of Association;

(3) to demand rectification from a Director, the general manager and any other senior management members when the acts of such persons are harmful to the Company's interest;

(4) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the general meetings and, should any queries arise, to engage, in the name of the Company, the certified public accountants and practising auditors to conduct a re-examination;

(5) to propose the convening of an extraordinary general meeting and to convene and preside over the general meeting when the Board fails to perform such duties as specified under the Articles of Association;

(6) to put forward proposals to the general meeting;

(7) to take legal actions against Directors, general manager and other senior management members pursuant to provisions of Article 152 of the Company Law;

(8) to exercise other powers specified in the Articles of Association.

The supervisors shall attend the Board meetings as non-voting participants, and deliver enquiries or suggestions regarding resolutions passed at the Board meetings.

Article 129

The notice of a meeting of the supervisory committee shall be served in writing to all members of the supervisory committee in person or through fax, express mail, registered mail or e-mail, etc. five (5) days before the date of the meeting.

Should a supervisor attend the meeting, and has not raised any issues of not having received such notice of the meeting prior to or at the meeting, such notice shall be deemed as sent out to him/her.

Each supervisor has a ballot of voting right. Resolutions of the supervisory committee shall be approved by two-thirds or more of its members.

Article 130

A supervisor shall attend the meeting of supervisory committee in person, or appoint in written other supervisor to attend the meeting on his/her behalf due to his/her absence. The name of the proxy, the matters for entrustment, the scope of authorization and the validity period shall be specified in the power of attorney which shall be signed and sealed by the appointing party.

The appointed supervisor attending the meeting shall only exercise the rights within the

**Article 109 of
the Mandatory
Provisions**

**Article
(1)(d)(ii) of
Appendix 13D
to the Listing
Rules**

**Article 6 of
Zheng Jian Hai
Han**

power of attorney. Should a supervisor neither attend a meeting of the supervisory committee nor appoint another supervisor to attend on his/her behalf, the said supervisor shall be deemed as waiving his/her voting rights at the meeting.

Article 131

The supervisory committee may adopt resolution in writing instead of holding a meeting. Draft of such resolutions shall be delivered to each supervisor by one of these means: by hand, by post, by fax or e-mail. If relevant written resolution has been delivered to all supervisors, one or more counterpart drafts have been signed and approved by supervisors above quorum and delivered to the chairman of the supervisory committee by one of the aforesaid means, such resolution shall become the resolution passed by the supervisory committee and no further meeting of supervisory committee shall be further required to be held.

Article 132

All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practising auditors as are required by the supervisory committee in discharging its duties shall be borne by the Company.

**Article 110 of
the Mandatory
Provisions**

Article 133

Minutes shall be prepared for the meeting of supervisory committee, which shall be signed by supervisors present at the meeting and the person who recorded the minutes. A supervisor is entitled to request that an explanation of his comments made at the meetings be noted in the minutes. The minutes of meetings of supervisory committee shall be kept by secretary of the Board as corporate archives. The meeting minutes shall be kept for at least 10 years.

Article 134

A supervisor shall perform his duties honestly and faithfully in accordance with laws, administrative regulations and the Articles of Association.

**Article 111 of
the Mandatory
Provisions**

Chapter 14 Qualification and Responsibilities of Directors, Supervisors, General Manager and Other Senior Management Members of the Company

Article 135

A person in any of the following circumstances may not serve as the Company's Director, supervisor, general manager and other senior management members:

**Article 112 of
the Mandatory
Provisions**

(1) a person who does not have or who has limited capacity for civil conduct;

**Article 147 of
the Company
Law**

(2) a person who has been found guilty for corruption, bribery, infringement of property or misappropriation of property or other crimes which destroy the social economic order, and has been the subject of the sentence for which not more than five (5) years have lapsed since the sentence was served, or a person who has been deprived of his political rights and not more than five (5) years have lapsed since the sentence was served;

(3) a person who is a former director, factory manager or president of a company or enterprise which has been dissolved or put into liquidation and who was personally liable for the winding up of such company or enterprise, where no more than three (3) years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;

(4) a person who is a former legal representative of a company or enterprise the business license of which was revoked due to violation of law and who is personally liable for such revocation, where no more than three (3) years have elapsed since the date of the revocation of the business license;

