



**Z H A O J I N**

**ZHAOJIN MINING INDUSTRY COMPANY LIMITED**

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

## **ARTICLES OF ASSOCIATION**

Amended by a special resolution at the Annual General Meeting held on 2 June 2025

The original version of the Articles of Association of the Company (“AOA”) is in Chinese, and the English version of the AOA is the translation from the Chinese original. Should there be any discrepancy between the Chinese and English versions of the AOA, the Chinese version shall prevail.

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# **ZHAOJIN MINING INDUSTRY COMPANY LIMITED**

## **ARTICLES OF ASSOCIATION**

### **CHAPTER 1 GENERAL PROVISIONS**

**Article 1.1** Zhaojin Mining Industry Company Limited (hereinafter referred to as the “Company”) is a joint stock limited company established in accordance with the Company Laws of the People’s Republic of China (hereinafter referred to as the “Company Law”) and other relevant laws and administrative regulations of the State.

The Company was jointly established by Shandong Zhaojin Group Company Limited (hereinafter referred to as the “Zhaojin Group”), Shanghai Fosun Industrial Investment Co., Ltd. (hereinafter referred to as the “Fosun Investment”), Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (hereinafter referred to as the “Yuyuan”), Shenzhen Guangxin Investments Co., Ltd. (hereinafter referred to as the “Guangxin Investments”) and Shanghai Laomiao Gold Co., Ltd. (hereinafter referred to as the “Laomiao Gold”) as its promoters and registered at Shandong Provincial Administration of Industry and Commerce on 16 April 2004.

The Company’s business licence registration number is: 370000018082374.

Prior to the initial public offering of its overseas-listed foreign-invested shares (as defined in Article 3.4), the shareholders of the Company were Zhaojin Group, Fosun Investment, Yuyuan, Guangxin Investments and Laomiao Gold. The shares held by Zhaojin Group are State-owned legal person shares in nature, and the shares held by Fosun Investment, Yuyuan, Guangxin Investments and Laomiao Gold are social legal person shares in nature.

**Article 1.2** Registered name of the Company

Chinese name: 招金礦業股份有限公司

English name: Zhaojin Mining Industry Company Limited

Address of the Company: No. 118 Wenquan Road, Zhaoyuan City

Postal Code: 265400

Telephone number: 0535-8266009

Fax number: 0535-8227541

**Article 1.3** Authorized legal representative of the Company is the chairman of the board of the Company.

**Article 1.4** The Company is a joint stock limited company with perpetual existence and an independent legal entity, and is governed and protected by the laws, regulations and other relevant requirements of the People’s Republic of China.

**Article 1.5** The entire share capital of the Company is divided into equal shares. Shareholders' liabilities in the Company are proportional to the number of shares they subscribed. The Company is responsible for all debts with all of its assets.

**Article 1.6** These Articles of Association (hereinafter referred to as these "Articles") are amended in accordance with the Company Law and other relevant laws and regulations of the People's Republic of China.

**Article 1.7** These Articles shall be the legally binding document regulating the structure and behaviour of the Company, and the rights and obligations between the Company and its shareholders, and among shareholders.

**Article 1.8** These Articles shall be binding upon the Company and its shareholders, directors, supervisors, general manager, deputy general manager and other senior management members of the Company, who shall have the right to make any claims and propositions regarding the Company's affairs in accordance with these Articles.

These Articles shall be actionable by a shareholder against the Company and vice versa, by shareholders against each other, by a shareholder against the directors, supervisors, general manager, deputy general manager and other senior management members of the Company.

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

**Article 1.9** The Company may invest in other limited liability companies or joint stock limited companies. The Company's liabilities to an investee company shall be limited to the amount of its capital contribution to the investee company. The Company shall not be a shareholder with unlimited liabilities of any other organizations operating for profits.

**Article 1.10** "Other senior management members" referred to in these Articles shall mean the Company's financial controller, secretary of the board of directors and other persons stipulated in the Articles of the Company.

## **CHAPTER 2 OBJECTIVES AND SCOPE OF BUSINESS**

**Article 2.1** Business objectives of the Company are: to establish a comprehensive system suitable for modern enterprises and to improve corporate governance structure in accordance with the requirements for the development of a market-oriented economy; and, driven by market demand, to focus on the investment in and development of gold mineral resources at home and abroad, and to maximize the return on investment for shareholders of the Company to the extent permitted by laws and regulations.

**Article 2.2** Business scope of the Company includes: gold exploration, ore processing, cyanide process (metallurgy) and sale of processed by-products; mine construction, and technology research and testing, technology promotion services; investment within the scope permitted by laws and regulations; general freight services.

The business scope of the Company shall be subject to the approval of the relevant administration of the industry and commerce. The Company may timely adjust its business scope and operation mode and set up branch organizations at home and abroad according to changes in market conditions and its own business development needs upon approval by the relevant authorities.

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

**Article 3.1** The Company shall have ordinary shares at all times. The Company may create other classes of shares if necessary.

**Article 3.2** All the shares issued by the Company shall have a par value and each shall bear a par value of Renminbi one yuan.

**Article 3.3** The Company may issue shares to domestic investors and overseas investors in accordance with the laws.

The “overseas investors” referred to in the preceding paragraph shall mean the investors residing in foreign countries or Hong Kong, Macau and Taiwan who have subscribed the shares issued by the Company. The “domestic investors” shall mean the investors other than those mentioned above who have subscribed the shares issued by the Company and are residing in the People’s Republic of China.

**Article 3.4** Shares issued by the Company to the domestic investors which are subscribed in Renminbi shall be referred to as domestic shares. Shares issued by the Company to the overseas investors which are subscribed in foreign currencies shall be referred to as foreign-invested shares. Foreign-invested shares that are listed abroad shall be referred to as overseas-listed foreign-invested shares.

The overseas-listed foreign-invested shares issued by the Company and listed in Hong Kong shall be referred to as “H shares”. H shares shall mean the shares which have been admitted to listing on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”), the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars. H Shares may also be listed on a stock exchange in the United States in the form of American Depositary Receipts.

Shares issued by the Company which are not listed in neither domestic nor overseas stock exchanges shall be referred to as unlisted shares. Domestic shares shall be referred to as unlisted shares.

Unlisted shares may be listed and traded on an overseas stock exchange after complying with relevant regulations of the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) and being filed with the CSRC by the Company entrusted by the shareholders holding unlisted shares. The listing and trading of unlisted shares on an overseas stock exchange shall also be subject to the regulatory procedures, regulations and requirements prescribed by the relevant overseas stock exchanges. The listing and trading of unlisted shares on such overseas stock exchanges is not subject to the approval at a general meeting or a class meeting. Unlisted shares listed on overseas stock exchange shall be within the same class of original overseas-listed foreign-invested shares.

**Article 3.5** The share capital structure of the Company: 3,542,393,204 ordinary shares, of which domestic shareholders hold 660,837,607 shares, representing 18.66% of the issued ordinary shares of the Company; Shareholders of overseas-listed foreign-invested shares hold 2,881,555,597 shares, representing 81.34% of the issued ordinary shares of the Company.

**Article 3.6** The registered capital of the Company is RMB3,542,393,204.

**Article 3.7** The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to relevant provisions of these Articles.

The Company may increase its capital in the following ways:

- (i) by offering new shares for subscription by unspecified investors;
- (ii) by placing new shares to its existing shareholders;
- (iii) by allotting new shares to its existing shareholders;
- (iv) by allotting new shares to specified targets;
- (v) by any other means which is permitted by the laws and administrative regulations.

After the Company’s increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of these Articles, the issuance shall be made in accordance with the procedures set out in the relevant laws and administrative regulations of the State.

**Article 3.8** Unless otherwise stipulated in the laws and administrative regulations or by Hong Kong Stock Exchange, paid-up shares of the Company shall be freely transferable and are not subject to any lien.

#### **CHAPTER 4 CAPITAL REDUCTION AND SHARE REDEMPTION**

**Article 4.1** According to the provisions of these Articles, the Company may reduce its registered capital.

**Article 4.2** The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within 10 days of adopting the resolution to reduce its registered capital and shall publish an announcement in newspaper or the National Enterprise Credit Information Publicity System within 30 days. A creditor shall have the right within 30 days from the receipt of a written notice or, for those who have not received a written notice, within 45 days from the date of the announcement, to require the Company to repay its debts or to provide a corresponding guarantee.

The Company's registered capital shall not, after the reduction in capital, be less than the minimum amount as prescribed by law.

**Article 4.3** The Company may repurchase its issued and outstanding shares under the following circumstances:

- (i) for the purposes of reducing its capital;
- (ii) merger with other companies that hold shares in the Company;
- (iii) using shares for employee stock ownership plans or equity incentives;
- (iv) repurchase of shares made upon the request of its shareholders who disagree with resolutions passed at a general meeting in connection with a merger or division of the Company;
- (v) using shares to convert into convertible corporate bonds issued by the Company;
- (vi) other situations necessary for listed companies to maintain company value and shareholder equity.

**Article 4.4** The Company may repurchase shares in one of the following ways:

- (i) by making an offer for the repurchase of shares to all its shareholders on a pro rata basis;
- (ii) by repurchasing shares through public dealing on a stock exchange;
- (iii) by repurchasing shares by way of a contractual agreement outside a stock exchange;
- (iv) other ways approved by laws and administrative regulations or by the securities regulatory authorities of the State Council.

**Article 4.5** When the Company is to repurchase its shares under the circumstances stipulated in Article 4.3 (i) and (ii) of the Articles, the resolution should be passed at the general meeting. When the Company repurchase its shares under the circumstances stipulated in Article 4.3 (iii), (v) and (vi) of the Articles, the resolution should be passed at the board meeting with the attendance of more than two-thirds of the directors in accordance with the Articles.

**Article 4.6** Where the Company repurchases the redeemable stock which it is entitled to do so in a non-open way or in the form of an offer, the price shall not exceed a ceiling price. If the repurchase is conducted in the form of an offer, then the offer must be made to all the shareholders on the same conditions.

The shares of the Company repurchased in accordance with item (i) of Article 4.3 shall be cancelled within ten days from the date of repurchase; those repurchased in accordance with items (ii) and (iv) of Article 4.3 shall be transferred or cancelled within six months.

The number of shares of the Company repurchased in accordance with items (iii), (v) and (vi) of Article 4.3 shall not exceed 10% of the total issued share capital of the Company, and shall be transferred or cancelled within three year.

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

## **CHAPTER 5 FINANCIAL AID FOR PURCHASE OF SHARES OF THE COMPANY**

**Article 5.1** The Company shall not provide grants, loans, guarantees and other financial aid for others to acquire shares of the Company or its parent company, except for the Company's implementation of employee stock ownership plans.

**Article 5.2** In the interests of the Company, by resolution of the shareholders' general meeting, or by resolution of the board of directors in accordance with the Articles or the authorization of the shareholders' general meeting, the Company may provide financial aid for others to acquire shares of the Company or its parent company, provided that the cumulative total amount of the financial aid shall not exceed 10% of the total amount of the issued share capital. Resolutions made by the board of directors shall be passed by more than two-thirds of all directors.

**Article 5.3** In the event that a violation of the provisions of Articles 5.1 and 5.2 causes losses to the Company, the responsible directors, supervisors and senior management shall be liable for compensation.

