

ZHEJIANG EXPRESSWAY CO., LTD.

## ARTICLES OF ASSOCIATION

18<sup>th</sup> December 2017

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## Chapter 1 General Provisions

**Article 1** The Company is a joint stock limited company incorporated in accordance with the “Company Law of the People’s Republic of China” (hereinafter referred to as the “Company Law”), the “Special Regulations of the State Council on the Overseas Offering and listing of Shares by Joint Stock Limited Companies” (hereinafter referred to as the “Special Regulations”) and other relevant laws and regulations of the State.

The Company was established by way of promotion on 24<sup>th</sup> February, 1997 with the approval of the State Commission for Restructuring the Economic System under the document Ti Gai Sheng [1997] No.18 and was registered with the Administrative Bureau for Industry and Commerce of Zhejiang Province and obtained its business license on 1st March 1997. The Company’s business license number is 14294209-5. Pursuant to the approval document 2000 Wai Jing Mao Zi Yi Han Zi No.521, MOFTEC approved the transformation of the Company into a foreign investment joint stock company with limited liability. The Company obtained its new business licence on 5<sup>th</sup> December 2002 from the State Administration for Industry and Commerce. The Company’s new business licence number is Qiguzhezongzi NO.002202.

Amended  
2001/3/22  
2002/4/30

The promoter of the Company was Zhejiang Provincial High Class Highway Investment Company Limited (浙江省高等级公路投资有限公司). Pursuant to the document Zhe Zheng Fa [2001] No.42, Zhejiang Provincial High Class Highway Investment Company Limited was replaced by Zhejiang Communications Investment Group Co., Ltd. (浙江省交通投资集团有限公司) upon reorganization.

(Mandatory Provisions: Article 1)

**Article 2** The registered Chinese name of the Company is: 浙江沪杭甬高速公路股份有限公司

The English name of the company is: ZHEJIANG EXPRESSWAY CO., LTD.

(Mandatory Provisions: Article 2)

**Articles 3** The address of the Company is: 12/F, Block A, Dragon Century Plaza, 1 Hangda Road, Hangzhou City, Zhejiang Province, the People’s Republic of China

Amended  
1999/5/6  
2006/6/14

Postal Code: 310007  
Telephone No: 0571-8798 5588  
Facsimile: 0571-8798 5599

(Mandatory Provisions: Article 3)

**Article 4** The chairman of the board of directors shall be the legal representative of the Company.

(Mandatory Provisions: Article 4)

**Article 5** The Company is a perpetually existing joint stock limited company.

(Mandatory Provisions: Article 5)

**Article 6** These Articles of Association shall become effective upon the establishment of the Company.

From the effective date of these Articles of Association, these Articles of Association shall be a legally binding document which regulates the organization and acts of the Company, and defines the rights and obligations between the Company and the shareholders and among the shareholders themselves.

(Mandatory Provisions: Article 6)

**Article 7** These Articles of Association shall be binding on the Company, its shareholders, directors, supervisors, managers and other senior managerial officers. All persons mentioned above shall have rights to claim relating to the affairs of the Company in accordance with these Articles of Association.

In accordance with these Articles of Association, shareholders may institute legal proceedings against the Company; the Company may institute legal proceedings against shareholders; shareholders may institute legal proceedings against other shareholders; shareholders may also institute legal proceedings against directors, supervisors, managers and other senior managerial officers of the Company.

The legal proceedings referred to in the preceding paragraph shall include legal proceedings instituted in courts or the application to arbitration institutions for arbitration.

(Mandatory Provisions: Article 7)

**Article 8** The entire capital of the Company is divided into shares of equal par value. Shareholder liabilities to the Company shall be limited to their respective shareholdings in the Company whereas the Company's liabilities shall be limited to the total amount of its assets.

**Article 9** The Company may invest in other limited liability companies and joint stock limited companies and its liabilities therefor shall be limited to the amount of the capital invested, provided that the Company shall not be a shareholder with unlimited liability of any other economic organization.

Upon approval by the Company's examination and approval authorities authorized by the State Council, the Company may, in accordance with its operational and managerial requirements, operate as a holding company in accordance with paragraph 2 of Article 12 of the Company Law.

(Mandatory Provisions: Article 8)

## **Chapter 2 Business Objectives and Scope of Business**

**Article 10** The business objectives of the Company are: to raise and utilize capital for construction; and, in accordance with the State's highway traffic construction planning, speed up the construction of high grade road network in Zhejiang Province, improve the conditions of highway traffic, enhance the economic and social development of Zhejiang Province and adjacent regions, realize maximization of the Company's value and derive investment returns satisfactory to the shareholders.

(Mandatory Provision: Article 9)

**Article 11** The scope of business of the Company shall be that as approved by the competent Amended

authority in charge of the Company's registration.

1999/5/6  
2002/4/30

The scope of business of the Company is the construction, design, toll collection, maintenance, and management of and the provision of technical consultation and ancillary services to high-grade roads; ancillary services for high-grade roads such as gas station along the road, car rescue, car wash, warehousing, food and beverage, advertising (subject to the approval of the relevant department).

(Mandatory Provisions: Article 10)

**Article 12** According to the changes in domestic and international markets, the business requirements in China and overseas and the development capability of the Company, the Company may adjust its scope of business or directions or modes of investment, subject to approval by ordinary resolutions passed by the shareholders in general meetings and by the relevant government authorities.

### Chapter 3 Shares and Registered Capital

**Article 13** The Company shall have ordinary shares at all times; according to its needs and upon the approval by the Company's examination and approval authorities authorized by the State Council, the Company may create other classes of shares.

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(Mandatory Provisions: Article 11)

**Article 14** The shares issued by the Company shall have par value of Renminbi one per share.

Renminbi referred to in the preceding paragraph shall mean the lawful currency of the People's Republic of China ("PRC").

(Mandatory Provisions: Article 12)

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

Overseas investors referred to in the preceding paragraph shall mean investors in foreign countries such as Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company; domestic investors shall mean investors within the PRC other than Hong Kong, Macau and Taiwan, who subscribe for shares issued by the Company.

(Mandatory Provisions: Article 13)

**Article 16** The shares issued by the Company to domestic investors and subscribed for in Renminbi shall be called domestic invested shares. The shares issued by the Company to overseas investors and subscribed for in foreign currencies shall be called foreign invested shares. Foreign invested shares which are listed outside the PRC are known as overseas listed foreign invested shares.

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Foreign currencies referred to in the preceding paragraph shall mean the lawful currencies of other countries or regions, other than Renminbi, which are recognized by the State's foreign exchange supervisory department and which may be used for payment of shares to the Company.