(5) a person who holds a relatively large amount of debts which have fallen due and outstanding;

(6) a person who is currently under investigation by the judicial authorities for violation of criminal law, and the legal procedures are pending;

(7) a person who, according to laws and administrative regulations, cannot act as a leader of an enterprise;

(8) a person other than a natural person;

(9) a person who has been adjudged by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where not more than five (5) years have lapsed from the date of such conviction;

Article 136

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

**Article 113 of
the Mandatory
Provisions**

Article 137

In addition to obligations imposed by laws, administrative regulations or required by the Listing Rules of the stock exchange on which shares of the Company are listed, each of the Company's Directors, supervisors, general manager and other senior management

**Article 114 of
the Mandatory
Provisions**

members owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

(1) not to cause the Company to exceed the scope of the business stipulated in its business license;

(2) to act bona fide in the best interests of the Company;

(3) not to expropriate the Company's property in any way, including (without limitation to) any opportunity which may benefit the Company;

(4) not to expropriate, in any guise, shareholder's individual interests, including (without limitation to) distribution rights and voting rights, except for the restructuring of the Company submitted to general meeting according to the Articles of Association.

Article 138

Each of the Company's Directors, supervisors, general manager and other senior management members owes the duty that in the exercise of his/her powers and discharge of his/her obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 115 of
the
Mandatory
Provisions**

Article 139

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

**Article 116 of
the
Mandatory
Provisions**

(1) to act bona fide in the best interests of the Company;

(2) to act within his terms of reference without ultra vires;

(3) to exercise the discretion vested in him personally and not to allow himself to act under the control of any other party and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to transfer the exercise of his discretion;

(4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

(5) unless otherwise provided for in the Articles of Association or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;

(6) not to use the Company's property for his own benefit, without the informed consent of the shareholders given in a general meeting;

(7) not to abuse his position to accept bribes or other illegal income or expropriate the Company's property in any way, including (without limitation to) any opportunity which may benefit the Company;

(8) not to accept commissions in connection with the Company's transactions, without the informed consent of the shareholders given in a general meeting;

(9) to comply with the Articles of Association, to perform his official duties faithfully, to protect the Company's interests and not to exploit his position and power in the Company to advance his own interests;

(10) not to exploit the Company's assets for their own or others' benefits in any form without the informed consent of the shareholders given in a general meeting; not to operate for his own benefit or manage on behalf of others businesses similar to those of the Company, and not to compete with the Company in any form;

**Article 149 of
the Company
Law**

(11) not to misappropriate the Company's funds or to use the Company's assets to set up deposit accounts in his own name or in the any other name;

(12) unless approved at a general meeting or by the Board, not to lend the Company's funds to any other person, not to use the Company's assets to guarantee for others;

(13) not to divulge any confidential information which he has obtained during his term of office without the informed consent of the shareholders in a general meeting; nor shall he use such information otherwise than for the Company's benefit, unless disclosure of such information to the court or other governmental authorities is made in the following circumstances:

1. disclosure as required by laws;
2. public interests so requires;
3. the interests of Directors, supervisors, general manager and other senior management members so requires.

Article 140

Each Director, supervisor, general manager or other senior management members of the Company shall not cause the following persons or institutions ("associates") to do what he is prohibited from doing:

**Article 117 of
the Mandatory
Provisions**

(1) the spouse or minor children of that Director, supervisor, general manager and other senior management members;

(2) a person acting in the capacity of trustee of that Director, supervisor, general manager or other senior management members or any person referred to in paragraph (1) of this Article;

(3) a person acting in the capacity of partner of that Director, supervisor, general manager or other senior management members or any person referred to in paragraphs (1) and (2) of this Article;

(4) a company in which that Director, supervisor, general manager or other senior management members, alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above or other Directors, supervisors, general manager and other senior management members of the Company have a de facto controlling interest;

(5) the Directors, supervisors, general manager and other senior management members of the controlled company referred to in paragraph (4) of this Article.