## **CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF MEMBERS**

**Article 6.1** A share certificate issued by the Company is the evidence of the share(s) held by a shareholder. The Company shall issue its share certificates in accordance with requirements of the relevant government or authorities at the place of issue or listing of shares.

**Article 6.2** Share certificates of the Company shall be in registered form.

In addition to those provided in the Company Law, a share certificate of the Company shall also contain any other items required to be specified by the stock exchange on which the shares of the Company are listed.

**Article 6.3** The share certificates shall be signed by the chairman of the board. Where the stock exchange on which shares of the Company are listed requires other senior management members of the Company to sign on the share certificates, the share certificates shall also be signed by such members. The share certificates shall take effect after being affixed or printed with the seal of the Company. The share certificates shall only be affixed or printed with the seal of the Company under the authorization of the board of directors. The signature of the chairman of the board or other senior management members of the Company may be printed in printed form.

**Article 6.4** The Company shall maintain a register of members of the Company which shall contain the following particulars:

- (i) the name (title) and address (domicile) of each shareholder;
- (ii) the class and number of shares held by each shareholder;
- (iii) the serial numbers of the shares held by each shareholder;
- (iv) the date on which each person was registered as a shareholder.

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

**Article 6.5** The Company may, in accordance with the mutual understanding and agreements made between the securities supervisory authorities of the State Council and overseas securities regulatory organizations, maintain the register of shareholders for holders of overseas-listed foreign-invested shares overseas and appoint overseas agent(s) to manage such register of shareholders. The original register of shareholders for holders of overseas-listed foreign-invested shares listed in Hong Kong shall be maintained in Hong Kong.

A duplicate register of shareholders for holders of overseas-listed foreign-invested shares shall be maintained at the domicile of the Company. The appointed overseas agent(s) shall ensure consistency between the original and the duplicate register of shareholders at all times. If there is any inconsistency between the original and the duplicate register of shareholders for holders of overseas-listed foreign-invested shares, the original register of shareholders shall prevail.

**Article 6.6** The Company shall maintain a complete register of members.

The register of members shall comprise the following parts:

- (i) the register of members which is maintained at the domicile of the Company, other than those share registers which are described in items (ii) and (iii) of this article;
- (ii) the register of members in respect of the holders of overseas-listed foreign-invested shares of the Company which is maintained in the same place where the overseas stock exchange on which the shares are listed is located; and
- (iii) the register of members which is maintained in such other place as the board of directors may consider necessary for the purposes of the listing of the Company's shares.

**Article 6.7** Different parts of the register of members shall not overlap. No transfer of any shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

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

**Article 6.8** All overseas-listed foreign-invested shares listed in Hong Kong which have been fully paid-up may be freely transferred in accordance with these Articles. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognize any instrument of transfer without providing any reason:

- (i) a fee of HKD2.5 or such higher amount as agreed by the Hong Kong Stock Exchange has been paid to the Company for registration of the instrument of transfer and other documents relating to or which will affect the right of ownership of the shares;
- (ii) the instrument of transfer only relates to overseas-listed foreign-invested shares listed in Hong Kong;
- (iii) the stamp duty which is chargeable on the instrument of transfer has already been paid;
- (iv) the relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (v) if the shares are transferred to joint holders, the number of joint holders shall not exceed four;
- (vi) all transfer instruments and other documents relating to or affecting the title to any registered securities shall be registered; and
- (vii) any shareholder of the overseas-listed foreign-invested shares is entitled to transfer part or all of his/her/its shares by way of effecting the normal written transfer instrument or signed or printed transfer instrument generally applied in place where these shares are listed. Such share transfer can be made by adopting standard registration form prescribed by the Hong Kong Stock Exchange. The signature of the transfer instrument shall be handwritten or printed by the transferor and the transferee. The transfer instrument shall contain the following statements:
  - (1) The share purchaser and the receiving agent and each of the shareholders, and the Company and each of the shareholders shall agree to observe and comply with the requirements of the Company Law and these Articles.
  - (2) The share purchaser and the Company, each of the shareholders, directors, supervisors, managers and senior management of the Company shall agree that all disputes or claims incurred as a result of rights or obligations provided by these Articles of Association or the Company Law or other relevant law or administrative regulations or in relation to the affairs of the Company shall be submitted to arbitration in accordance with these Articles, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award. Such arbitration shall be final and conclusive.

- (3) Both the share purchaser and each of the shareholders agree the shares of the Company may be freely transferred by the holder thereof.
- (4) The share purchaser authorizes the Company to enter into a contract on his/her/its behalf with each of the directors and senior management. Pursuant to the contract, the directors and senior management undertake to observe and fulfil their responsibilities under these Articles to the shareholders.

**Article 6.9** When the Company needs to convene a general meeting, distribute dividends, conduct liquidation or perform other acts as required for the purpose of determining shareholdings, the board of directors shall determine a record date for the determination of shareholdings. The shareholders of the Company shall be such persons who appear in the register of members at the close of such record date.

**Article 6.10** Any person who disputes the register of members and asks for inclusion of his/her/its name (title) in or removal of his/her/its name (title) from the register of members may apply to a court of competent jurisdiction for rectification of the register of members.

**Article 6.11** If the share certificate (the “original certificate”) held by any person who is a registered shareholder or who claims to be entitled to have his/her/its name (title) entered in the register of members is lost, such person may apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares”). Application by a holder of domestic shares, who has lost his/her/its 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/her/its share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of members for holders of overseas-listed foreign-invested shares is maintained, the rules of the stock exchange or other relevant regulations.

## **CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

**Article 7.1** A shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of members.

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

The Company shall not exercise any power to freeze or otherwise impair the rights attached to any shares held by any person on the grounds that such person has not disclosed his/her direct or indirect equity interest to the Company.

**Article 7.2** Where two or more persons are registered as joint holders of any shares, these persons shall be deemed as the common owners of the related shares, subject to the following restrictions:

- (i) if one of the joint holders has passed away, the surviving shareholder shall be deemed by the Company to have the ownership of the related shares, but the Board of Directors is entitled to ask for the provision of the suitable death certificate for the purpose of revision of the register of members;
- (ii) for the joint holders, only the first named shareholder in the register of members has the right to receive the share certificates of the related shares, receive the notice of the Company, attend the general meeting and exercise his/her/its voting right; while, any notice delivered to the said shareholder shall be deemed as if the notice has been delivered to all of the joint holders of the related shares;
- (iii) The number of joint holders shall not exceed four.

**Article 7.3** The shareholders of ordinary shares of the Company shall enjoy the following rights:

- (i) to receive dividends and other distributions in proportion to their shareholdings;
- (ii) to attend or appoint a proxy to attend general meetings, speak at the general meetings and the right to exercise the voting rights;
- (iii) to supervise the Company's business operations, the right to present proposals or to raise queries;
- (iv) to transfer shares in accordance with laws, administrative regulations and rules as well as these Articles;

- (v) to obtain relevant information in accordance with these Articles, in which information includes:
1. to obtain these Articles, subject to payment of costs;
  2. to inspect and copy, subject to payment of a reasonable fee, the following:
    - (1) all parts of the register of members;
    - (2) publicly disclosed personal particulars of each of the directors, supervisors, general managers, deputy general managers and other senior management personnel of the Company;
    - (3) report on the issued share capital of the Company;
    - (4) the latest audited financial statements of the Company, and the reports of directors, auditors and supervisors;
    - (5) special resolutions passed at general meetings of the Company;
    - (6) reports showing the number and nominal value of securities repurchased by the Company since the end of the last financial year, the aggregate amount paid for such securities and the maximum and the minimum prices paid in respect of each class of securities repurchased (with a breakdown between domestic shares and foreign-invested shares);
    - (7) copy of the latest annual return submitted to the State Administration for Industry and Commerce or other competent authorities;
    - (8) minutes of general meeting (only available for inspection to shareholders); and
    - (9) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the last accounting year and the aggregate amount paid by the Company for this purpose;

The Company shall publish the documents referred to in items (3), (4), (5), (6) and (7) above on the website of the Hong Kong Stock Exchange and the Company's website.

The Company shall make the documents referred to in items (1) and (8) above and other applicable documents available for inspection by the shareholders free of charge at a place in Hong Kong as required by the Listing Rules and for copying by the shareholders upon payment of a reasonable fee.

If the information inspected and copied involves the Company's trade secrets and insider information as well as the personal privacy of the person concerned, the Company may refuse to provide such information;

- (vi) in the event of the termination and liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;
- (vii) other rights conferred by laws, administrative regulations and rules as well as these Articles.

**Article 7.4** The shareholders of ordinary shares of the Company shall assume the following obligations:

- (i) to comply with these Articles;
- (ii) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (iii) other obligations imposed by laws, administrative regulations and rules as well as these Articles.

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

**Article 7.5** In addition to the obligations imposed by laws, administrative regulations and rules or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder shall not exercise his/her/its 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:

- (i) act honestly in the best interests of the Company in removing a director or supervisor;
- (ii) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the Company's assets in any way, including (but not limited to) opportunities which are beneficial to the Company;
- (iii) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual interest of other shareholders, including (but not limited to) rights to distributions and voting rights, excluding a restructuring which has been submitted for approval at a general meeting in accordance with these Articles.

**Article 7.6** The “controlling shareholder” referred to in the preceding article means a person who satisfies one of the following conditions:

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

## **CHAPTER 8 GENERAL MEETING OF SHAREHOLDERS**

**Article 8.1** The general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law.

**Article 8.2** The general meeting shall exercise the following functions and powers:

- (i) to decide on the Company’s operational policies and investment plans;
- (ii) to elect and replace directors and to decide on matters relating to the remuneration of directors;
- (iii) to elect and replace supervisors assumed by representatives of the shareholders and to decide on matters relating to the remuneration of supervisors;
- (iv) to examine and approve the board of directors’ reports;
- (v) to examine and approve the supervisory committee’s reports;
- (vi) to examine and approve the Company’s proposed annual preliminary and final budgets;
- (vii) to examine and approve the Company’s profit distribution plans and loss recovery plans;
- (viii) to pass resolutions on the increase or decrease of the Company’s registered capital;
- (ix) to pass resolutions on matters such as merger, division, dissolution and liquidation;
- (x) to pass resolutions on the issuance of debentures by the Company;
- (xi) to pass resolutions on the appointment, dismissal and non-reappointment of the accounting firms of the Company;
- (xii) to amend these Articles;

- (xiii) to consider motions raised by shareholders who represent 3% or more of the total number of voting shares of the Company;
- (xiv) to decide on other matters which, according to laws, administrative regulations and rules as well as these Articles, need to be approved by shareholders in general meetings.

**Article 8.3** Unless the Company is in a crisis or other special circumstances, and unless prior approval by the general meeting is obtained by way of special resolution, the Company shall not enter into any contract with any person other than its directors, general manager, deputy general manager and other senior management personnel pursuant to which such person shall be responsible for the management of the whole or any substantial part of the Company's business.

**Article 8.4** General meetings shall be divided into annual general meetings and extraordinary general meetings. General meetings shall be convened by the board of directors.

Annual general meeting shall be held once every accounting year and within six months from the end of the preceding accounting year.

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

- (i) where the number of directors is less than two-thirds of the number stipulated in the Company Law or the number specified in these Articles;
- (ii) where the unrecovered losses of the Company amount to one-third of the total amount of share capital;
- (iii) where shareholder(s) who individually or jointly hold(s) 10% or more of the Company's shares request(s) for the convening of an extraordinary general meeting;
- (iv) whenever the board of directors deems necessary;
- (v) the supervisory committee so requests;
- (vi) other circumstances as prescribed by laws and regulations.