(Mandatory Provisions: Article 14)

**Article 17** Foreign invested shares listed in Hong Kong shall be called H shares. H shares means the shares which are approved to be listed on The Stock Exchange of Hong Kong Limited, whose par value is denominated in Renminbi and which are subscribed for and traded in Hong Kong

dollars.

**Article 18** As approved by the examination and approval authority authorised by the State Council, the Company has issued a total of 4,343,114,500 ordinary shares. Upon the establishment of the Company, 2,909,260,000 domestic invested shares were issued to the promoter, Zhejiang Provincial High Class Highway Investment Company Limited (浙江省高等级公路投资有限公司) (subsequently reorganized as Zhejiang Communications Investment Group Co., Ltd. (浙江省交通投资集团有限公司)), representing approximately 67% of the total ordinary shares issued by the Company.

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(Mandatory Provisions: Article 15)

**Article 19** After the establishment of the Company, 4,343,114,500 ordinary shares were issued of which 1,433,854,500 were issued as overseas listed foreign invested shares representing approximately 33% of the total number of ordinary shares which were be issued by the Company. The shareholding structure of the Company comprises 4,343,114,500 ordinary shares of which 2,909,260,000 domestic invested shares are held by the promoter, Zhejiang Communications Investment Group Co., Ltd. (浙江省交通投资集团有限公司) and 1,433,854,500 overseas listed foreign invested shares are held by holders of overseas listed foreign invested shares.

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Amended  
1998/5/25  
2001/3/22  
2002/4/30  
2010/10/18

(Mandatory Provisions: Article 16)

**Article 20** Subject to approval of the Company's plan to issue overseas listed foreign invested shares and domestic invested shares by the securities supervisory authorities of the State Council, the board of directors of the Company may arrange for the issue of such shares.

The Company's plan to issue overseas listed foreign invested shares and domestic invested shares respectively pursuant to the provisions aforesaid may be implemented respectively within 15 months from the date of approval of the Securities Commission of the State Council.

(Mandatory Provisions: Article 17)

**Article 21** The issue of overseas listed foreign invested shares and domestic invested shares within the total number of shares determined under the issue plan shall be issued respectively and subscribed for at one time; if this cannot be achieved due to exceptional circumstances, the same may, subject to approval by the Securities Commission of the State Council, be issued in separate issues.

(Mandatory Provision: Article 18)

**Article 22** The registered capital of the Company shall be Renminbi 4,156,090,000. If the over-allotment option is exercised, the registered capital of the Company shall be not more than Renminbi 4,343,114,500.

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(Mandatory Provisions: Article 19)

**Article 23** According to its operational and development requirements, the Company may increase its capital in accordance with the relevant provisions of these Articles of Association.

The Company may increase its capital by the following methods:

- (1) offer of new shares to unspecified investors;
- (2) placement of new shares to the existing shareholders;

- (3) bonus issue of new shares to the existing shareholders;
- (4) other methods as permitted by laws and administrative regulations.

The increase of capital of the Company by way of issuing new shares shall be carried out after the board of directors of the Company has prepared a detailed plan for the increase of the total number of shares, the approval of the detailed plan by the shareholders by way of special resolution in shareholders' meeting and the granting of approval by the relevant authority of the State Council. Following the issue of newly increased shares, the Company shall within the time frame set out in the relevant laws and administrative regulations apply for alteration of its registration with the original company registration authority.

(Mandatory Provisions: Article 20)

**Article 24** Unless otherwise provided by laws and administrative regulations, the shares of the Company shall be freely transferable and free from any liens. All documents of transfer or other documents relating to or affecting the title of any shares of the Company shall be registered.

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1(1)

(Mandatory Provisions: Article 21)

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

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

(Mandatory Provision: Article 22)

**Article 26** When the Company reduces its registered capital, the Company shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days from the date on which the resolution for the reduction of capital has been passed and shall publish a notice to that effect at least three times in a newspaper within 30 days thereof. The creditors who have received such notice shall, within 30 days thereafter, and those creditors who have not received such notice shall, within 90 days from the date the notice is first published, be entitled to require the Company to repay the debt or to provide corresponding guarantees for the debt.

The registered capital of the Company after the reduction of capital shall not fall below the minimum amount required by law.

(Mandatory Provisions: Article 23)

**Article 27** In the following circumstances, the Company may repurchase its issued shares in accordance with the procedures provided by these Articles of Association after approval has been obtained from the securities supervisory authorities of the State Council:

- (1) cancellation of shares for the purpose of reduction of capital of the Company;
- (2) merger with other companies which hold shares of the Company;
- (3) other circumstances permitted by laws and administrative regulations.

(Mandatory Provisions: Article 24)

**Article 28** With the approval of the securities supervisory authorities of the State Council, the Company may repurchase its shares in any one of the following manners:

- (1) to make a repurchase offer to all shareholders in equal proportion to their shareholdings;
- (2) to repurchase the shares through open trading on a recognized stock exchange;
- (3) to repurchase the shares by way of agreement other than through a stock exchange.

(Mandatory Provisions: Article 25)

**Article 29** The repurchase of shares by the Company by way of agreement other than through a stock exchange shall require the prior approval of shareholders in general meeting in accordance with the provisions of these Articles of Association. Upon prior approval granted in the same manner by shareholders in the general meeting, the Company may discharge or amend any agreement entered into in the aforesaid manner or to waive any rights granted under such agreement.

The agreement for repurchase of shares referred to in the preceding paragraph shall include, but not limited to, the agreements relating to the assumption of obligations to repurchase shares and the acquisition of rights to repurchase shares.

The Company shall not assign an agreement for the repurchase of its shares or any of the rights provided therein.

(Mandatory Provisions: Article 26)

**Article 30** After the Company has repurchased the shares according to law, the Company shall, within the time limit stipulated by laws and administrative regulations, cancel that part of the shares and shall apply to the original company registration authorities for the registration of the alteration of its registered capital.

The registered capital of the Company shall be reduced by the amount of the total nominal value of the shares so canceled.