Article 141

The fiduciary duties of the Directors, supervisors, general manager and other senior management members of the Company do not necessarily cease with the termination of their tenure, and their confidentiality obligations in respect of the commercial secrets of the Company shall survive after the expiration of their term of office. The duration of the rest of obligations shall be decided based on the principle of fairness, on the time lapse between the said expiration and the occurrence, and on the circumstances under which the relationships between them and the Company are terminated.

**Article 118 of
the Mandatory
Provisions**

Article 142

Except for circumstances prescribed in Article 55 of the Articles of Association, a Director, supervisor, general manager and other senior management members of the Company may be relieved of liability for specific breaches of his/her duty with the informed consent of shareholders given at a general meeting.

**Article 119 of
the
Mandatory
Provisions**

Article 143

Where a Director, supervisor, general manager or other senior management members of the Company is in any way, directly or indirectly, materially interested in or entered into a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his/her service contract with the Company), he/she shall declare the nature and extent of his/her interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal thereof is otherwise subject to the approval of the Board.

**Article 120 of
the
Mandatory
Provisions**

**Article 4(1) of
Appendix 3 to
the Listing
Rules**

A Director shall not vote on the resolution of the Board in relation to any contract, transaction or arrangement or proposal in which he or any of his associates (as defined in

the Listing Rules in force from time to time) is materially interested, and shall not be included in the quorum of the meeting;

Unless the interested Director, supervisor, general manager or other senior management members of the Company discloses his interests in accordance with the first sub-paragraph of this Article and the contract, transaction or arrangement is approved by the Board at a meeting in which the Director, supervisor, general manager or other senior management members of the Company is not counted as part of the quorum and abstain from voting, such contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide party thereto who does not have notice of the breach of duty by the interested senior Director, supervisor, general manager or other senior management members.

A Director, supervisor, general manager or other senior management members of the Company is deemed to be interested in a contract, transaction or arrangement in which his/her associate is interested.

Article 144

Where a Director, supervisor, general manager or other senior management members of the Company gives to the Board a general notice in writing 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, such notice shall be deemed for the purposes of the preceding paragraph of this Article to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

**Article 121 of
the Mandatory
Provisions**

Article 145

The Company shall not in any manner pay taxes for or on behalf of its Directors, supervisors, general manager or other senior management members.

**Article 122 of
the Mandatory
Provisions**

Article 146

The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with a loan to a Director, supervisor, general manager or other senior management members of the Company or of the Company's parent company or any of their respective associates.

**Article 123 of
the Mandatory
Provisions**

However, the following transactions are not subject to such prohibition:

(1) the provision by the Company of a loan or a guarantee for a loan to a subsidiary of the Company;

(2) the provision by the Company of a loan or a guarantee in connection with a loan or any other funds to any of its Directors, supervisors, general manager or other senior management members to meet expenditure incurred or to be incurred by him/her for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in general meeting;

(3) The Company may make a loan or provide a guarantee in connection with a loan to any of the relevant Directors, Supervisors, general manager or other senior management members or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

Article 147

A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

**Article 124 of
the Mandatory
Provisions**

Article 148

A loan guarantee provided by the Company in breach of Article 146 (1) shall be unenforceable against the Company, provided that:

**Article 125 of
the Mandatory
Provisions**

(1) a loan was provided to an associate of any of the Directors, supervisors, general manager and other senior management members of the Company or of the Company's parent company where 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 149

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

**Article 126 of
the Mandatory
Provisions**

Article 150

In addition to any rights and remedies provided by the laws and administrative regulations, where a Director, supervisor, general manager and other senior management members of the Company is in breach of his duties to the Company, the Company has rights to:

**Article 127 of
the Mandatory
Provisions**

(1) claim damages from the relevant Director, supervisor, general manager and other senior management members in compensation for losses incurred by the Company as a result of such breach;

(2) rescind any contract or transaction entered into by the Company with the relevant Director, supervisor, general manager and other senior management members or with a third party (where such third party knows or should know that there is such a breach of duties by such Director, supervisor, general manager and other senior management members);

(3) demand such Director, supervisor, general manager and other senior management members to surrender the profits made by him/her in breach of his duties;

(4) recover any monies received by such Director, supervisor, general manager and other senior management members which should have been otherwise received by the Company, including (without limitation) commissions; and

(5) demand payment of the interest earned or which may have been earned by such Director, supervisor, general manager and other senior management members on the monies that should have been paid to the Company.