**Article 8.5** When the Company convenes an annual general meeting, a written notice shall be given at least 21 days before the date of meeting. In the case of an extraordinary general meeting, a written notice shall be given at least 15 days before the date of meeting.

In calculating the notice period, the date of meeting shall be excluded.

**Article 8.6** When the Company convenes a general meeting, the Board of Directors, the Supervisory Committee and shareholders individually or jointly holding 3% or more of the total voting shares of the Company shall have the right to propose new motions in writing to the Company.

The matters in the proposed motions of the general meeting shall be within the scope of functions and powers of the general meeting, shall have a clear subject and specific matters to be resolved and shall comply with the relevant laws, administrative regulations and the Articles of Association.

The shareholder(s) individually or jointly holding more than 3% of the total voting shares of the Company may prepare interim draft resolution(s) to the convener in writing 10 days before the convening of the general meeting. The convener shall, within 2 days after the receipt of the draft resolution(s), issue a supplementary notice of general meeting and announce the content of such interim draft resolution(s) and submit such resolution(s) to the shareholders' general meeting for consideration. Where the issuance of the supplementary notice of the shareholders' general meeting fails to meet the relevant issuance requirements as stipulated under the listing rules of the place where the shares of the Company are listed, the Company shall adjourn the general meeting as appropriate. The content of the proposed resolution(s) shall be within the scope of functions and power of the general meeting, and shall have a clear subject and specific matters to be resolved.

Save as provided for in the preceding paragraph, upon publication of the notice of the general meeting by the convener, no alteration to the matters stated in the resolution(s) of the general meeting or addition to the resolution(s) will be allowed.

Resolutions which are not specified in the notice of general meeting or in compliance with the provisions under this Article shall not be voted or resolved at the general meeting.

**Article 8.7** Matters that have not been clearly indicated in the notice shall not be decided at the general meetings.

**Article 8.8** The notice of the general meeting shall satisfy the following requirements:

- (i) in written form;
- (ii) specifying the venue, date and time of the meeting;
- (iii) describing the matters to be discussed at the meeting;
- (iv) providing shareholders with materials and explanations necessary for them to make sensible decisions in respect of the matters to be discussed, including (but not limited to) specific terms and contract (if any) for a proposed transaction, and a detailed explanation of its causation and consequence where the Company proposes a merger, share redemption, share capital restructuring or other form of restructuring;
- (v) where any director, supervisor, general manager, deputy general manager and other senior management personnel have a material interest in respect of the matters to be discussed, then the nature and extent of that interest shall be disclosed; where the impact of the matters to be discussed on such director, supervisor, general manager, deputy general manager and other senior management personnel who are shareholders is different from the impact on other shareholders of the same type, then that difference shall be illustrated;
- (vi) containing the full text of any special resolution proposed to be passed at the meeting;
- (vii) providing a clear text description stating that all shareholders who have the right to attend and vote at the general meeting have the right to entrust one or more proxies, who does not need to be shareholders of the Company, to attend and vote at the meeting;

(viii) stating the deadline and place for the delivery of proxy letter of the meeting.

**Article 8.9** Notice of a general meeting shall be served on each shareholder, whether or not entitled to vote thereat, by personal delivery or prepaid mail to the shareholder at his/her/its address, as shown in the register of members. For holders of domestic shares, notices of the general meetings may be given by public announcement. For holders of overseas listed shares, notices of the general meetings may be issued by way of public notice published on the newspaper (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).

Notwithstanding the other provisions in these Articles governing the method of release or publication of any document, notice or other communications, the Company may, subject to the requirements of the stock exchanges where the Shares of the Company are listed, choose to send or publish corporate communications by electronic means as permitted under the listing rules of the stock exchanges where the Shares of the Company are listed, in lieu of written documents being sent by personal delivery or prepaid mail to the shareholders of H Shares of the Company. Corporate communications as mentioned above mean any document issued or to be issued by the Company for the information or actions of any Shareholder, including but not limited to annual reports (including annual financial statements) and interim reports (including interim financial statements), notices of general meetings, circulars, announcements and other communications.

The public notice as mentioned above shall be published in one or more newspapers designated by the securities authority of the State Council; after the publication of notice, the holders of domestic shares shall be deemed to have received notice of the relevant general meeting.

**Article 8.10** In the case when the notice of the meeting has not been delivered to those who are entitled to receive such notice due to accidental omission or such persons have not received the notice of the meeting, the meeting and the resolutions made by the meeting shall not therefore become ineffective.

**Article 8.11** Any shareholder who has the right to attend and vote at a general meeting shall have the right to appoint one or more persons (not necessarily shareholder(s)) as his/her/its proxy to attend and vote at the meeting. Such proxy may exercise the following rights in accordance with the shareholder's appointment:

- (i) to speak at the general meeting;
- (ii) to require by himself/herself or jointly with others to request for voting by poll;
- (iii) to vote by a show of hands or ballot, in case the shareholder has appointed more than one proxy, such proxies can only exercise the voting right by poll.

**Article 8.12** Shareholders shall appoint proxy in writing. The proxy form shall be signed by the appointer or its authorized representative who has been authorized in writing. If the appointer is a legal person, the document shall be affixed with the legal person's seal or signed by its director or duly authorized executive or duly appointed attorney. Such powers of attorney must clearly indicate the number of shares which are represented by the proxy; if several persons are appointed as proxies, the number of shares represented by each proxy shall be specified.

**Article 8.13** The proxy form for voting shall be placed at the domicile of the Company, or at other place designated in the notice of meeting, at least 24 hours prior to convening of the meeting which the relevant matters will be voted on, or 24 hours prior to the designated voting time. If the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization document shall be notarized. The notarized power of attorney or other authorization document shall be placed together with the proxy form authorizing the proxy to vote at the domicile of the Company or other place designated in the notice of meeting.

If the appointer is a legal person, its legal representative or other person as resolved and authorized by its board of directors or decision-making body shall attend the shareholders' meeting of the Company on its behalf.

If such shareholder is a recognized clearing house as defined by the associated ordinance established from time to time in Hong Kong (hereinafter the "Recognized Clearing House"), the shareholder may authorize one or more suitable person to act as its representative at any general meeting, any class meeting or creditors' meeting; however, if more than one person are authorized, the power of attorney shall clearly indicate the number and types of the stocks involved by way of the said authorization. The persons after such authorization may represent the Recognized Clearing House (or its proxy) to exercise the rights, as if they were the individual shareholders of the Company.

**Article 8.14** Any format of blank proxy form issued by the board of directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote, or abstain from voting, and to give separate instructions on each matter to be voted at the meeting. The proxy form shall state that the proxy may vote at his/her/its discretion if the appointer does not give any instruction.

A proxy who attends the general meeting on behalf of the shareholders shall show his/her/its own identity certificates and the power of attorney signed by the appointer or the legal representative of the appointer specifying the date of issue.

**Article 8.15** If, before voting, the appointer has passed away, lost his/her/its ability to act, withdrawn the appointment, withdrawn the authorization to sign the proxy form, or transferred all his/her/its shares, the vote cast by the proxy in accordance with the proxy form shall remain valid so long as the Company has not received the written notice regarding such matters before the commencement of relevant meeting.

**Article 8.16** The resolutions of the general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions made by the general meeting shall be adopted by more than half of voting shares held by the shareholders (including their proxies) present at the meeting.

Special resolutions made by the general meeting shall be adopted by more than two-thirds of voting shares held by the shareholders (including their proxies) present at the meeting.

**Article 8.17** A shareholder (including his/her/its proxy), when voting at a general meeting, may exercise such voting rights as attached to the number of voting shares which he represents, in which case one vote is attached to each share.

Shares of the Company held by the Company are not entitled to vote and such shares are not counted in the total number of voting shares present at the shareholders' general meeting.

**Article 8.18** At any general meeting, a resolution shall be decided on a show of hands unless a poll is demanded by the following persons before or after a vote is carried out by a show of hands:

- (i) the chairman of the meeting;
- (ii) at least two shareholders present in person or by proxy entitled to vote;
- (iii) one or more shareholders present in person or by proxy and representing 10% or more shares carrying the right to vote at the meeting singly or in aggregate.

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

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

**Article 8.19** A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

**Article 8.20** On a poll taken at a meeting, a shareholder (including his/her/its proxy) who is entitled to two or more votes needs not cast all his/her/its votes in the same way.

**Article 8.21** The following matters shall be resolved by an ordinary resolution at the general meeting:

- (i) work reports of the board of directors and the supervisory committee;
- (ii) profit distribution plans and loss recovery plans formulated by the board of directors;
- (iii) appointment and removal of members of the board of directors and the supervisory committee and their remuneration and manner of payment;

- (iv) annual preliminary and final budgets, balances sheets, profit and loss accounts and other financial statements of the Company;
- (v) matters other than those which are required by the laws and administrative regulations and rules or by the Company's Articles to be adopted by special resolution.

**Article 8.22** The following matters shall be resolved by a special resolution at the general meeting:

- (i) the increase or reduction in share capital and the issuance of shares of any class, warrants and other similar securities;
- (ii) the issuance of debentures of the Company;
- (iii) the division, merger, dissolution and liquidation of the Company or change of form of the Company;
- (iv) amendment to these Articles;
- (v) acquisition or disposal of material assets or provision of guarantees by the Company within one year in an amount exceeding 30% of the latest audited total assets of the Company;
- (vi) share incentive schemes;
- (vii) any other matters required to be passed by special resolutions by laws, administrative regulations, the listing rules of stock exchange(s) where the shares of the Company is listed or by the Articles of Association, or any other matters considered by the general meeting and resolved by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by special resolutions.

**Article 8.23** Shareholders requisitioning the convening of an extraordinary general meeting or a class meeting shall abide by the following procedures:

- (i) Shareholders holding in aggregate more than 10% (including 10%) of the shares carrying the right to vote at the meeting sought to be held shall sign one or more counterpart requisitions stating the objectives of the meeting and requiring the board of directors to convene an extraordinary general meeting or a class meeting. The board of directors shall as soon as possible proceed to convene an extraordinary general meeting or a class meeting after receiving the requisition. The above-mentioned shareholdings shall be calculated as at the date the written requisition is made.
- (ii) If the board of directors does not issue a notice of meeting within thirty (30) days upon receipt of the aforesaid written requisition, the requisitioning shareholders themselves may convene such a meeting in a manner as similar as possible to that in which shareholders' meeting are to be convened by the board of directors within four months from the date of receipt of the requisition by the board of directors.

Any reasonable expenses incurred by the requisitions by reason of the failure of the board of directors to duly convene a meeting shall be repaid to the requisitioning shareholders by the Company and any sum so repaid shall be set off against sums owed by the Company to the directors in default.

**Article 8.24** A general meeting shall be convened and presided over by the chairman of the board of directors. If the chairman is unable to attend the meeting for any reason, the vice-chairman of the board of directors shall convene and take the chair of the meeting. If both the chairman and vice-chairman of the board of directors are unable to attend the meeting, then the board of directors may designate a director to convene and take the chair of the meeting. If no chairman of the meeting has been designated, shareholders present shall choose one person to be the chairman of the meeting. If for any reason the shareholders fail to elect a chairman, then the shareholder (including his proxy) presents in person or by proxy and holds the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.