(Mandatory Provisions: Article 27)

**Article 31** Unless the Company is in liquidation, the repurchase of issued shares by the Company shall be subject to the following provisions:

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- (1) for those shares repurchased at par value, payment may be made out of the distributable profits as shown on the accounts of the Company or from the proceeds of the issue of new shares which are issued for the purpose of repurchasing the old shares;
- (2) for those shares repurchased at a value exceeding the par value, payment up to the par value thereof shall be made out of the distributable profits as shown on the accounts of the Company or from the proceeds of the issue of new shares which are issued for the purpose of repurchasing the old shares; payment of the portion in excess of the par value shall be dealt with in the following manners:
  - (a) for those repurchased shares which were issued at par value, it shall be paid out of the distributable profits as shown on the accounts of the Company;



- (b) for those repurchased shares which were issued in excess of the par value, it shall be paid out of the distributable profits as shown on the accounts of the Company or from the proceeds of the issue of new shares which are issued for the purpose of repurchasing old shares; provided that the amount paid out of the proceeds of the issue of new shares shall not exceed the total premium received from the issue of such repurchased shares, nor shall it exceed the amount in the Company's share premium account or capital reserve fund account (including the amount of premium from the issue of new shares) at the time of such repurchase;
- (3) The payments made by the Company for the following purposes shall be paid out of the distributable profits of the Company;
  - (a) acquisition of rights to repurchase its shares;
  - (b) alteration of any agreement for repurchase of its shares;
  - (c) discharging any of its obligations under any repurchase agreement.
- (4) After the reduction of the total nominal value of the shares which have been so canceled from the registered capital of the Company pursuant to the relevant provisions, the amount which has been deducted from the distributable profits and which has been used for repurchasing the nominal value of the shares shall be credited to the share premium account or capital reserve fund account of the Company.

(Mandatory Provisions: Article 28)

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

**Article 32** The Company or its subsidiaries shall not, at any time or in any manner, provide directly or indirectly any financial assistance to any person who acquires or intends to acquire the shares of the Company. The person who acquires the shares of the Company as aforesaid includes the person who assumes, directly or indirectly, obligations as a result of the purchase of the shares of the Company.

The Company or its subsidiaries shall not, at any time or in any manner, provide financial assistance to reduce or discharge a person who assumes such obligations as aforesaid from such obligations.

This Article shall not apply to circumstances as described in Article 34 of this Chapter.

(Mandatory Provisions: Article 29)

**Article 33** The financial assistance referred to in this Chapter shall include, but not be limited to, the following forms:

- (1) gifts;
- (2) guarantees (including the assumption of obligations by the guarantor or the offering of property by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation to be made as a result of default on the part of the Company itself), discharge or waiver of rights;

- (3) provisions of loans or entering into contracts in which the Company has to perform obligations prior to the performance of obligations by the other party, changes to loans or to the contracting parties and the assignment of such loans or contracts;
- (4) any other forms of financial assistance given by the Company when the Company is unable to pay its debts or has no net assets or as a result of which the Company's net assets would be reduced to a material extent.

The assumption of obligations referred to in this Chapter shall include the obligations assumed by the obligor by changing its financial position by entering into contracts or making arrangements (whether or not such contract or arrangement is enforceable and whether or not such person is liable individually or jointly with others) or by any other means.

(Mandatory Provisions: Article 30)

**Article 34** The following acts are not deemed as prohibited by the provisions of Article 32 of these Articles of Association:

- (1) the financial assistance is given by the Company in good faith in the interests of the Company and the principal purpose in giving such assistance is not for the purchase of the Company's shares, or the assistance so given is only an incidental part of some larger purpose of the Company;
- (2) the distribution of dividends by the Company by way of distributing its assets in accordance with law;
- (3) the distribution of dividends by way of bonus shares;
- (4) reduction of registered capital, repurchase of shares of the Company, restructuring of the share capital or other restructuring in accordance with these Articles of Association;
- (5) lending of money by the Company in the ordinary course of business which falls within its scope of business (but the net assets of the Company shall not be reduced thereby, or even if reduced, the said financial assistance is made out of the distributable profits of the Company);
- (6) provision of funds by the Company for the employee share scheme (but the net assets of the Company shall not be reduced thereby, or even if reduced, the said financial assistance is made out of the distributable profits of the Company).

(Mandatory Provisions: Article 31)

## **Chapter 6 Share Certificates and Register of Shareholders**

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

The particulars to be set out in the share certificates of the Company shall include:

- (1) the name of the Company;
- (2) the date of incorporation of the Company;
- (3) the class and nominal value of and the number of shares represented by the share

certificates;

- (4) the serial number of the share certificates;
- (5) other particulars which are required to be included by the stock exchanges on which the shares of the Company are listed.

(Mandatory Provisions: Article 32)

**Article 36** Share certificates shall be signed by the chairman of the board of directors. If the stock exchange on which the shares of the Company are listed shall require other senior managerial officers to sign thereon, such other senior managerial officers so required shall also sign on such certificates. The share certificates shall be effective after the seal of the Company have been affixed thereto or the seal has been affixed thereto in a printed form. The affixing of the company seal upon the share certificate shall be authorized by the board of directors. The signatures of the chairman of the board of directors or other relevant senior managerial officers of the Company on the share certificates may also be made in a printed form.

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The share certificates issued by the Company to the promoter shall be indicated with the words “Promoter Share Certificates”.

The H share certificates issued by the Company shall be signed personally by the chairman of the board of directors or in a printed form and shall come into effect once affixed with the special securities seal of the Company or if such seal is affixed in a printed form, with the authority of the board of directors.

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2(1)

(Mandatory Provisions: Article 33)

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

- (1) the name (description), address (residence), occupation or nature (in the case of a legal person) of each shareholder;
- (2) class and number of shares held by each shareholder;
- (3) the amount paid or payable for the shares held by each shareholder;
- (4) the serial number of the shares held by each shareholder;
- (5) the date when each shareholder is registered as a shareholder;
- (6) the date when each shareholder ceased to be a shareholder.

Unless there is proof to the contrary, the register of shareholders shall be conclusive evidence of the holding of the Company’s shares by a shareholder.

Where two or more persons are registered as joint shareholders of any shares, they shall be deemed to be the co-owner of the relevant shares, subject to the restrictions of the following provisions:

- (1) the Company shall not be obliged to register more than four persons as the joint shareholders of any shares;

App.3  
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- (2) all joint shareholders of any shares shall be jointly and severally liable for all payments payable in respect of the relevant shares;
- (3) if any one of the joint shareholders dies, only the remaining joint shareholders shall be deemed to be the persons entitled to the ownership of the relevant shares, provided that the board of directors shall have the right to require the provision of documents certifying their death, as it deems fit; and
- (4) in respect of joint shareholders of any shares, only the shareholder named first in the register of shareholders shall be entitled to receive from the Company the share certificates in respect of the relevant shares and to receive notices of and to attend and vote at the shareholders' general meetings of the Company and any notices served to the said person shall be deemed to be served on all the joint shareholders of the relevant shares.

(Mandatory Provisions: Article 34)

**Article 38** The Company may keep the register of shareholders of overseas listed foreign invested shares outside the PRC in accordance with the understanding and agreements reached between the supervisory authorities of the securities committee of the State Council and overseas securities regulatory authorities, and appoint an overseas agent to administer the same. The original of the register of shareholders of overseas listed foreign invested shares which are listed in Hong Kong shall be kept in Hong Kong. The Company shall keep a copy of the register of shareholders of overseas listed foreign invested shares at the registered address of the Company; the appointed overseas agent shall ensure the consistency of the original and the copy of the register of shareholders of overseas listed foreign invested shares.