Article 151

The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with a Director or supervisor wherein his remuneration are stipulated, including;

**Article 128 of
the Mandatory
Provisions**

(1) remuneration in respect of his/her service as Director, supervisor or senior management member of the Company;

(2) remuneration in respect of his/her service as Director, supervisor or senior management member of any subsidiary of the Company;

(3) remuneration in respect of the provision of other services in connection with the management of the affairs of the Company or any of its subsidiaries; and

(4) 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 proceedings may be brought by a Director or supervisor against the Company for any benefits in respect of the matters mentioned in this Article.

The Company shall disclose to shareholders the remuneration received by Directors, supervisors and senior management members from the Company on a regular basis.

**Article 117 of
the Company
Law**

Article 152

The contract for remuneration entered into between the Company and its Directors or supervisors should provide that in the event of a takeover of the Company, the

**Article 129 of
the Mandatory
Provisions**

Company's Directors and supervisors shall, subject to the prior approval of the shareholders in general meeting, have the right to receive compensation or other payment for loss of office or retirement.

A takeover of the Company as referred to above means:

- (1) a takeover offer made by any person to all shareholders; or
- (2) an offer made by any person with a view to the offeror becoming a "controlling shareholder" within the meaning of Article 56.

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

Chapter 15 Financial and Accounting System and Profit Distribution

Article 153

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

**Article 130 of
the Mandatory
Provisions**

Article 154

At the end of each fiscal year, the Company shall prepare a financial report which shall be audited by an accounting firm in compliance with the laws.

**Article 131 of the
Mandatory
Provisions**

The fiscal year of the Company shall coincide with the calendar year, i.e. From January 1 to December 31 on the Gregorian calendar.

**Paragraph 1 of
Article 165 of the
Company Law**

Article 155

The Board shall place before the shareholders at every annual general meeting such financial reports as are required by any laws, administrative regulations or directives promulgated by competent regional and central governmental authorities to be prepared by the Company.

**Article 132 of
the Mandatory
Provisions**

Article 156

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

**Article 133 of
the Mandatory
Provisions**

A copy of the report of the Board, balance sheets (including the documents required to be attached by the laws and administrative regulations) and profit and loss accounts or income and expenditure accounts (including the aforesaid financial reports) shall, not less than 21 days before the date of the annual general meeting, be sent by pre-paid mail or e-mail by the Company to every holder of H shares. The address of the recipient shall be the address shown on the register of members.

**Article 7 of
Zheng Jian
Hai Han**

**Article 5 of
Appendix 3 to
the Listing**

Article 157

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

**Article 134 of
the Mandatory
Provisions**

Article 158

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

**Article 135 of
the Mandatory
Provisions**

Article 159

The Company shall publish its financial reports twice every fiscal year, that is, the interim financial report shall be published within two months after the expiration of the first six (6) months of each fiscal year and the annual financial report shall be published within three months after the expiration of each fiscal year.

**Article 136 of
the Mandatory
Provisions**

Article 160

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

**Article 137 of
the Mandatory
Provisions**

Article 161

The after-tax profits of the Company shall be used in the following order:

**Article 167 of
the Company
Law**

- (1) to make up losses;
- (2) to make allocations to the statutory surplus reserve fund
- (3) to make allocations to discretionary reserve fund subject to a resolution of the

general meeting;

- (4) to pay dividend of ordinary shares.

When distributing each year's after-tax profits, the Company shall set aside 10 percent of its after-tax profits for the Company's statutory surplus reserve fund. When the aggregate balance in the statutory surplus reserve fund has reached 50 per cent or more of the Company's registered capital, the Company need not make any further allocations to that fund.

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

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

After recovery of losses and appropriation of reserve fund, the remaining profit of the Company shall be distributed to shareholders in proportion to their shareholdings.

If the general meeting or the Board violates the provisions in the preceding paragraph of this Article and profits are distributed to the shareholders before the Company makes up losses or makes allocations to the statutory reserve fund, the profits distributed in violation of the provisions must be returned to the Company.