**Article 8.25** The chairman of the meeting shall be responsible for determining whether a resolution is passed based on the poll results released by the scrutineer, which shall be announced at the meeting and recorded in the minutes of meeting.

**Article 8.26** 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 promptly.

**Article 8.27** If votes are counted at a general meeting, the vote counting result shall be recorded in the minutes of the meeting.

Any general meeting shall keep minutes of its decisions on the matters considered. The chairman of the meeting and directors attending the meeting shall sign their names on the minutes of the meeting. The minutes of meeting together with the attendance register of the attending shareholders and the power of attorney of their proxies shall be kept at the premises of the Company.

**Article 8.28** Copies of the minutes of meeting shall be available for inspection free of charge by shareholders during business hours of the Company. If a shareholder requests the Company for a copy of such minutes, the Company shall send a copy of such minutes to him within seven (7) days after having received reasonable charges.

**Article 8.29** Where any shareholder who is required to abstain from voting on or may only vote for or against any particular resolution in accordance with the Rules Governing the Listing of Securities on Hong Kong Stock Exchange, any vote by such shareholder or his/her/its proxy in violation of the relevant rules or restrictions referred to above shall not be counted.

## CHAPTER 9 SPECIAL PROCEDURES FOR VOTING BY A CLASS OF SHAREHOLDERS

**Article 9.1** Shareholders holding different classes of shares are “different classes of shareholders”.

Different classes of shareholders enjoy rights and assume obligations according to requirements of law, administrative regulations and these Articles.

Where the share capital of the Company contains shares without voting right, the words “non-voting” must appear in the designation of such shares.

Where the share capital includes shares carrying different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, shall include the words “restricted voting” or “limited voting”.

**Article 9.2** Rights conferred on any class of shareholders in the capacity of shareholders (“class rights”) may not be varied or abrogated unless approved by a special resolution of shareholders in general meeting and by holders of shares of that class at a separate meeting conducted in accordance with Article 9.4 to 9.8.

**Article 9.3** The following circumstances are deemed as amending or canceling rights of certain classes of shareholders:

- (i) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting or equity rights or privileges equal or superior to those of the shares of such class;
- (ii) to effect an exchange of all or part of the shares of such class into shares of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;
- (iii) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
- (iv) to reduce or remove a dividend preference or a liquidation preference attached to shares of such class;
- (v) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of such class;
- (vi) to remove or reduce rights attached to shares of such class to receive payment payable by the Company in particular currencies;
- (vii) to create a new class of shares having voting or equity rights or privileges equal or superior to those of the shares of such class;

- (viii) to restrict the transfer or ownership of the shares of such class or add to such restriction;
- (ix) to issue rights to subscribe for, or convert into, shares in the Company of such class or another class;
- (x) to increase the rights or privileges of shares of another class;
- (xi) to restructure the Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate burden of such proposed restructuring; and
- (xii) to vary or abrogate the provisions of these Articles.

**Article 9.4** Shareholders of the affected class, whether or not otherwise having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning items (ii) to (viii), (xi) and (xii) of Article 9.3, but interested shareholder(s) shall not be entitled to vote at class meetings.

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

- (i) in the case of a repurchase of shares by offers to all shareholders on a pro rata basis or public dealing on a stock exchange under Article 4.4, a “controlling shareholder” within the meaning of Article 7.6;
- (ii) in the case of a repurchase of share by an off-market contract under Article 4.4, a holder of the shares to which the proposed contract relates;
- (iii) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate obligation imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of shareholders of that class.

**Article 9.5** Resolutions of a class of shareholders shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who, according to Article 9.4, are entitled to vote at class meetings.

**Article 9.6** A written notice of a class meeting shall be given in accordance with Article 8.5 of the Articles of Association before the date of the class meeting to notify all registered shareholders of that class entitled to vote at the class meeting of the matters to be considered at the meeting and the date and the place of the class meeting.

**Article 9.7** Notice of class meetings need only be served on shareholders entitled to vote thereat.

Any meeting of a class of shareholders shall be conducted in a manner as similar as possible to that of general meetings. The provisions of these Articles relating to the manner to conduct any general meeting shall apply to any meeting of a class of shareholders.

**Article 9.8** In addition to other classes of shareholders, holders of domestic shares and holders of overseas-listed foreign-invested shares are deemed to be different class of shareholders.

The special procedures for voting at any meeting of a class of shareholders shall not apply to the following circumstances:

- (i) Where the Company issues, upon the approval by special resolution of its shareholders in general meeting, either separately or concurrently once every twelve months, not more than 20% of each of its issued and outstanding domestic shares and overseas-listed foreign-invested shares; or
- (ii) Where the Company's plan to issue domestic shares and overseas-listed foreign-invested shares at the time of its establishment is carried out within fifteen months from the date of approval by China Securities Regulatory Commission; or
- (iii) Upon receiving the approval from securities regulatory authorities of the State Council, shareholders of the Company may list and trade their unlisted shares on overseas markets.

## **CHAPTER 10 BOARD OF DIRECTORS**

**Article 10.1** The company shall establish a board of directors which shall report to the shareholders' general meeting. The board of directors shall comprise 11 members, of which no less than two members shall be executive directors who shall be responsible for managing daily affairs assigned by the Company; and the rest shall be non-executive directors who shall not be responsible for managing daily affairs. The board of directors shall have no less than three independent non-executive directors. The board of directors shall have one chairman and one to two vice chairmen.

**Article 10.2** A director shall be elected at the general meeting, with a term of office of three years commencing on the date of election. Upon expiry of his term, a director shall be eligible for re-election.

Before expiry of his term, a director shall not be removed from office at a general meeting without good cause.

The term of office of a director re-elected or by-elected at a general meeting shall commence on the date of election and effective till the expiry of the term of the board of directors.

Where a director has not been timely re-elected at the expiry of the term of office, or where a director has resigned during the term of office resulting that the number of the members in the board falls below the quorum, the original director shall perform his/her duties as a director, prior to the assumption by the re-elected director, in accordance with the laws, administrative regulations and rules as well as the provisions of these Articles. Any person appointed as a director by the board of directors to fill a temporary vacancy or to increase the number of directors of the board shall only serve his office till next annual general meeting and be eligible for re-election thereat.

A written notice of the intent of candidates nominated for directors and the candidates' clear indication of their acceptance of nomination shall be delivered to the Company after the date of delivery of the notice of the general meeting at which the director is to be elected and at least seven (7) days before the date of such meeting, and the notice period shall not be shorter than seven (7) days.

The chairman and the vice-chairman of the board shall be elected or removed by a majority of all the directors of the board. The term of office of each of the chairman and the vice-chairman is three years, renewable upon re-election.

A director is not required to hold any shares of the Company.

Unless otherwise provided by law, the shareholders shall have the right to remove any director (including a managing director or other executive director) before the expiration of his/her term of office by ordinary resolution at a general meeting; provided that such removal shall be without prejudice to any claim for damages that such director may have under any contract.

**Article 10.3** The board of directors shall be responsible for general meeting and shall exercise the following powers:

- (i) to be responsible for convening general meeting and reporting its work to the general meeting;
- (ii) to implement resolutions approved at general meetings;
- (iii) to decide on the Company's business operating plans and investment proposals;
- (iv) to formulate the Company's proposed annual financial budget and final accounts;
- (v) to formulate the Company's profit distribution plan (including final dividend distribution plan) and plan for recovery of losses;
- (vi) to formulate proposals for the increase in or reduction of the Company's registered capital and the issuance of corporate bonds;
- (vii) to draft plans for merger, division or dissolution of the Company;
- (viii) to decide on the establishment of the Company's internal management structure;
- (ix) to appoint or dismiss the Company's general manager, and according to the general manager's nomination, to appoint or dismiss the deputy general manager and officer in charge of financial matters of the Company and to decide on their remuneration;
- (x) to formulate the Company's basic management systems;
- (xi) to formulate proposals for the amendments of the Company's Articles of Association;

- (xii) to determine staff salary, welfares and incentives, subject to requirements of relevant regulations of the nation;
- (xiii) to decide on other material businesses and administrative matters which are not prescribed in these Articles to be determined by the general meeting;
- (xiv) to formulate proposals for major acquisition or disposal;
- (xv) to exercise other powers vested by the general meeting and the Articles of Association of the Company.

Except for resolutions of the board of directors in respect of matters specified in items (vi), (vii) and (xi) of this article which shall be passed by more than two-thirds of all the directors, resolutions of the board of directors in respect of all other matters may be passed by a majority of directors.

The board of directors' resolutions in respect of connected transactions of the Company shall only come into effect upon the signing by independent (non-executive) directors.

**Article 10.4** The board of directors shall not, without the prior approval of shareholders at a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the consideration for the proposed disposal and the value of the consideration for any similar disposal of fixed assets in the four months immediately preceding the proposed disposal, exceeds 33% of the value of the Company's fixed assets as stated in the last balance sheet placed before the general meeting.

A "disposal of fixed assets" as referred to in this article includes an act involving the transfer of an interest in certain assets but does not include the provision of fixed assets by way of security.

Breach of the first paragraph of this article shall not affect the validity of any transaction entered into by the Company in disposing of fixed assets.

**Article 10.5** The chairman of the board of directors shall exercise the following powers:

- (i) to preside over the general meeting, and to convene and preside over the meetings of the board of directors;
- (ii) to check the implementation of board resolutions;
- (iii) to sign the securities issued by the Company;
- (iv) to exercise other powers vested by the board of directors.

The vice-chairman of the Company shall assist the chairman. Where the chairman is unable or fail to perform his duties, the vice-chairman shall perform the duty on behalf of the chairman. Where the vice-chairman is unable or fail to perform his duties, a majority of the directors may jointly elect one director to perform the duties.

**Article 10.6** Board meetings shall be held at least four times a year and be convened by the chairman of the board of directors. A notice shall be given to all directors and supervisors 14 days before the date of the proposed meeting. A regular board meeting shall not be convened by way of circulation of written resolutions to obtain approval from the chairman of the board of directors. In case of emergency, a special board meeting may be held upon requisition by either the general manager, shareholders representing more than 10% voting rights, one-third or more of the directors or supervisors.

**Article 10.7** The time and venue of board meetings can be specified by the board of directors in advance and recorded in the minutes of board meetings. Where the minutes of the meeting has been sent to all directors at least ten (10) days before the date of meetings, the notice of meeting is not required.

Where the time and venue of board meetings have not been specified in advance by the board of directors, the chairman or the secretary of the board of directors shall give a notice of the time and venue of the meeting to directors by telex, telegraph, fax, express or registered mail or by hand at least five (5) days (but no more than ten (10) days) in advance.

The agenda of the regular board meeting and its related documents shall be submitted to all directors in full and in time and be delivered at least three (3) days before the date (or within other days agreed) of the planned board meeting or meeting of any board committees.

Where a director, who is present at the meeting, has not raised any objection that he/she has not been notified of the meeting before or at the meeting, such director shall be deemed to have notified of the meeting.

Board meetings may be held in the form of telephone conference or by means of similar communication facilities. So long as the directors participated in the meeting are able to hear the speech of other directors clearly and communicate, all the directors participated in the meeting shall be deemed to have attended the meeting in person.

**Article 10.8** Board meetings shall be held only if more than half of all the directors are present.

Each director shall have one vote. The board of directors' resolutions must be voted for by more than half of all the directors.