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(c)

In the event of inconsistency between the original and the copy of the register of shareholders of overseas listed foreign invested shares, the original register shall prevail.

(Mandatory Provisions: Article 35)

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

The register of shareholders shall contain the following parts:

- (1) the register of shareholders which shall be kept at the address of the Company, being a register of all the shareholders other than those who are required to be registered under paragraphs (2) and (3) of this Article;
- (2) the register of shareholders which shall be kept in the place of the overseas stock exchange, being a register of the shareholders of overseas listed foreign invested shares;
- (3) the register of shareholders which is kept at other place(s) as the board of directors deems necessary for the listing of the shares of the Company.

App.13D  
(b)

(Mandatory Provisions: Article 36)

**Article 40** The various parts of the register of shareholders shall not overlap. A transfer of shares registered in a particular part of the register of shareholders shall not be registered in another part of the register of shareholders during the subsistence of the registration of such shares.

Changes or rectification of each part of the register of shareholders shall be carried out in accordance with the laws of the place where such part of the register of shareholders is kept.

All paid up overseas listed foreign invested shares which are listed in Hong Kong shall be freely transferable in accordance with these Articles of Association; unless the following conditions are satisfied the board of directors may refuse to recognize any transfer documents without giving any reasons:

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2004/5/21

- (1) a fee of such amount as may be prescribed from time to time in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the registration of the transfer documents of the shares and other documents relating to or affecting the ownership of shares is paid;
- (2) the transfer document only involves overseas listed foreign invested shares which are listed in Hong Kong;
- (3) the stamp duty payable in respect of the transfer document has been paid;
- (4) the relevant share certificates, together with the evidence as reasonably required by the board of directors showing that the transferor is entitled to transfer the shares are produced;
- (5) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed four; and
- (6) no company shall have any lien over the relevant shares.

(Mandatory Provisions: Article 37)

**Article 41** Within 30 days prior to a shareholders' general meeting or within 5 days prior to the record date on which the Company decides the basis of distribution of dividends, no entry shall be made to the register of shareholders to record any changes resulting from any share transfer.

(Mandatory Provisions: Article 38)

**Article 42** In the event that the Company convenes a shareholders' general meeting, distributes dividends, enters into liquidation or carries out other activities for which the ascertainment of shareholding is necessary, the board of directors shall fix a day for ascertainment of the shareholding and those shareholders who remain on the register upon the close of such day shall be the shareholders of the Company.

(Mandatory Provisions: Article 39)

**Article 43** Any person who disputes the register of shareholders and requests to have his name (or description) registered thereon, or requests to have his name (or description) removed therefrom may apply to the court of competent jurisdiction to rectify the register of shareholders.

(Mandatory Provisions: Article 40)

**Article 44** If any shareholders whose name has been registered in the register of shareholders or any person who requires to have his name (or description) entered into the register of shareholders has lost his share certificate(s) ("Original Certificate(s)"), he may apply to the Company for the issue of (a) replacement certificate(s) in respect of such shares ("Relevant Shares").

The application for the issue of replacement certificates by holders of domestic invested shares who lost their share certificates shall be made in accordance with section 150 of the Company Law.

The application for the issue of replacement certificates by holders of overseas listed foreign invested shares who lost their share certificates shall be made in accordance with the laws, stock exchange regulations and other relevant regulations of the place where the original of the register of members of such overseas listed foreign invested shares is kept.

The application for the issue of replacement certificates by holders of shares listed in Hong Kong who lost their share certificates shall be made in accordance with the following procedures:

- (1) applicants shall submit an application in standard form designated by the Company together with a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the reason for the application made by the applicant, the circumstances under which the share certificate(s) was/were lost with supporting evidence and a declaration that no other persons may request to be registered as a shareholder in respect of the Relevant Shares;
- (2) the Company does not receive any declaration from any person other than the applicant requesting registration as the shareholder of such shares before the Company determines to issue (a) replacement share certificate(s);
- (3) if the Company decides to issue (a) replacement share certificate(s) to the applicant, an announcement of such intention to issue replacement share certificate(s) shall be published in the newspapers designated by the board of directors; the period for such announcement shall be 90 days and such announcement shall be published at least once every 30 days during such period.
- (4) prior to the publishing of the announcement for the issue of (a) replacement certificate(s), the Company shall submit a copy of such proposed announcement to the stock exchange on which it is listed and shall obtain the reply of such stock exchange confirming that such announcement has been published at the stock exchange and such publication shall last until the expiry of 90 days from the date of receipt of such announcement. If the consent to the application for (a) replacement certificate(s) has not been obtained from the registered shareholder of the Relevant Shares, the Company shall send to such shareholder by post a copy of such proposed announcement.
- (5) upon the expiry of the 90-day period for the publication of the said announcement as provided in paragraphs (3) and (4) of this Article, if no objection has been received by the Company from any person to the replacement of such certificate(s), (a) replacement share certificate(s) shall be issued pursuant to the applicant's application.
- (6) upon issuing (a) replacement share certificate(s) pursuant to this Article, the Company shall immediately cancel the Original Certificate(s) and such cancellation and replacement shall be registered in the register of shareholders.
- (7) all costs incurred by the Company in connection with the cancellation of the Original Certificates and issuing replacement share certificates shall be borne by the applicant. Unless the applicant provides reasonable security, the Company shall be entitled to refuse to take any action.

(Mandatory Provisions: Article 41)

**Article 45** Upon the issuance by the Company of (a) replacement share certificate(s) pursuant to the provisions of this Chapter, the name (description) of a bona fide purchaser who acquired the new share certificate(s) as aforesaid or a shareholder who is subsequently registered as the owner of such shares (if being a bona fide purchaser) shall not be removed from the register of shareholders.

(Mandatory Provisions: Article 42)

**Article 46** The Company shall have no liability for any loss sustained by any person as a result of the cancellation of the Original Certificates or in issuing replacement share certificates, unless it can be proved that the Company has acted fraudulently.

(Mandatory Provisions: Article 43)

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

**Article 47** A shareholder of the Company is a holder of share(s) of the Company in accordance with relevant laws and whose name (description) is entered in the register of shareholders.

Unless there is evidence to the contrary, the register of shareholders shall be conclusive evidence of the ownership of the shares of the Company.

A shareholder shall have rights and obligations in accordance with the class and the number of shares held by him; the shareholders of the same class of shares shall have the same rights and shall bear the same obligations.