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

Article 162

Capital reserve fund includes the followings:

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

**Article 138 of
the Mandatory
Provisions**

Article 163

The common reserve funds of the Company are used for making up losses, expansion of the Company's production and operation or increasing the capital of the Company while the capital reserve shall not be used for making up the losses incurred by Company.

**Article 169 of
the Company
Law**

When the statutory reserve fund is converted into capital, the balance of the statutory

reserve fund shall not fall below 25% of the Company's registered capital before such conversion.

Article 164

Dividends shall be distributed in proportion to the shareholdings of the shareholders within six (6) months after the end of each fiscal year. Dividend distribution plan shall be approved by an ordinary resolution at a general meeting. Unless otherwise resolved by the shareholders in general meeting, the Board may be authorized by the general meeting to distribute interim dividends.

Article 165

The Company may distribute dividends in the following manner:

- (1) in cash; or
- (2) by shares.

**Article 139 of
the Mandatory
Provisions**

Article 166

After the profit distribution plan has been resolved at a general meeting, the Board shall complete the dividend (or share) distribution within two (2) months after the holding of such meeting.

Article 167

Dividends or other payments payable by the Company to holders of its domestic-invested shares shall be denominated and declared in RMB and paid in RMB while those payable to holders of non-listed foreign-invested shares shall be denominated and declared in RMB and paid in foreign currency. Dividends or other payments payable by the Company to holders of overseas-listed foreign-invested shares shall be denominated and declared in RMB and paid in the currency of the place where such foreign-invested shares are listed (or, in case there are more than one listing place, the currency of the major listing place as determined by the Board)

Article 168

Dividends or other payments payable by the Company to holders of foreign-invested shares shall be transacted in accordance with the relevant foreign exchange control regulations of the State; If there is no such regulation, the applicable exchange rate shall be the average closing price during the week prior to the declaration date of dividends and other payments as quoted by the People's Bank of China.

Article 169

The Company shall withhold and pay the due taxes in respect of dividends income of individual shareholders.

Article 170

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

**Article 140 of
the Mandatory
Provisions**

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

The receiving agents appointed by the Company for holders of H shares shall be trust companies registered pursuant to Trustee Ordinance of Hong Kong.

For the dividends not claimed by shareholders for one year since the declaration date of dividends, the Board is entitled to use such dividends for investments or other purposes for the interests of the Company before the aforesaid dividends are claimed by shareholders. Any dividends not claimed for six years since the declaration date, the interested shareholders are deprived of the rights to claim such dividends which shall be returned to the Company.

Chapter 16 Appointment of Accounting firm

Article 171

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

**Article 141 of
the Mandatory
Provisions**

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

If the inaugural meeting fails to exercise its aforesaid powers, those powers shall be exercised by the Board.

Article 172

The accounting firm appointed by the Company shall hold office from the end of the

**Article 142 of
the Mandatory
Provisions**

annual general meeting at which the appointment is made until the end of the next annual general meeting.

Article 173

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

**Article 143 of
the Mandatory
Provisions**

(1) a right to inspect at any time the account books, records and vouchers of the Company, and to require the Directors, general manager and other senior management members of the Company to provide any relevant information and explanation thereof;

(2) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of duties of such accounting firm; and

(3) a right to attend general meetings and to receive all notices of, and other communications relating to, any general meeting which any shareholder is entitled to receive, and to be heard at any general meeting in relation to matters concerning its role as the accounting firm of the Company.

The Company shall provide true and complete accounting evidence, accounting books, financial reports and other accounting information to the accounting firm it engages and it shall not refuse or withhold any such information nor shall it provide any false information.

**Article 171 of
the Company
Law**

Article 174

Before the convening of the general meeting, the Board may fill any casual vacancy in the office of the accounting firm, but while any such vacancy continues, the surviving or continuing firm, if any, may act.

**Article 144 of
the Mandatory
Provisions**

Article 175

The shareholders in general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

**Article 145 of
the Mandatory
Provisions**

Article 176

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

**Article 146 of
the Mandatory
Provisions**

Article 177

The Company's appointment, removal and non-reappointment of an accounting firm shall be resolved by shareholders in general meeting. The resolution of the general meeting shall be filed with the securities regulating authority of the State Council.