**Article 10.9** Directors shall attend the board meeting in person. Where a director is unable to attend the meeting in person due to some reasons, he/she may authorize in writing another director to attend the meeting on his/her behalf and the letter of proxy shall specify the scope of authorization.

The director attending the meeting for another director shall exercise the rights of the latter director within the scope of authorization. Any director who is unable to attend a particular board meeting and has not authorized a proxy to attend on his behalf shall be deemed as waiving the right to vote at that meeting.

**Article 10.10** All matters discussed at a board meeting or a meeting of a committee under the Board shall be recorded in the form of minutes of meeting. Any doubts or objective opinions expressed by the directors shall be included in the minutes. The draft and final versions of the minutes of a board meeting shall be sent to all directors for their comments and records respectively within a reasonable time after the board meeting is held. The first draft directors shall be responsible for the resolutions of the board meetings. Directors attending the meeting shall sign their names on the minutes of the meeting. Where a resolution of the board meetings violates laws, administrative regulations or these Articles and causes serious losses to the Company, the directors who took part in such a resolution shall be liable to compensate the Company. However, if a director can prove that he had expressed his opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, the director may be relieved of such liability.

Minutes of board meetings and meetings of board committees shall be kept by a duly appointed secretary of the meeting and such minutes shall be open for inspection at any reasonable time on reasonable notice by any director.

**Article 10.11** The board of directors may accept board meetings in the form of written communications over the resolutions to replace meetings on site. However, draft motions of the meeting must be delivered to all directors by hand, mail, telegraph or fax. After the board of directors has delivered the motion to all directors and that the number of directors giving consent and signature to the motion has reached the quorum, such motion, if delivered to the secretary of the board of directors by means of methods referred to above, shall become a board resolution and no convening of a board meeting shall be required.

**Article 10.12** Unless under exceptional circumstances specified in Note 1 of Appendix 3 of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) or other regulations, a director shall abstain from voting and shall not have a right to vote if he/she or any of his/her associates (as defined in the Listing Rules of the Hong Kong Stock Exchange) has a conflict of interest with any resolution proposed at a board meeting. Such director shall not be counted in the quorum of the relevant meeting.

**Article 10.13** If a substantial shareholder (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter shall not be dealt with by way of circulation or by a committee (except an appropriate board committee set up for that purpose pursuant to a resolution passed in a board meeting) but a board meeting shall be held. Independent non-executive directors who, and whose associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited), have no material interest in the transaction shall be present at such board meeting. If the number of non-connected directors attending the meetings is less than three (3), the matter shall be submitted to the general meeting for consideration and approval.

**Article 10.14** Where necessary, the board of directors may set up such special committees as the strategic committee, the audit committee, the nomination committee, the remuneration & evaluation committee, etc. Each special committee shall perform the duties prescribed by the board of directors and be accountable to the board of directors. The rules of procedures and terms of reference for each special committee shall be formulated by the board of directors. Each committee shall draw up its annual working plan and hold regular meetings.

**Article 10.15** The chairman of each special committee shall be a director and each committee shall consist of not less than three members. The chairman of the audit committee shall be an independent director. The strategic committee, the nomination committee and the remuneration and evaluation committee shall comprise independent directors.

## **CHAPTER 11 SECRETARY TO THE BOARD OF DIRECTORS**

**Article 11.1** The Company shall have a board secretary, who is a senior administrative officer of the Company.

**Article 11.2** The secretary of the board of directors shall be a natural person who has necessary professional knowledge and experience and shall be nominated by the board of directors. The main responsibilities of the secretary of the board of directors include:

- (i) to ensure that the Company has complete constituent documents and records;
- (ii) to ensure that the Company prepares and delivers in accordance with law those reports and instruments required by competent authorities entitled thereto;
- (iii) to ensure that the Company's registers of members are properly maintained, and that persons entitled to the Company's records and documents are furnished with such records and documents without delay.

**Article 11.3** A director or other senior administrative officer of the Company may hold the office of board secretary concurrently. However, the accountant(s) of the certified public accountant firm appointed by the Company shall not act as board secretary.

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

## **CHAPTER 12 GENERAL MANAGER AND DEPUTY GENERAL MANAGER**

**Article 12.1** The Company shall have one general manager and several deputy general managers, who shall be appointed and dismissed by the board of directors. Deputy general managers shall assist the work of the general manager.

**Article 12.2** The general manager shall be accountable to the board of directors and exercise the following powers:

- (i) to be in charge of the Company's production, operation and management and to organize the implementation of the resolutions of the board of directors;
- (ii) to organize the implementation of the Company's annual business plan and investment plan;
- (iii) to draft plans for the establishment of the Company's internal management structure;
- (iv) to draft plans for the establishment of the Company's basic management systems;

- (v) to formulate basic rules and regulations for the Company;
- (vi) to propose the appointment or dismissal of the Company's deputy general manager(s) and financial controller;
- (vii) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (viii) Other powers conferred by these Articles and the board of directors.

**Article 12.3** The general manager may be present at meetings of the board of directors. The general manager has no voting rights at the board meetings unless he is also a director.

**Article 12.4** The general manager, in performing his duties and exercising his powers, shall act honestly and diligently in accordance with laws, administrative regulations and the provisions of these Articles.

### **CHAPTER 13 SUPERVISORY COMMITTEE**

**Article 13.1** The Company shall have a supervisory committee.

**Article 13.2** The supervisory committee shall be composed of three supervisors, one of which shall be the chairman. The chairman of the supervisory committee shall be elected by more than half of all supervisors. The supervisory committee shall have a term of three (3) years and the term is renewable upon re-election.

Where a supervisor has not been timely re-elected at the expiry of the term of office or a supervisor has resigned during the term of office as a result of which the number of the members in the supervisory committee falls below the quorum, the original supervisor shall perform his/her duties as a supervisor, prior to the assumption by the re-elected supervisor, in accordance with the laws, administrative regulations and rules as well as the provisions of the Articles.

**Article 13.3** The supervisory committee shall comprise of two shareholder representatives and one staff representative of the Company's employees. Shareholder representatives shall be elected and dismissed at the general meeting and the staff representative shall be elected and dismissed at the Company's employee representatives meeting.

The term of office of supervisors re-elected or by-elected at general meeting or at employee representatives meeting shall commence from the date of effective election till the expiration of the term of the supervisory committee.

**Article 13.4** Neither a director nor a senior administrative officer of the Company may serve concurrently as a supervisor.

**Article 13.5** Supervisors' meetings shall be convened by the chairman of the supervisory committee at least twice a year.

**Article 13.6** The supervisory committee is accountable to the general meeting of shareholders and exercises the following powers in accordance with law:

- (i) to review the Company's financial position;
- (ii) To supervise directors, general manager, deputy general manager and other senior management personnel in respect of their actions that are in violation of laws, administrative regulations or these Articles in the performance of their duties;
- (iii) To demand the directors, general manager, deputy general manager and senior management personnel to rectify their error if they have acted in a harmful manner to the Company's interest;
- (iv) To check and inspect the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the general meeting of shareholders and to authorize, in the Company's name, publicly certified and practicing accountants to assist in the review on such information should any doubt arise in respect thereof;
- (v) To propose to convene an extraordinary general meeting;
- (vi) To negotiate with the directors on behalf of the Company or may take up lawsuits against the directors; and
- (vii) To perform any other liabilities authorized by these Articles.

Supervisors shall attend meetings of the board of directors.

**Article 13.7** Meetings of the supervisory committee shall be held only if all the supervisors are present, and resolutions of the supervisory committee shall be passed by more than half of all supervisors.

**Article 13.8** All reasonable fees incurred in respect of the employment of professionals, such as lawyers, certified public accountants or practicing auditors, which are required by the supervisory committee in the exercise of its functions and powers, shall be borne by the Company.

**Article 13.9** A supervisor shall perform his duties faithfully in accordance with the laws, administrative regulations and rules as well as the provisions of these Articles.

## **CHAPTER 14 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, GENERAL MANAGER, DEPUTY GENERAL MANAGER AND OTHER SENIOR MANAGEMENT PERSONNEL**

**Article 14.1** A person shall be disqualified from being a director, supervisor, general manager, deputy general manager or other senior management personnel of the Company in any one of the following circumstances:

- (i) The individual has no capacity to undertake civil liabilities or restricted capacity to undertake civil liabilities;
- (ii) A period of five years has not yet elapsed since the penalisation on conviction of corruption, bribery, unauthorised taking of properties or disrupting social and economic order, or since being deprived of political rights for commission of offences, or a period of two years has not yet elapsed since the date of expiration of the probation period in case of probation;
- (iii) A period of three years has not yet elapsed since the completion of the liquidation of any company or enterprise which was insolvent and where the person acted as a chairman, factory manager or manager of such company or enterprise and was personally liable for such insolvency;
- (iv) A period of three years has not yet elapsed since revocation of the business license of a company or enterprise or being order to close down due to illegal business operations where the person was the legal representative of such company or enterprise and for which he was personally liable;
- (v) The person is personally liable for a substantial loan which was due for payment but remains unpaid and is listed as a dishonest person subject to enforcement by the people's court;
- (vi) Currently being barred by the China Securities Regulatory Commission from participating in the securities market;
- (vii) Persons who are employed by a company or any of its subsidiaries that competes with the Company, or direct and close relatives thereof; and
- (viii) Other stipulations of laws, administrative regulations or departmental rules.

The Company's any election and appointment of directors and supervisors or employment of senior management staff in breach of the aforesaid regulations will be void.

Directors, supervisors and senior management personnel shall not abuse their authority of office to obtain bribes or other illegal income and not to misappropriate the property of the Company.

The following persons shall not be independent non-executive directors of the Company:

- (i) Persons who are employed by the Company or its subsidiaries, or direct and close relatives thereof;

- (ii) Natural persons of company shareholders which hold directly or indirectly more than 1% of the Company's issued shares, or who are among the top ten shareholders of the Company, and direct relatives thereof;
- (iii) Persons employed by company shareholders which hold directly or indirectly more than 5% of the issued shares of the Company or are among the top five shareholders of the Company, and direct relatives thereof;
- (iv) Persons who fell under any of the above three categories in the past one year;
- (v) Persons who provide financial, legal or consultation services to the Company or any of its subsidiaries;
- (vi) Other persons that shall be disqualified as independent non-executive directors specified by the China Securities Regulatory Commission and in the Listing Rules and these Articles.

**Article 14.2** Where the director, president and other senior management personnel of the Company acts on behalf of the Company, the effectiveness of such act against any third party acting in good faith shall not be affected by the non-compliance in terms of incumbency, election or qualification of such person.

**Article 14.3** Apart from the obligations provided in laws, administrative regulations and rules, or listing rules of the securities regulatory authorities where the Company's shares are listed, the director, supervisor, general manager, deputy general manager and other senior management personnel of the Company shall also assume the following obligations towards every shareholder, when exercising their functions and powers granted by the Company:

- (i) not operating business beyond the business scope specified in the business license;
- (ii) acting in good faith with a view to maximize the Company's interests;
- (iii) not depriving the Company of its properties by any means, including (but not limited to) favorable opportunities for the Company; and
- (iv) not depriving shareholders of personal rights and interests, including (but not limited to) the rights of distribution and voting, except the restructuring of the Company submitted to and approved by the general meeting of shareholders according to these Articles.