(Mandatory Provisions: Article 44)

**Article 48** A holder of ordinary shares of the Company shall enjoy the following rights:

- (1) to receive dividends and other forms of profit distribution in accordance with the number of shares he holds;
- (2) to attend and to vote at shareholders' general meetings personally or by proxy;
- (3) to supervise the business operation and activities of the Company, and to make proposals or inquiries in relation thereto;
- (4) to transfer shares in accordance with laws, administrative regulations and the provisions of these Articles of Association;
- (5) to receive information in accordance with provisions of these Articles of Association, including:
  1. the obtaining of these Articles of Association upon payment of the cost thereof;
  2. upon payment of reasonable charges, inspect and make copies of:
    - (i) all parts of the register of shareholders;
    - (ii) personal particulars of the directors, supervisors, and other senior managerial officers of the Company, including:
      - (a) present and former names and aliases;

- (b) principal address (residence);
  - (c) nationality;
  - (d) full-time occupation and all other part-time occupations or positions;
  - (e) identification document and the number thereof.
- (iii) the share capital of the Company;
  - (iv) a report on the total nominal value, amount, highest and lowest prices and all payments made by the Company in respect of each class of shares repurchased by the Company since the last financial year;
  - (v) minutes of shareholders' meetings.
- (6) to participate in the distribution of the remaining assets in accordance with his shareholding upon the dissolution or liquidation of the Company;
  - (7) other rights conferred by these Articles of Association, and relevant laws and regulations.

(Mandatory Provisions: Article 45)

**Article 48A** The Company shall not exercise any powers to freeze or otherwise impair any of the rights attaching to any share of the Company by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

App.3  
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Amended  
2004/5/21

**Article 49** A holder of ordinary share(s) of the Company shall undertake the following obligations:

- (1) to observe these Articles of Association;
- (2) to pay the subscription price in accordance with the number of shares subscribed for and in the manner of subscription;
- (3) other obligations provided by laws, administrative regulations and these Articles of Association.

Shareholders shall not be liable to make any further contribution to the share capital other than as agreed at the time of subscription.

(Mandatory Provisions: Article 46)

**Article 50** Save for the obligations required under the laws, administrative regulations or the listing rules of a recognized stock exchange on which the shares of the Company are listed, in exercising its rights as a shareholder, a controlling shareholder shall not exercise his voting rights to make decisions which would prejudice the interests of all or some of the shareholders in respect of the following matters:

- (1) to exempt the directors or supervisors from their obligation to act in good faith and in the best interests of the Company;



- (2) to authorize the directors or supervisors (in the interests of himself or themselves or other persons) to deprive the Company in any manner of its assets, including but not limited to any opportunities beneficial to the Company;
- (3) to authorize the directors or supervisors (in the interests of himself or themselves or other persons) to deprive the personal rights of other shareholders, including but not limited to any entitlement to distribution or voting rights but excluding reorganization of the Company approved by the shareholders in general meeting pursuant to these Articles of Association.

(Mandatory Provisions: Article 47)

**Article 51** The controlling shareholder referred to in the preceding Article shall mean a person who meets one of the following conditions:

- (1) such person, either acting alone or in concert with others, may elect half or more of the directors;
- (2) such person, either acting alone or in concert with others, may exercise 30% or more of the voting rights of the Company or control the exercise of 30% or more of the voting rights of the Company;
- (3) such person, either acting alone or in concert with others, may hold 30% or more of the issued shares of the Company held by the public;
- (4) such person, either acting alone or in concert-with others, may have de facto control of the Company in any other way.

(Mandatory Provisions: Article 48)

## **Chapter 8 Shareholders' General Meetings**

**Article 52** The shareholders' general meeting is the governing body of the Company and it shall perform its functions in accordance with relevant laws.

(Mandatory Provisions: Article 49)

**Article 53** The shareholders' general meeting shall exercise the following powers:

- (1) to determine the business policies and investment plans of the Company;
- (2) to elect and replace directors and to determine the remuneration of the directors;
- (3) to elect and replace supervisors who represent the shareholders and to determine the remuneration of such supervisors;
- (4) to examine and to approve the report of the board of directors;
- (5) to examine and to approve the report of the supervisory committee;
- (6) to examine and to approve the annual financial budgets and final accounts of the Company;

- (7) to examine and to approve the plans for profit distribution and making up of losses of the Company;
- (8) to resolve on the increase or reduction in the registered capital of the Company;
- (9) to resolve on matters such as merger, division, dissolution and liquidation, etc. of the Company;
- (10) to resolve on the issue of debentures by the Company;
- (11) to amend these Articles of Association;
- (12) to examine any motion put forward by shareholders representing 5% or more of the Company's total voting shares;
- (13) to resolve on the appointment, dismissal or discontinuance of appointment of the accounting firm of the Company;
- (14) other matters to be resolved in shareholders' general meeting in accordance with the requirements of pertinent laws and these Articles of Association.

(Mandatory Provisions: Article 50)

**Article 54** Without prior approval by the shareholders in general meeting, the Company shall not enter into any contract with persons other than a director or other senior managerial officers whereby the management of all or substantial parts of the business of the Company shall be vested in such contracting person(s).

(Mandatory Provisions: Article 51)

**Article 55** Shareholders' general meetings shall be divided into annual general meetings and extraordinary general meetings. Shareholders' general meetings shall be convened by the board of directors. Annual general meetings shall be convened once every year and shall be held within six months after the end of the preceding accounting year.

Upon the occurrence of any of the following events, the board of directors shall convene an extraordinary general meeting within two months thereof:

- (1) the number of directors falls below the number provided by the Company Law or less than two-thirds of the number required by these Articles of Association;
- (2) the aggregate losses of the Company which have not been made up amount to one-third of the total share capital of the Company;
- (3) shareholders holding an aggregate of 10% or more of the issued shares of the Company which carry the rights to vote request in writing the convening of an extraordinary general meeting;
- (4) whenever the board of directors considers necessary or the supervisory committee proposes to convene the same.

(Mandatory Provisions: Article 52)

**Article 56** A shareholders' general meeting shall be convened by a written notice served on the shareholders registered as such in the register of shareholders 45 days prior to the meeting specifying the matters to be considered and the time and place of the meeting. Shareholders who intend to attend the shareholders' general meeting shall serve on the Company a written reply 20 days before the date of the meeting.

(Mandatory Provisions: Article 53)

**Article 57** When the Company convenes an annual general meeting, shareholders who hold in aggregate 5% or more of the voting rights of the Company shall be entitled to propose additional motions in writing to the Company. The Company shall include such motions falling within the scope of responsibility of the shareholders' general meeting into the notice and agenda of such meeting, provided that such motions shall be served on the Company within 30 days after the issue of the said notice of meeting.