**Article 147 of
the Mandatory
Provisions**

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

**Article 9 of
Zheng Jian Hai
Han**

**Article (1)(e)(i)
of Appendix
13D to the
Listing Rules**

(1) A copy of the proposal about appointment or removal shall be sent to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant fiscal year (leaving includes leaving by removal, resignation and retirement) before notice of meeting is given to the shareholders.

(2) If the leaving firm makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall (unless the representations are received too late):

1. in any notice given to shareholders about a resolution to be made, state the representations that has been made by the accounting firm which is about to leave;

2. attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association.

(3) If the firm's representations are not sent in accordance with paragraph (2) above, the relevant firm may require that the representations be read out at the general meeting and may give further explanation.

(4) An accounting firm which is leaving its post shall be entitled to attend:

1. the general meeting relating to the expiry of its term of office;

2. any general meeting at which it is proposed to fill the vacancy caused by its removal;

3. any general meeting convened on its resignation;

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

Article 178

Prior to the removal or the non-renewal of the appointment of an accounting firm, notice of such removal or non-renewal shall be given to the accounting firm concerned thirty days in advance and such firm shall be entitled to make representation at the general meeting. Where the accounting firm resigns from its post, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

**Article 148 of
the Mandatory
Provisions**

Any accounting firm may resign from its office by depositing at the Company's legal residence a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:

**Article 10 of
Zheng Jian Hai
Han**

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

**Article
(1)(e)(ii) of
Appendix 13D
to the Listing
Rules**

(2) a statement of any matters of which an account should be given.

After receipt of the written notice under the preceding paragraph, the Company shall within fourteen (14) days send a copy of the notice to the competent authority. If the notice contains a statement referred to in subparagraph (2) above, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement to every holder of overseas-listed foreign-invested shares by prepaid mail or e-mail. The address of the recipient shall be the address shown on the register of shareholders.

**Article
(1)(e)(iii) of
Appendix 13D
to the Listing
Rules**

Where the notice of resignation of an accounting firm contains a statement of any matters of which an account should be given, the accounting firm may require the Board to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

**Article
(1)(e)(iv) of
Appendix 13D
to the Listing
Rules**

Chapter 17 Merger and Demerger of the Company

Article 179

In the event of the merger or demerger of the Company, a plan shall be proposed by the Board of the Company and shall be approved in accordance with the procedures stipulated in the Articles of Association and the relevant examining and approving formalities shall be processed as required by law. Shareholders who oppose the plan of merger or demerger of the Company shall have the right to request that the Company or the shareholders who consent to such plan purchase their shares at a fair price. A special document of the Company's resolution on the merger or demerger should be prepared for inspection by the shareholders.

**Article 149 of
the
Mandatory
Provisions**

For holders of H shares, the aforesaid document shall be sent by mail or e-mail. The

address of the recipient shall be the address shown on the register of shareholders.

Article 180

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

**Article 150 of
the
Mandatory
Provisions**

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days after the date of the Company's resolution on merger and shall make announcements for three times in China Securities Journal or other national newspapers in PRC within thirty (30) days after the date of the Company's resolution on merger. Creditors may, within thirty (30) days after receipt of such notice from the Company, or within forty-five (45) days after the date of the newspapers announcement for those who do not receive such notice, to demand that the Company repay their debts to that creditor or provide a corresponding guarantee for such debts.

**Article 174 of
the Company
Law**

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

Article 181

When the Company is demerged, its assets shall be split up accordingly.

**Article 151 of
the
Mandatory
Provisions**

In the event of a demerger of the Company, all the parties involved shall enter into a demerger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days after the date of the Company's resolution on demerger and shall make announcements for three times in China Securities Journal or other national newspapers in PRC within thirty (30) days after the date of the Company's resolution on demerger.

Unless otherwise agreed by the Company and creditors on settling debts in writing prior to the demerger, joint liabilities shall be borne by the companies after the demerger in respect of the debts incurred by the Company before its demerger.