**Article 14.4** When exercising their rights or performing their obligations, the director, supervisor, general manager, deputy general manager and other senior management personnel of the Company shall be responsible for behaving with prudence, diligence and skills a reasonably prudent person would exercise under similar circumstances.

**Article 14.5** When performing their duties, the director, supervisor, general manager, deputy general manager and other senior management personnel of the Company shall observe the principle of good faith, and shall not place themselves in a position where their interest may conflict with their obligations. The principle includes (but is not limited to) the following obligations:

- (i) acting in good faith with a view to maximize the Company's interests;
- (ii) exercising rights within the scope of authority, without exceeding such scope;
- (iii) personally exercising the discretionary power without manipulated by other persons;  
  
the discretionary power shall not be assigned to any other person, unless as approved by laws, administrative regulations and rules, or the informed general meeting of shareholders;
- (iv) equally treating shareholders of the same class and fairly treating those of different class;
- (v) except as otherwise provided in these Articles or approved by the informed general meeting of shareholders, not to sign contracts, conduct transactions or make arrangements with the Company;
- (vi) without approval of the informed general meeting of shareholders, not to utilize the Company's property by any means for their own interests;
- (vii) not to take advantage of the position to accept bribes or other illegal income, or misappropriate the property of the Company by any means, including (but not limited to) favorable opportunities for the Company;
- (viii) without approval of the informed general meeting of shareholders, not to accept commissions related to the Company's transactions;
- (ix) observing these Articles, faithfully performing their responsibilities and protecting interests of the Company, and not to take advantage of their position and power to seek personal interests;
- (x) without approval of the informed general meeting of shareholders, not to compete with the Company by any means;
- (xi) not to misappropriate the Company's funds or to lend such funds to other persons, not to deposit the Company's funds in the account opened in personal name or otherwise, or utilize the assets of the Company to provide guarantee for the personal debt of the Company's shareholders or other persons; and

(xii) without approval of the informed general meeting of shareholders, not to reveal the confidential information of the Company gained during their term of office; unless for the interest of the Company, not to take advantage of such information, however, in any one of the following circumstances; such information may be disclosed to the court or other governmental authorities:

- (1) provided by laws;
- (2) required for public interests; and
- (3) required by the director, supervisor, general manager, deputy general manager and other senior management personnel for his/her own interests.

**Article 14.6** The director, supervisor, general manager, deputy general manager and other senior management personnel of the Company shall not instigate the following persons or institutions (collectively “related persons”) to do anything that they are forbidden to do:

- (i) the spouse or minor children of director, supervisor, general manager, deputy general manager and other senior management personnel of the Company;
- (ii) trustees of the director, supervisor, general manager, deputy general manager and other senior management personnel of the Company and those specified in item (i) of this article;
- (iii) partners of the director, supervisor, general manager, deputy general manager and other senior management personnel of the Company and those specified in items (i) and (ii) of this article;
- (iv) companies in which the director, supervisor, general manager, deputy general manager and other senior management personnel of the Company, whether alone or jointly with those specified in items (i), (ii) and (iii) of this article or other directors, supervisors, general manager, deputy general manager and other senior management personnel of the Company, has de facto controlling interest; and
- (v) the director, supervisor, general manager, deputy general manager and other senior management personnel of the controlled companies specified in item (iv) of this article.

**Article 14.7** The obligations of good faith of the director, supervisor, general manager, deputy general manager and other senior management personnel of the Company shall not necessarily terminate upon expiration of their term of office, and their obligations to hold the business secrets of the Company confidential shall remain valid after the expiration of their tenures of office. The duration of other obligations shall be decided in accordance with the principle of fairness, depending on the interval between the date when an event arises and the date when they leave their post, and depending on the circumstances and conditions under which their relationship with the Company terminates.

**Article 14.8** The responsibilities borne by the director, supervisor, general manager, deputy general manager and other senior management personnel of the Company due to violation of a certain obligation may be discharged by the informed general meeting of shareholders, with the exception of the circumstances specified in Article 7.5.

**Article 14.9** Where the director, supervisor, general manager, deputy general manager and other senior management personnel of the Company has direct or indirect material interest with the contracts, transactions or arrangements (except the employment contracts between the Company and its directors, supervisors, general manager, deputy general manager and other senior management personnel) signed or planned by the Company, such person shall notify the board of directors of the nature and degree of the interest as soon as possible, regardless of whether such matter, in general, shall be subject to approval of the board of directors.

Unless the interested directors, supervisors, general manager, deputy general manager and other senior management personnel have informed the board of directors of the matter in accordance with the requirements specified in the preceding paragraph of this article, and the board of directors has approved it at a meeting where such persons are not incorporated into the quorum and nor do they participate in the voting, the Company shall have the right to cancel such contracts, transactions or arrangements, except that the counterparty is an innocent party who is unaware of the violation of their obligations by related directors, supervisors, general manager, deputy general manager and other senior management personnel.

When the related persons of the director, supervisor, general manager, deputy general manager and other senior management personnel of the Company have an interest with a certain contract, transaction or arrangement, it shall be deemed that the director, supervisor, general manager, deputy general manager and other senior management personnel have an interest as well.

**Article 14.10** Before a contract, transaction or arrangement is first taken into consideration by the Company, if the interested directors, supervisors, general manager, deputy general manager and other senior management personnel of the Company have notified the board of directors in writing form, declaring that because of the reasons specified in the notification, they have an interest with the contract, transaction or arrangement of the Company in the future, it shall be deemed that they have made the disclosure as required in the preceding article hereof, within the scope of the disclosure of the notification.

**Article 14.11** The Company shall not pay taxes for its directors, supervisors, general manager, deputy general manager and other senior management personnel by any means.

**Article 14.12** The Company shall not, directly or indirectly, provide loans or loan guarantee for the directors, supervisors, general manager, deputy general manager and other senior management personnel of the Company and its holding company, nor shall it provide the same to their related persons.

This article shall be inapplicable to the following circumstances:

- (i) the Company provides loans or loan guarantee for its subsidiaries;
- (ii) pursuant to the employment contracts approved by the general meeting of shareholders, the Company provides loans, loan guarantee or other funds for its directors, supervisors, general manager, deputy general manager and other senior management personnel, to enable them to make payment for the Company or for the expenses arising from the performance of their duties; and
- (iii) if the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may provide loans or loan guarantee for its directors, supervisors, general manager, deputy general manager and other senior management personnel and their related persons in the ordinary course of its business on normal commercial terms.

**Article 14.13** Where the Company provides loans in violation of the preceding article, the payee shall return the loans immediately, regardless of the loan conditions.

**Article 14.14** The Company shall be free of compulsory execution of the loan guarantee if it provides such loan guarantee in violation of the first paragraph of Article 14.12, with the exception of the following circumstances:

- (i) when providing loans to the related persons of the director, supervisor, general manager, deputy general manager and other senior management personnel of the Company and its holding company, the provider is not aware of the circumstances; and
- (ii) the collateral provided by the Company has been legally sold by the loan provider to a purchaser acting in good faith.

**Article 14.15** The “guarantee” referred to in the preceding article shall include the activities whereby the guarantor bears the responsibility or provides property to ensure the obligation performance of the guarantee.

**Article 14.16** In case when the director, supervisor, general manager, deputy general manager and other senior management personnel of the Company violate their obligations towards the Company, apart from the rights and remedial measures provided by laws and administrative regulations and rules, the Company shall have the right to take the following measures:

- (i) requiring relevant directors, supervisors, general manager, deputy general manager and other senior management personnel to compensate the Company for the losses resulted from their dereliction of duty;
- (ii) cancelling any contract or transaction between the Company and relevant directors, supervisors, general manager, deputy general manager and other senior management personnel and that between the Company and a third party (if the third party have known or should have known that the directors, supervisors, general manager, deputy general manager and other senior management personnel had violated their obligation towards the Company);
- (iii) requiring relevant directors, supervisors, general manager, deputy general manager and other senior management personnel to hand over the proceeds generated in violation of their obligations;
- (iv) recovering related directors, supervisors, general manager, deputy general manager and other senior management personnel for the funds that originally shall be collected by the Company, including (but not limited to) commissions;
- (v) requiring relevant directors, supervisors, general manager, deputy general manager and other senior management personnel to return the interest generated by or possibly generated by the fund that originally shall be turned over to the Company.

**Article 14.17** With the prior approval of the general meeting of shareholders, the Company shall sign written contracts with its directors and supervisors in respect of compensation. The matter of compensation aforesaid shall include:

- (i) compensation of directors, supervisors or senior management personnel of the Company;
- (ii) compensation of directors, supervisors or senior management personnel of the Company's subsidiaries;
- (iii) compensation of other services supporting the management of the Company and its subsidiaries; and
- (iv) compensatory amounts for the loss of office or retirement of a director or supervisor.

Except for the aforesaid contracts, the director and supervisor shall not file any lawsuit against the Company and claim the benefits they shall obtain for the foregoing matters.

**Article 14.18** The compensation contracts between the Company and its directors and supervisors shall provide that when the Company is acquired, with the prior approval of the general meeting of shareholders, directors and supervisors of the Company shall have the right to obtain the compensatory or other amounts to which they are entitled due to losing their post or retirement.

The acquisition referred to above shall mean any one of the following circumstances:

- (i) any person makes an offer of acquisition to all shareholders; and
- (ii) any person makes an offer of acquisition with the aim to make the offeror become the controlling shareholder of the Company. The term "controlling shareholder" is defined in Article 7.6 hereof.

If relevant directors and supervisors violate the provisions of this article, any fund received by them shall be owned by the persons who accept the foregoing offer and sell their shares and meanwhile the directors and supervisors shall bear the expense incurred by allocation of the fund proportionally. The expenses shall not be subtracted from the fund.

**Article 14.19** The Company shall enter into a written contract with each director and senior management personnel, which shall at least include the following provisions:

- (i) Directors or senior management personnel shall undertake to the Company that they will comply with the Company Law, these Articles, the Takeovers Code and the Code on Share Repurchases, and shall agree that the Company shall have the right to take remedial measures provided in these Articles, and that neither such contract nor their offices shall be transferred;
- (ii) Directors and senior management personnel shall undertake to the Company (on behalf of each shareholder) that they will observe and fulfil their obligations to shareholders under these Articles; and
- (iii) An arbitration clause having same legal effect as Article 23.1.

## CHAPTER 15 FINANCIAL AND ACCOUNTING SYSTEMS AND PROFIT DISTRIBUTION

**Article 15.1** The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and rules as well as the provisions of Chinese accounting standards formulated by the competent financial authority of the State Council.

**Article 15.2** At the end of each accounting year, the Company shall prepare a financial report which shall be examined and verified in a manner prescribed by laws.

The accounting year of the Company shall adopt the calendar year, that is, starting from 1 January of every calendar year to 31 December of every calendar year. The Company shall adopt Renminbi as its denominated currency for booking purpose.

**Article 15.3** The board of directors of the Company shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and rules as well as directives promulgated by local governments and competent authorities require the Company to prepare.

**Article 15.4** The Company shall make the financial report available at the Company for examination by its shareholders twenty (20) days prior to the convening of the annual general meeting of shareholders. Every shareholder of the Company shall have the right to obtain the financial report mentioned in the chapter.

The Company shall send the financial report, together with the balance sheet (including all the documents to be attached as required by the PRC laws and administrative regulations), the profit and loss account or income statement (including the aforesaid report) or the summary financial report to each shareholder of overseas-listed foreign-invested shares by pre-paid post. The financial report or summary financial report shall be sent or delivered to each shareholder at least twenty-one (21) days prior to the convening of the annual general meeting of shareholders, and the address on the register of shareholders shall be the address of the recipient.