(Mandatory Provisions: Article 54)

**Article 58** Pursuant to the written replies received 20 days prior to the shareholders' general meeting, the Company shall calculate the number of shares which carry the right to vote held by those shareholders who intend to attend the meeting. If the number of shares which carry the right to vote held by those shareholders who intend to attend the meeting is more than one half of the total number of shares of the Company which carry the right to vote, the Company may convene a shareholders' general meeting; otherwise, the Company shall within 5 days thereof give a further notice to the shareholders specifying the matters to be transacted and the date and place of the meeting by way of an announcement. After giving such notice, the Company may convene the shareholders' general meeting.

An extraordinary general meeting shall not resolve any matters which have not been specified in the notice of meeting.

(Mandatory Provisions: Article 55)

**Article 59** A notice of shareholders' general meeting shall satisfy the following requirements:

- (1) it shall be in writing;
- (2) it shall specify the place, the date and the time of the meeting;
- (3) it shall state the business to be transacted;
- (4) it shall provide the shareholders with all such information and explanations as are necessary for the making of an informed decision by the shareholders on the business to be transacted, which shall include the provision of concrete terms and contracts (if any) of the proposed transaction together with a detailed explanation of the causes and consequences thereof in the event the Company proposes a reorganization, including without limitation, merger, repurchase of its shares, restructuring of share capital or other manners of reorganization;
- (5) if any of the directors, supervisors, general managers and other senior managerial officers is materially interested in matters to be transacted, he shall disclose the nature and the extent of such interest; if the matters to be transacted have an effect on such directors, supervisors, general managers or senior managerial officers in the capacity of a shareholder which differs from other shareholders of the same class, such differences

shall be specified;

- (6) it shall contain the full text of any special resolution proposed to be passed at the meeting;
- (7) it shall expressly specify in writing that the shareholders entitled to attend and vote at the meeting shall have the right to appoint one or more than one proxy to attend the meeting in his stead and to vote thereat and the proxy or proxies need not be a shareholder;
- (8) it shall specify the time and place for the delivery of the relevant instrument for appointing proxy.

(Mandatory Provisions: Article 56)

**Article 60** Notice of shareholders' general meeting shall be served on all shareholders (whether or not such shares carry the right to vote at the shareholders' general meeting) by personal delivery or by prepaid air mail at the address recorded in the register of shareholders. In respect of holders of domestic invested shares, notice of shareholders' general meeting may also be served by way of public announcement. The announcement referred to in the preceding paragraph shall be published 45 days to 50 days prior to the date of the meeting in one or several newspapers designated by the securities supervisory authorities of the State Council. Once the announcement has been made, all holders of domestic invested shares shall be deemed to have received notice of the shareholders' meeting.

App.3  
7(1)

(Mandatory Provisions: Article 57)

**Article 61** Accidental omission to serve a notice on, or non-receipt of any such notice by, such person who is entitled to receive the same shall not invalidate the meeting and the resolutions passed at the meeting.

(Mandatory Provisions: Article 58)

**Article 62** Any shareholder who is entitled to attend and vote at a shareholders' meeting shall have the right to appoint one or more persons (whether being a shareholder or not) as his proxies to attend and vote at such meeting on his behalf. Such proxy or proxies may exercise the following rights pursuant to the appointment made by the appointing shareholder:

- (1) the right of such shareholder to speak at the shareholders' general meeting;
- (2) to act on his own or join with other persons to demand for a poll;
- (3) to exercise the right to vote by a show of hands or by poll; however, if more than one proxy is appointed by a shareholder, such proxies shall only exercise the right to vote on a poll.

(Mandatory Provisions: Article 59)

**Article 63** A shareholder shall appoint his proxy in writing signed by the appointor or an attorney authorized by him for such purpose; if the appointor is a legal entity, the same shall be affixed with the seal of such legal entity, or signed by its directors or a duly authorized representative.

App.3  
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11(2)

(Mandatory Provisions: Article 60)

**Article 64** An instrument appointing a proxy shall be deposited at least 24 hours prior to the

commencement of the relevant meeting at which the proxy is appointed to vote or 24 hours before the time appointed for voting at the registered address of the Company or such other place as the notice of meeting may specify. If the instrument appointing a proxy has been signed by a person authorized by the appointor, the power of attorney or other instruments of authorization shall be notarized. The power of attorney or other instruments of authorization so notarized together with the proxy form shall be deposited at the registered address of the Company or such other place as the notice of meeting may specify at the same time as the instrument appointing the proxy is so deposited.

In the event that the appointor is a legal person, such shareholder shall be represented at the shareholders' general meeting of the Company by its legal representative or the person authorized by its board of directors or other governing body of such appointor.

(Mandatory Provisions: Article 61)

**Article 65** The instrument delivered to a shareholder by the board of directors of the Company for appointing a proxy shall be in such form so as to enable the shareholder to instruct freely at his choice the proxy to vote in favor of or against any resolution and to give instruction on each item of the business put to vote at the meeting. Such instrument of proxy shall specify that if no instruction is given by the shareholder, the proxy may vote in the way as he thinks fit.

(Mandatory Provisions: Article 62)

**Article 66** Notwithstanding the death or incapacity of the appointor, or the revocation of the appointment or revocation of the authority under which the appointing instrument is signed, or the relevant shares have been transferred, a vote by such proxy pursuant to the instrument of appointment shall still be valid provided that no notice in writing in respect of the events mentioned above has been received by the Company prior to the commencement of the relevant meeting.

(Mandatory Provisions: Article 63)

**Article 67** The proxy who attends the shareholders' general meeting on behalf of the shareholder shall produce his own personal identification.

If a corporate shareholder appoints a legal representative to attend the meeting, such representative shall produce his own personal identification and a copy of the resolution of the board of directors or other governing body of such corporate shareholder appointing such legal representative.

**Article 68** Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution of a shareholders' general meeting shall be passed by more than one half of the votes cast by the shareholders present in person or by proxy at the shareholders' general meeting.

A special resolution of a shareholders' general meeting shall be passed by more than two thirds of the votes cast by the shareholders present in person or by proxy at the shareholders' general meeting.

(Mandatory Provisions: Article 64)

**Article 69** A shareholder (including his proxy) may exercise voting rights at the shareholders' general meeting according to the number of shares which carry the right to vote held by him and each

share shall have one vote.