**Article 177 of
the Company
Law**

Article 182

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

**Article 152 of
the
Mandatory
Provisions**

Chapter 18 Dissolution and Liquidation of the Company

Article 183

The Company shall be dissolved and liquidated upon the occurrence of any of the following events:

**Article 153 of
the
Mandatory
Provisions**

(1) a resolution on dissolution is passed by shareholders at a general meeting;

(2) dissolution is necessary due to a merger or demerger of the Company;

**Article 181 of
the Company
Law**

(3) the Company is legally declared bankrupt due to its failure to repay debts due;

(4) the Company's business license is revoked or it is ordered to close down or it is cancelled according to law due to the violation of laws and administrative regulations.

(5) the Company is dissolved by the people's court in accordance with Article 183 of the Company Law.

Article 184

Where the Company is dissolved under subparagraphs (1), (4) and (5) of the preceding Article, a liquidation committee shall be set up within fifteen (15) days of the occurrence of the dissolution events, and its members shall be determined by shareholders at a general meeting by way of ordinary resolution. If a liquidation committee is not set up within the specified period to carry out liquidation procedures, creditors may apply to the people's court for appointment of relevant persons to form a liquidation committee so as to proceed with the liquidation.

**Article 154 of
the
Mandatory
Provisions**

**Article 184 of
the
Company
Law**

Where the Company is dissolved under subparagraph (2) of the preceding Article, the liquidation shall be transacted by the parties involved in merger or demerger in accordance with the contract entered into at the time of merger or demerger.

Where the Company is dissolved pursuant to subparagraph (3) of the preceding Article, the people's court shall, according to the relevant laws, organise to form a liquidation committee comprising the shareholders, relevant authorities and relevant professionals to carry out liquidation procedures.

Article 185

Where the Board proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the Board shall include a statement in its notice convening a general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.

**Article 155 of
the
Mandatory
Provisions**

Upon the passing of the resolution by the shareholders in general meeting for the

liquidation of the Company, all functions and powers of the Board shall cease.

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

Article 186

The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and make newspaper announcement for at least three times within sixty (60) days of that date.

**Article 156 of
the
Mandatory
Provisions**

The creditors may declare their claims to the liquidation committee within 30 days of the receipt of the above notice or within 45 days after the first announcement is made if no such notice is received; and overdue claims shall be deemed as waived. They shall specify the items to which their rights relate and produce evidence to this effect. Claims shall be registered by the liquidation committee.

Article 187

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

**Article 157 of
the
Mandatory
Provisions**

- (1) to ascertain the Company's assets and separately prepare a balance sheet and an inventory of assets;
- (2) to notify creditors by sending notice or by making announcement;
- (3) to deal with and settle the Company's outstanding business deals in relation to the liquidation;
- (4) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (5) to ascertain all claims and debts;
- (6) to dispose of the remaining assets of the Company after the repayment of debts; and
- (7) to represent the Company in any civil proceedings.

Article 188

After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit the same to a general meeting or the people's court for confirmation.

**Article 158 of
the
Mandatory
Provisions**

The assets of the Company shall be applied for liquidation in the order required by laws and regulations. In case that there is no applicable law, it shall be in a fair and reasonable order as determined by the liquidation committee.

As for any assets remaining after repayment of debts in accordance with the provisions above, they shall be distributed to the shareholders of the Company in accordance with the class and proportion of shares held by them.

During the liquidation, the Company shall not carry out any operating activities irrelevant to the liquidation.

Article 189

In the event of Company's liquidation owing to dissolution, if the liquidation committee, after ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to repay its debts, it shall immediately apply to the people's court for a declaration of bankruptcy.

**Article 159 of
the
Mandatory
Provisions**

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

Article 190

Following the completion of liquidation, the liquidation committee shall present a report on liquidation and prepare a statement of the receipts and expenses and the financial accounts for the period of the liquidation which shall be audited by PRC certified public accountants and then submitted to a general meeting or the people's court for confirmation.

**Article 160 of
the
Mandatory
Provisions**

The liquidation committee shall also within thirty (30) days after the confirmation by a general meeting or the people's court, submit the documents referred to in the preceding paragraph to the company registration authority and apply for cancellation of registration of the Company, and announce the termination of the Company.