**Article 15.5** The Company shall prepare its financial statement not only in accordance with the Chinese accounting standards and regulations but also the international accounting standards or the accounting standards in the overseas listing place. In case when there are major differences between the financial statements prepared in accordance with the two accounting standards, they shall be indicated clearly in the notes of the financial statements. When distributing the after-tax profit for the relevant accounting year, the Company shall adopt the lower of the after-tax profit in the aforesaid two financial statements.

**Article 15.6** The Company shall prepare its interim results or financial information to be published or disclosed not only in accordance with the Chinese accounting standards and regulations but also the international accounting standards or the accounting standards in the overseas listing place at the same time.

**Article 15.7** The Company shall publish its financial report twice in each accounting year, that is, to publish its interim financial report within sixty (60) days after the end of the first six (6) months of an accounting year, and to publish its annual financial report within one hundred and twenty (120) days after the end of an accounting year.

**Article 15.8** The Company shall not have any account book other than its statutory ones.

**Article 15.9** Upon completion, the Company shall proceed with and publish its interim accounting reports and annual accounting reports according to the relevant securities laws and regulations of the PRC and the regulations of the stock exchange where the Company's shares are listed.

**Article 15.10** The after-tax profit of the Company shall be distributed in the following order of priority:

- (i) making up for losses;
- (ii) contributing to the statutory reserve;
- (iii) contributing to the discretionary reserve; and
- (iv) paying dividends to shareholders of ordinary shares.

For items (iii) and (iv) of this Article, the specific proportion of profit distributable for a year shall be determined by the board of directors according to the Company's business conditions and development needs for consideration and approval by the general meeting of shareholders.

Shares of the Company held by the Company are not entitled to profit distribution.

**Article 15.11** Before making up the losses and contributing to the statutory reserve, the Company shall not allocate the dividends.

**Article 15.12** The Company shall allocate 10% of its after-tax profit to the statutory reserve. Where the accumulated statutory reserve of the Company has reached 50% of the Company's registered capital, no allocation is needed.

**Article 15.13** The Company shall separately allocate a percentage of its profit to the discretionary reserve according to the resolutions approved by shareholders at general meetings after contributing to the statutory reserve.

**Article 15.14** The capital reserve shall include the following items:

- (i) the premium gained from shares issuance in excess of the par value;
- (ii) other incomes that shall be included into the capital reserve as required by the competent financial authority of the State Council.

**Article 15.15** The reserve of the Company shall be applied for following purposes only:

- (i) making up for losses, except for the capital reserve;
- (ii) expansion of the Company's production and operation;
- (iii) converting the reserve into the share capital of the Company. In case that the capital reserve and surplus reserve can be converted into the Company's capital, the Company may do so by a resolution of the general meeting of shareholders pursuant to relevant regulations, and distribute new shares to its shareholders in proportion to their respective existing shareholdings, or increase the par value of each share, provided that where the statutory reserve is converted into capital, the balance of such reserve shall not fall below 25% of the Company's registered capital prior to such conversions.

**Article 15.16** The Company may use the common welfare fund for the purpose of its staff's collective benefits.

**Article 15.17** Subject to the requirements under Article 15.10, Article 15.11, Article 15.12 and Article 15.13, the annual dividends shall be distributed to shareholders in proportion to their respective shareholdings within six months after the end of a fiscal year.

**Article 15.18** The Company may distribute dividends in the form of:

- (i) cash;
- (ii) shares.

**Article 15.19** When distributing dividends to its shareholders, the Company shall withhold such withholding tax payable by shareholders on their dividends income as required by the PRC tax law.

**Article 15.20** Subject to shareholder authorization at a general meeting, the board of directors may determine the Company's interim or special dividends payment schemes.

**Article 15.21** The Company shall appoint receiving agents for holders of the overseas-listed foreign-invested shares to take responsibility for receiving dividends which have been declared by the Company in respect of its securities listed on The Stock Exchange of Hong Kong Limited and other amounts paid by the Company, and proceeds from which shall be managed by the receiving agents on such shareholders' behalf to be paid to them.

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

The receiving agents appointed for holders of the overseas-listed foreign-invested shares listed on The Stock Exchange of Hong Kong Limited shall each be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

**Article 15.22** The Company shall have the right to despatch dividend warrants by post and also the right to terminate despatching dividend warrants by post under the following circumstances:

- (i) Such dividend warrants remain uncashed for at least two consecutive occasions; or
- (ii) Such dividend warrants have been returned undelivered on first occasion.

**Article 15.23** Should there be unclaimed dividends after six years from the date of declaring dividends, the Company shall have the right to forfeit such dividends upon the expiry of the relevant period.

Any paid share capital before the notice of collection of share capital can enjoy interest. However, the shareholder is not entitled to be distributed dividends of such pre-paid share capital.

**Article 15.24** In respect of the sale of shares of untraceable shareholders, no such right shall be exercisable except the following two preconditions are met:

- (i) Dividends in respect of the underlying shares have been declared at least three times in the past 12 years, and such dividends remain unclaimed during this period;
- (ii) Upon the expiry of 12 years and the Company has made an announcement in a newspaper (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) of its intention of selling the shares, and has notified the Hong Kong Stock Exchange of the same.

## **CHAPTER 16 ENGAGEMENT OF ACCOUNTING FIRMS**

**Article 16.1** 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 report and review other financial reports of the Company.

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

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

**Article 16.2** The term of appointment of the accounting firm shall commence from the conclusion of the current annual general meeting and end at the conclusion of the next annual general meeting.

**Article 16.3** The accounting firm appointed by the Company shall have the following rights and powers:

- (i) To review the Company's books of accounts, records or vouchers, and has the right to require the directors, managers or other senior management personnel of the Company to provide related information and descriptions;
- (ii) To require the Company to adopt all reasonable measures to obtain any information and descriptions from its subsidiaries that are required by the accounting firm to perform its duties;
- (iii) To attend general meetings, and to have equal access to notification of shareholder's meetings or any information related to the meetings as available to all other shareholders, and speak at any general meeting on matters involving its appointment as the Company's accounting firm.

**Article 16.4** Should there be a vacancy for the post of accounting firm, the Board may appoint an accounting firm to fill the vacancy before a shareholders' general meeting, which shall be subject to confirmation at the next general meeting. Any other accounting firm which is still in service may continue to act as the accounting firm during the period the vacancy remains unfilled.

**Article 16.5** Notwithstanding any terms stipulated in the appointment contract signed between the accounting firm and the Company, a shareholders' general meeting can, before the expiry of the tenure of the accounting firm, pass an ordinary resolution to dismiss the accounting firm. The accounting firm's right to claim for compensation from the Company for such dismissal shall remain unaffected.

**Article 16.6** The remuneration or the method of determining the remuneration of an accounting firm shall be determined by the shareholders' general meeting. In the case of an accounting firm appointed by the Board, the remuneration of such accounting firm shall be determined by the Board, and shall be subject to confirmation at the next general meeting.

**Article 16.7** The decision on engaging, dismissing or not renewing the engagement of an accounting firm shall be made by the general meeting of shareholders.

**Article 16.8** Prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. Such accounting firm shall have the right to make representations at the general meeting of shareholders. Where the accounting firm resigns from its position, it shall make clear to the shareholders in a general meeting whether there has been any impropriety on the part of the Company.

## **CHAPTER 17 INSURANCE**

**Article 17.1** The Company's various types of insurance shall be taken out with the insurance companies that are registered in the PRC and are permitted by the PRC laws to provide insurance to Chinese companies.

**Article 17.2** The types of coverage, the insured amounts, periods and other terms shall be discussed and decided by the Board by reference to the practices of peer companies in other countries and the practices and legal requirements in the PRC.

## **CHAPTER 18 LABOUR MANAGEMENT**

**Article 18.1** The Company formulates its systems regarding labour management, personnel affairs, wages and welfare and social insurance in accordance with the laws, rules and relevant administrative regulations of the PRC.

**Article 18.2** The Company implements the system of appointment for all levels of management personnel and a contract system for ordinary employees. The Company may decide by itself on its staffing, and may exercise its own discretion to recruit and, dismiss, in accordance with the laws and the terms of contracts, management personnel as well as other employees.

**Article 18.3** The Company shall have the right to, based on its own economic efficiency, decide by itself the levels of wages and welfare benefits of all levels of management personnel and other employees to the extent as provided for in the relevant administrative regulations.

**Article 18.4** The Company shall arrange for medical insurance, retirement insurance and unemployment insurance for its management personnel and other employees in accordance with relevant administrative regulations of the PRC government and of the local government, and shall implement the laws, regulations and relevant requirements regarding labour insurance for retired and unemployed staff.

## CHAPTER 19 LABOUR UNION AND PARTY ORGANIZATION

**Article 19.1** The employees of the Company shall, according to the Labour Union Law of the People's Republic of China, have the right to organize a labour union, which shall carry out union activities and safeguard the lawful rights and interests of the employees. The Company shall provide necessary conditions for its labour union to carry out activities. The labour union shall, on behalf of the employees, conclude the collective contract with the Company with respect to the remuneration, working hours, welfare, insurance, work safety and sanitation and other matters.

Pursuant to the Constitution and other relevant laws, the Company shall implement democratic management in the form of meeting of the representatives of the employees or any other ways.

To make a decision on restructuring or any important issue related to business operation, or to formulate any important regulation, the Company shall solicit the opinions of its labour union, and shall solicit the opinions and proposals of the employees through the meeting of the representatives of the employees or in any other way.

**Article 19.2** In accordance with the Constitution of the Communist Party of China, the Company set up the organization under the Communist Party of China and related working organs, and maintain staffing to handle Party affairs. Members of the leading group of the Party organization of the Company shall be approved for appointment according to the management authority.

**Article 19.3** The Company shall establish the Chinese Communist Party Committee, which is comprised of one secretary and several other members, and shall establish the Commission for Discipline Inspection of the Communist Party in accordance with the requirements. The Party organization of the Company shall conduct re-election upon the expiry of its term of office pursuant to the relevant requirements.

**Article 19.4** The Party organization of the Company shall play the role of the leadership core and political core in the Company, and shall carry out the works by providing direction, managing the overall situation and ensuring implementation. It shall maintain a high degree of ideological, political and operational consistency with the Party Central Committee, resolutely implement the Party's theories, lines, guidelines, and policies to ensure the correct direction of reform and development; insist on collective leadership, promote scientific decision-making and promote the full observance of their economic responsibilities, political responsibilities and social responsibilities; strengthen the team building of leaders and talents in the enterprise, lead the mass organization and give play to its role, and be dedicated to promoting the fulfillment of all tasks; strengthen daily education and management of Party members, give full play to the battle fortress role of a primary-level Party organization and the exemplary role of Party members, and earnestly push forward the construction of the Party work style and integrity.

**Article 19.5** The Company shall improve and perfect related systems, clarify the boundaries of powers and responsibilities between the Party organization and other corporate governance entities, and achieve a seamless transition to form a corporate governance mechanism in which each shall perform its own duties, assume its own responsibilities, coordinate operations and take checks and balances effectively.

**Article 19.6** The Party organization of the Company shall improve the mechanism for discussing affairs and making decisions, strictly implement democratic centralism, adhere to collective leadership, democratic centralism, individual consultations and decision-making through meetings.