(Mandatory Provisions: Article 65)

**Article 70** At any shareholders' general meeting a resolution shall be passed by a show of hands, subject to any requirement in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, or unless a poll is demanded by the following persons (prior to or after a show of hands): Amended  
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- (1) chairman of the meeting;
- (2) at least two shareholders or proxies having the right to vote;
- (3) a shareholder or shareholders (including proxy or proxies) representing 10% or more of the total voting rights of all the shareholders having the right to vote at such meeting.

Unless a poll is demanded, the declaration by the chairman of the meeting as to the result of the voting on a resolution by a show of hands and the entering of the same into the minutes book of the meeting shall be the conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution. The demand for a poll may be withdrawn by the person making such demand.

(Mandatory Provisions: Article 66)

**Article 71** If a poll is demanded for the election of the chairman or the adjournment of the meeting, such matters shall be resolved by poll immediately; in respect of a poll demanded for other matters, the time for such a poll shall be decided by the chairman of the meeting and other business may be proceeded with at the meeting. The result of such a poll shall still be deemed as a resolution passed at the meeting.

(Mandatory Provisions: Article 67)

**Article 72** On a poll taken at a meeting, shareholders (including their proxies) who are entitled to two or more votes are not required to cast all their votes in favor of or against a resolution.

(Mandatory Provisions: Article 68)

**Article 73** In the event of equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote.

(Mandatory Provisions: Article 69)

**Article 74** The following matters shall be passed by ordinary resolution at a shareholders' general meeting:

- (1) the working reports of the board of directors and the supervisory committee;
- (2) plans for profit distribution and for making up of losses prepared by the board of directors;
- (3) appointment and removal of the members of the board of directors and the members of the supervisory committee and their remuneration and method of payment;

- (4) annual budget, statement of final accounts, balance sheet, profit and loss statement and other financial statements of the Company;
- (5) other matters except those required by law, administrative regulations or these Articles of Association to be passed by special resolution at a shareholders' general meeting.

(Mandatory Provisions: Article 70)

**Article 75** The following matters shall be passed by special resolution at the shareholders' general meeting:

- (1) an increase or reduction of the share capital of the Company, or issue of any class of shares, warrants and other similar securities;
- (2) an issue of debentures by the Company;
- (3) the merger, division, dissolution and liquidation of the Company;
- (4) amendments to these Articles of Association;
- (5) other matters which are resolved by ordinary resolutions in shareholders' general meeting to be of material effect to the Company, which are to be passed by special resolutions.

(Mandatory Provisions: Article 71)

**Article 76** Shareholders who request to convene an extraordinary general meeting or a class shareholders' meeting shall follow the procedures set out below:

- (1) two or more shareholders who in aggregate hold 10% or more of the voting rights of all the shares having the right to vote in such a meeting may sign one or several written requisitions in the same form requesting the board of directors to convene an extraordinary general meeting or a class shareholders' meeting, and the subject matter of the meeting shall be specified.

upon receipt of the said written requisitions, the board of directors shall convene an extraordinary general meeting or a class shareholders' meeting as soon as possible. The calculation of the number of shares held as aforesaid shall be made as at the date of the written requisitions.

- (2) if the board of directors fails to give notice of meeting within 30 days of the receipt of the aforesaid written requisitions, the shareholders making such requests may convene a meeting within four months of the receipt of the said requisitions by the board of directors. The procedure for convening the meeting shall, as far as possible, be the same as those for convening a shareholders' meeting by the board of directors.

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

(Mandatory Provisions: Article 72)

**Article 77** A shareholders' general meeting shall be convened and presided by the chairman

of the board of directors. If the chairman of the board of directors cannot attend the meeting, the vice-chairman shall convene and take the chair of the meeting; if both the chairman and the vice-chairman cannot attend the meeting, the board of directors may designate a director of the Company to convene and take the chair of the meeting; if no chairman of the meeting has been so designated, the shareholders present may choose one person to be chairman of the meeting. If for any reason the shareholders fail to elect a chairman, the shareholder present in person or by proxy in the meeting and holding the largest number of shares which carry the right to vote shall be the chairman of the meeting.

(Mandatory Provisions: Article 73)

**Article 78** The chairman of the meeting shall be responsible for determining whether a resolution of the shareholders' general meeting is passed and his determination shall be final and the same shall be announced at the meeting and recorded in the minutes of the meeting.

(Mandatory Provisions: Article 74)

**Article 79** If the chairman of the meeting has any doubt as to the result of voting on any resolution, he may have the votes counted. If the chairman of the meeting does not make a count of such votes, any shareholder present in person or by proxy at the meeting who disputes the result announced by the chairman of the meeting shall be entitled to request a count of the votes immediately after the declaration of the result and the chairman of the meeting shall forthwith proceed with such counting.

(Mandatory Provisions: Article 75)

**Article 80** In the event a count of the votes has been made at a shareholders' general meeting, the result thereof shall be recorded in the minutes of the meeting.

The minutes of the meeting and summary of the meeting, together with the signature book of the shareholders attending the meeting shall be kept at the legal address of the Company.

(Mandatory Provisions: Article 76)

**Article 81** A shareholder shall be entitled to inspect copies of the minutes of meeting(s) free of charge during office hours of the Company. Upon the request of any shareholder for a copy of the relevant minutes of meeting, the Company shall send out the copy of the minutes so requested within seven days of the receipt of reasonable payment therefor.

(Mandatory Provisions: Article 77)

**Article 81A** Where any shareholder of the Company is, under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

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

**Article 82** Shareholders holding different classes of shares shall be classified as class shareholders.

Class shareholders shall enjoy rights and undertake obligations according to laws, administrative



regulations and these Articles of Association.

(Mandatory Provisions: Article 78)

**Article 83** If the Company proposes to vary or revoke the rights of the class shareholders, the same can only be implemented after it has been passed by a special resolution at a shareholders' general meeting and also by the class shareholders so affected at the shareholders' meetings respectively convened in accordance with Articles 85 to 89 of these Articles of Association.

(Mandatory Provisions: Article 79)

**Article 84** The following situations shall be considered as a variation or abrogation of the rights of a certain class of shareholders:

- (1) the increase or reduction of the number of shares of that class of shares or the increase or reduction of the number of shares in another class which carry the same or more right to vote, right of distribution or other privileges;
- (2) the conversion of all or part of the shares of that class to another class, or the conversion of all or part of the shares of another class into the shares of that class or the granting of such right of conversion;
- (3) the cancellation or reduction of the rights of that class of shares to receive dividends declared or accrued;
- (4) the reduction or cancellation of the preferential rights of that class of shares to receive dividends or to receive distribution of assets upon the liquidation of the Company;
- (5) the increase, cancellation or reduction of the share conversion rights, options rights, voting rights, rights of transfer, preemptive rights and rights to acquire the securities of the Company of that class of shares;
- (6) the cancellation or reduction of the rights of that class of shares to receive payment payable by the Company in a particular currency;
- (7) to create a new class of shares which enjoys the same or more voting rights, distribution rights or other privileges than those enjoyed by that class of shares;
- (8) to restrict or increase the restriction on the transfer or ownership of that class of shares;
- (9) the granting of subscription rights or conversion rights in respect of that class or another class of shares;
- (10) the increase of the rights and privileges of another class of shares;
- (11) the reorganization of the Company as a result of which different classes of shareholders assume obligations otherwise than in proportion;
- (12) the amendment or abrogation of the provisions in this Chapter.