Chapter 19 Procedures for Amendment to the Articles of Association

Article 191

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

**Article 161 of
the
Mandatory
Provisions**

Article 192

Any amendment to the Articles of Association shall be made in the following procedures:

- (1) the Board shall, in accordance with the Articles of Association, pass a resolution to propose to the general meeting to amend the Articles of Association, and draw up a proposal for such amendments;
- (2) the foregoing proposal shall be notified to shareholders, and a general meeting shall be convened to vote on the amendments;
- (3) subject to the relevant provisions of the Articles of Association, the amendments submitted to the general meeting for approval shall be approved by way of special resolution.

At the general meeting the Board may be authorized by an ordinary resolution for the followings:

- (1) If the Company increases its registered capital, the Board is entitled to amend the contents in respect of the Company's registered capital in the Articles of Association based on specific circumstances.
- (2) In case changes in the numbering and terms of articles are required during the approval by a competent authority of the Articles of Association passed at a general meeting, the Board is entitled to make appropriate amendments according to the requirements of the competent authority.

Article 193

Any amendment to the Articles of Association involving anything set out in the Mandatory Provisions shall become effective upon approval by the department in charge of company approval affairs authorized by the State Council and by the CSRC. If there is any changes relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with the laws.

Mandatory Provisions Article 162

Chapter 20 Settlement of Disputes

Article 194

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

- (1) Whenever any disputes or claims arise between holders of the overseas-listed foreign-invested shares and the Company, holders of the overseas-listed foreign-invested shares and the Company's Directors, supervisors, general managers or other senior management members, or holders of the overseas-listed foreign-invested shares and holders of domestic-invested shares, based on the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or any other relevant laws

Article 163 of the Mandatory Provisions

Article 11 of Zheng Jian Hai Han

and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights abovementioned is referred to arbitration, the entire claim or dispute must be referred to arbitration and any person (being the Company or a shareholder, Director, supervisor, general manager or other senior management members of the Company) who has a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration.

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

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

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

(3) If any disputes or claims of rights prescribed in subparagraph (1) above are referred to arbitration, the laws of the People's Republic of China shall apply, save as otherwise provided in laws and administrative regulations.

(4) The award of an arbitration body shall be final and conclusive and binding on all parties.

Chapter 21 Notice

Article 195

Unless otherwise provided herein, notices issued by the Company to the holders of the overseas-listed foreign-invested shares and those issued by the Company in the form of announcement shall be published in newspapers and shall be delivered by person or pre-paid mail or e-mail to the address of each holder of overseas-listed foreign-invested shares as shown in the register of shareholders to ensure that shareholders are completely informed and have enough time to execute their rights or act in accordance with the provisions in the notice.

**Article 7 (1)
of Appendix 3
to the Listing
Rules**

Notice issued by the Company to holders of domestic-invested shares shall be published in one or more newspapers designated by the securities authority of the State Council; upon the publication of the notice, the holders of domestic-invested shares shall be deemed to have received the relevant notice.

Article 196

Should the notice is delivered by post, it shall be mailed in a clearly addressed and prepaid envelope. Such notice shall be deemed received by shareholders after five days of posting. For notices sent by fax or e-mail or published on website, appropriate written records shall be provided.

Article 197

Any notice, document, information or written statement given by a shareholder or Director to the Company shall be delivered by hand or by registered mail to the legal address of the Company.

Article 198

To prove the delivery of notice, documents, materials or written statement, shareholders or Directors shall produce relevant evidence on the delivery of such notice, documents, materials or written statement within the designated periods in an ordinary form or by prepaid mail to the correct address.

Chapter 22 Supplementary Provisions

Article 199

In the Articles of Association, the term “accounting firm” shall have the same meaning as “auditor”.

In the Articles of Association, “De facto controller” refers to a person who is not the Company's shareholder but can have de facto control on the Company through investment, agreement or other arrangement.

The terms “manager” and “deputy manager” refer to the “general manager” and “deputy general manager” of the Company respectively.

Article 200

The Articles of Association is written in Chinese. In case of any discrepancies among the various versions in different languages, the Chinese version shall prevail.

Article 201

**Article 165 of
the
Mandatory
Provisions**

**Item (3) of
Article 217 of
the Company
Law**

The Articles of Association is subject to the interpretation by the Board.

(NO TEXT BELOW. THE NEXT PAGE IS FOR SIGNATURE.)