**Article 19.7** By insisting on and improving the leadership mechanism of “Dual Entry and Cross Appointment”, eligible members of the Party Committee may take seats in the board of directors and the management through statutory procedures, while eligible members of the board of directors and the management who are also Party members may take seats in the Party Committee in accordance with relevant requirements and procedures. Generally, the position of the secretary of the Party Committee and the chairman of the board of directors shall be assumed by the same person. The president who is a Party member shall serve as the deputy secretary of the Party Committee.

**Article 19.8** The Company shall provide necessary support and maintain sufficient funding for the activities of the Party organization.

## **CHAPTER 20 MERGER AND DIVISION**

**Article 20.1** For a merger or division of the Company, the Board shall put forward a proposal, and the formalities for approval shall be handled according to laws after the proposal has been adopted according to procedures specified in these Articles. Shareholders who oppose the Company’s merger or division plans shall have the right to ask the Company or the shareholders who approve the merger or division plans to purchase their shares at a fair price.

**Article 20.2** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

In the case of a merger of the Company, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company’s merger resolution which is passed and shall publish a public notice in newspaper or the National Enterprise Credit Information Publicity System within 30 days of the date of the Company’s merger resolution.

After the merger of the Company, the claims and debts of the parties to the merger shall be assumed by the surviving company or the newly established company.

**Article 20.3** In the case of a division of the Company, its assets shall be divided accordingly.

In the case of a division of the Company, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's division resolution which is passed and shall publish a public notice in newspaper or the National Enterprise Credit Information Publicity System within 30 days of the date of the Company's merger resolution.

Debts of the Company prior to the division shall be jointly and severally assumed by the companies which exist after the division, unless otherwise agreed upon in a written agreement between the Company and its creditors regarding debt repayment prior to the division.

**Article 20.4** Where a merger or division of the Company involves changes in registered items, such changes shall be registered according to laws with the company registration authority; if the Company is dissolved, its deregistration shall be carried out according to laws; where a new company is incorporated, the registration of the incorporation of the company shall be carried out according to laws.

## **CHAPTER 21 DISSOLUTION AND LIQUIDATION**

**Article 21.1** The Company shall be dissolved and liquidated according to laws upon the occurrence of any of the following events:

- (i) the term of its operations specified in the Company's articles of association has expired or events of dissolution specified in the Company's articles of association have occurred;
- (ii) a resolution regarding the dissolution is passed by the general meeting of shareholders;
- (iii) dissolution is necessary due to a merger or division of the Company;
- (iv) the Company is legally declared insolvent due to its failure to repay debts as they fall due;  
and
- (v) the Company is subject to revocation of business license, legally ordered to close or is deregistered.

Where the Company is dissolved under the circumstances described in items (i) and (ii) above, a liquidation committee shall be formed within 15 days to start the liquidation process. The liquidation committee shall be comprised of directors or persons determined by an ordinary resolution in a general meeting of shareholders.

In the case of dissolution of the Company under item (iv) of this article, the people's court shall, according to relevant legal provisions, organize the shareholders, relevant departments and professionals to form a liquidation committee to carry out liquidation.

In the case of dissolution of the Company under item (v) of this article, the relevant competent authorities shall organize the shareholders, relevant departments and professionals to form a liquidation committee to carry out liquidation.

**Article 21.2** If the Board decides the Company shall carry out liquidation (except for liquidation resulting from the Company's declaration of bankruptcy), it shall state in the notice of general meeting of shareholders convened for this purpose that the Board has conducted comprehensive investigation on the Company's conditions and believes that the Company is able to pay off all its debts within 12 months following the commencement of liquidation. The functions and powers of the Board of the Company shall terminate immediately when the general meeting of shareholders adopts the resolution on liquidation.

The liquidation committee shall follow the directions of the general meeting of shareholders to report on its income and expenditures, the Company's business and the progress of liquidation at least once a year to the general meeting of shareholders and make a final report to the general meeting of shareholders at the end of liquidation.

**Article 21.3** The liquidation committee shall inform the creditors of the Company within 10 days following its establishment, and shall make a public notice in a newspaper or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation committee within thirty (30) days from the date on which the notice is received or forty five (45) days from the date of the announcement if the notice is not received. The liquidation committee shall register all the creditors' rights. During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

**Article 21.4** The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (i) to categorize the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (ii) to notify the creditors or to make public announcements;
- (iii) to dispose of and liquidate any outstanding businesses of the Company;
- (iv) to pay all outstanding tax and tax incurred during the liquidation process;
- (v) to settle claims and debts;
- (vi) to deal with residual assets after repayment by the Company of its debts; and
- (vii) to represent the Company in any civil proceedings.

**Article 21.5** After the liquidation committee has sorted out the Company's assets and prepared a balance sheet and an inventory of assets, it shall prepare a liquidation plan and submit it to the general meeting of shareholders or the people's court for confirmation.

The Company's assets shall be used to pay off its debts in the following order:

- (i) liquidation expenses;
- (ii) wages due to the employees of the Company;
- (iii) social insurance payments and statutory compensation;
- (iv) payment of outstanding tax;
- (v) payment of debts of the Company.

Any residual assets of the Company remaining after its debts have been repaid in accordance with the provisions of the preceding clauses of this article shall be distributed by its shareholders according to the class of shares and the proportion of shares held.

The Company shall continue to exist but shall not conduct any operational activities not related to liquidation during the period of liquidation.

**Article 21.6** If the liquidation committee, having sorted out the Company's assets and prepared the balance sheet and an inventory of assets, discovers that there are insufficient assets in the Company to pay off its debts, it shall apply to the people's court immediately for bankruptcy and liquidation of the Company according to laws.

After the people's court accepts the bankruptcy application, the liquidation committee shall prepare and hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

**Article 21.7** Upon completion of liquidation, the liquidation committee shall prepare a liquidation report and an income and expenditure statement and financial accounts for the period of liquidation and, after the same have been certified by a Chinese certified public accountant, submit them to a general meeting of shareholders or the people's court for confirmation. The liquidation committee shall, within 30 days from the confirmation of the shareholders' general meeting or the people's court, submit the aforesaid documents to the company registration authority for cancellation of the Company's registration and announce the termination of the Company.

## **CHAPTER 22 PROCEDURES FOR AMENDMENT OF THESE ARTICLES**

**Article 22.1** The Company may make amendments to these Articles in accordance with the requirements of laws, administrative regulations and these Articles.

**Article 22.2** These Articles shall be amended according to the following procedures:

- (i) the Board shall, in accordance with these Articles, propose a resolution at a general meeting to amend these Articles, and prepare the proposed amendments;
- (ii) the proposed amendments shall be notified to the shareholders and a general meeting of shareholders shall be convened for voting on such proposed amendments; and
- (iii) subject to the relevant provisions of these Articles, the proposed amendments submitted to a general meeting for approval shall be approved by way of a special resolution.

**Article 22.3** Amendment of these Articles involving changes in the particulars of registration of the Company shall be made through a change in registration in accordance with laws.

## **CHAPTER 23 SETTLEMENT OF DISPUTES**

**Article 23.1** The Company shall follow the following dispute settlement rules:

- (i) If any dispute or claim concerning the Company's business on the basis of the rights and obligations provided in these Articles, the Company Law and other relevant laws or administrative regulations and rules arises between a shareholder of overseas-listed foreign-invested shares and the Company, between a shareholder of overseas-listed foreign-invested shares and a director, supervisor, manager or other senior management personnel of the Company or between a shareholder of overseas-listed foreign-invested shares and a shareholder of domestic shares, the parties concerned shall submit the dispute or claim for arbitration.

Disputes concerning the definition of shareholders and the register of members shall not be required to be settled by means of arbitration.

- (ii) When a dispute or claim as described above is submitted for arbitration, such dispute or claim shall be in its entirety, and all persons, being the Company or a shareholder, director, supervisor, manager or other senior management personnel of the Company, that have a cause of action due to the same facts or whose participation is necessary for the settlement of such dispute or claim shall abide by arbitration.
- (iii) An arbitration applicant may elect for arbitration to be carried out at either the China International Economic or Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules.

- (iv) After the arbitration applicant submits the dispute or claim for arbitration, the arbitration shall be carried out in the arbitration institution selected by the applicant.

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

- (v) Unless otherwise provided by laws or administrative regulations and rules, laws of the People's Republic of China shall apply to the settlement by means of arbitration of disputes or claims referred to in item (i).
- (vi) The award of the arbitration institution shall be final and binding upon each party.
- (vii) The arbitration agreement shall be reached by directors or senior management and the Company which represents both itself and each of the shareholders.
- (viii) Any arbitration submitted shall be deemed as authorizing the arbitration tribunal to conduct a public hearing and announce its verdict.

## **CHAPTER 24 NOTICE**

**Article 24.1** Notices, information or written statement delivered to the shareholders of overseas listed foreign-invested shares must be served by hand to the registered address of each holder of overseas listed foreign-invested shares who holds the registered shares, or sent to each holder of overseas listed foreign-invested shares by post at the address as recorded in the register of members.

**Article 24.2** Where a notice is sent out by post, the notice shall be deemed delivered to the relevant parties when it is properly addressed with the receiver's name clearly stated, postage pre-paid and sealed in envelopes, and shall be deemed received by the relevant parties 24 hours after despatch.

**Article 24.3** 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 24.4** Shareholders or Directors of the Company who want to prove that certain notices, documents, information or written statements have been served on the Company shall provide evidential materials showing the same has been served on the Company in accordance with Article 24.3 within the designated periods, which shall mean in respect of those sent by hand, receipt confirmation of the Company, or in respect of those sent by registered mail, evidential materials showing that the mailing address is correct and the postage is fully paid.

**Article 24.5** All notices or any other documents of the Company to be submitted to the Hong Kong Stock Exchange according to Chapter 13 of the Listing Rules shall either be written in English or accompanied by a signed and certified English translation.

## CHAPTER 25 INTERPRETATIONS AND DEFINITIONS IN THESE ARTICLES

**Article 25.1** These Articles shall be interpreted by the Board, and any matters not covered herein shall be proposed at shareholders' general meetings by the Board for consideration and approval.

**Article 25.2** These Articles of Association are written in Chinese.

**Article 25.3** In these Articles, unless the context requires otherwise, the following terms and expressions shall have the following meanings:

"these Articles"	means	the articles of association of the Company
"Board"	means	the board of Directors of the Company
"Chairman"	means	the chairman of the Board
"Vice Chairman"	means	the vice chairman of the Board
"Director(s)"	means	any director(s) of the Company
"overseas-listed foreign-invested shares"	means	any overseas listed foreign-invested shares of the Company
"Company's legal residence"	means	No. 118 Wenquan Road, Zhaoyuan City
"RMB" or "Renminbi"	means	the lawful currency of the PRC
"person(s)"	means	person(s) and words with neutral meaning, and shall include companies and corporations
"Secretary to the Board"	means	the secretary to the Board appointed by the Board
"PRC" and "State"	means	the People's Republic of China
"Hong Kong Stock Exchange"	means	The Stock Exchange of Hong Kong Limited
"the Company"	means	Zhaojin Mining Industry Company Limited* (招金礦業股份有限公司)
"accounting firm"	means	having the same meaning as "auditors" referred to in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Listing Rules"	means	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Company Law"	means	the Company Law of the People's Republic of China