(Mandatory Provisions: Article 80)

**Article 85** Whether or not the class shareholders so affected have voting rights at the

shareholders' general meeting, they shall have the right to vote at the meeting of class shareholders in respect of the matters mentioned in paragraphs (2) to (8) and (11) to (12) of Article 84 of these Articles of Association provided that interested shareholders shall not have the right to vote at the meeting of the class shareholders.

An interested shareholder mentioned in the preceding paragraph refers to:

- (1) in the case where the Company makes a repurchase offer to all shareholders in a proportionate manner in accordance with the provisions of Article 28 of these Articles of Association or repurchases its shares on a stock exchange through public dealing on a stock exchange, "interested shareholder" shall mean the controlling shareholder as defined in Article 51 of these Articles of Association;
- (2) in the case where the Company repurchases its shares by way of agreement other than through a stock exchange in accordance with the provisions of Article 28 of these Articles of Association, "interested shareholder" shall mean the holder of the relevant shares;
- (3) in the reorganization of the Company, "interested shareholder" shall mean a shareholder who undertakes obligations to a lesser extent than other shareholders of the same class, or a shareholder who enjoys benefits which are different from those enjoyed by other shareholders of the same class.

(Mandatory Provisions: Article 81)

**Article 86** A resolution of the meeting of class shareholders shall be passed in accordance with Article 85 by more than two-thirds of the voting rights of the class shareholders present and having the right to vote in the meeting.

(Mandatory Provisions: Article 82)

**Article 87** If the Company convenes a meeting of class shareholders, it shall issue a written notice 45 days prior to the meeting to all shareholders of such class who are on the register of shareholders, specifying the business to be transacted and the date and place of the meeting. The shareholders who intend to attend the meeting shall serve on the Company written replies of their intention to attend 20 days prior to the meeting.

If the number of shares which carry the right to vote at such meeting held by those shareholders who intend to attend such meeting is more than one-half of the total number of that class of shares, the Company may convene such meeting of class shareholders; if this cannot be attained, the Company shall further notify the shareholders by way of public notice within 5 days thereof specifying the business to be transacted and the date and place of the meeting. After the giving of such notice, the Company may convene the meeting of class shareholders.

App.3  
6(2)

(Mandatory Provisions: Article 83)

**Article 88** Notice of the meeting of class shareholders need only be served on the shareholders who are entitled to vote at such meeting.

The procedures of the meeting of class shareholders shall follow as much as possible the procedures of a shareholders' general meeting and the provisions in these Articles of Association relating to the procedures of a shareholders' general meeting shall apply to the meeting of class shareholders.

App.3  
6(2)

(Mandatory Provisions: Article 84)

**Article 89** Apart from the shareholders of other classes of shares, the shareholders of domestic invested shares and shareholders of overseas listed foreign invested shares are deemed to be different classes of shareholders. App.13D (f)

The special voting procedures of class shareholders shall not apply in the following circumstances:

(1) where, with the approval by a special resolution at a shareholders' general meeting, the Company issues, either individually or concurrently, domestic invested shares and overseas listed foreign invested shares at an interval of twelve months, and the number of domestic invested shares and overseas listed foreign invested shares proposed to be issued does not exceed 20% of the issued domestic invested shares and 20% of the issued overseas listed foreign invested shares respectively; or App.13 D (f)(i)

(2) where the Company's plan to issue domestic invested shares and overseas listed foreign invested shares at the time of incorporation is implemented within fifteen months from the date of approval by the Securities Commission of the State Council. App.13 D (f)(ii)

(Mandatory Provisions: Article 85)

## Chapter 10 Board of Directors

**Article 90** The Company shall have a board of directors. The board of directors shall comprise nine directors, of whom at least three shall be independent non-executive directors. The board of directors shall have one chairman and one vice-chairman. Amended 2000/2/28 2010/10/18 2012/06/11

(Mandatory Provisions: Article 86)

**Article 91** Directors shall be elected at shareholders' general meeting. The term of office shall be three years. Upon the expiry of the term, a director shall be eligible for re-election and re-appointment. App.3 4(2)

The period during which a written notice of intention to propose a person for election as director and a written notice by that person of his willingness to be elected are to be given to the Company shall be at least 7 days, such period shall commence on the day after the date when the notice of the general meeting convened for such election is dispatched and end no later than 7 days prior to the date of such meeting. App.3 4(4)(5) Amended 2004/5/21

The chairman and vice-chairmen of the board of directors shall be elected and removed by more than one-half of the directors. The term of office of the chairman and vice-chairmen shall be 3 years and they shall be eligible for re-election and re-appointment.

Subject to relevant laws and administrative regulations, the Company in shareholders' meeting shall have the power by ordinary resolution to remove any director (including the managing director or other executive directors) before the expiration of his term of office (but without prejudice to any claim for damages under any contract). App.3 4(3)

Directors need not hold any shares of the Company.

(Mandatory Provisions: Article 87)

**Article 92** The board of directors shall be accountable to the shareholders' general meeting and shall have the following duties and powers:

- (1) to be responsible for convening shareholders' meeting and to report its work to the shareholders' meeting;
- (2) to implement the resolutions passed at the shareholders' general meeting;
- (3) to determine the business plans and investment proposals of the Company;
- (4) to prepare the annual financial budget and final accounts of the Company;
- (5) to prepare the plans for profit distribution and plans for making up losses of the Company;
- (6) to prepare proposals for the increase or reduction of the registered capital of the Company and proposals for the issue of debentures of the Company;
- (7) to prepare proposals for the merger, division or dissolution of the Company;
- (8) to determine the establishment of the internal management structure of the Company;
- (9) to appoint or dismiss the general manager of the Company and according to the nomination by the general manager, to appoint or dismiss the person in charge of financial affairs and other senior managerial officers and to determine matters relating to their remuneration;
- (10) to establish the basic management system of the Company;
- (11) to draw up proposals for the amendment of these Articles of Association;
- (12) to draw up proposals for any material acquisition or sale by the Company;
- (13) according to the requirements of laws, regulations, rules and these Articles of Association, and within the scope of authority delegated by shareholders in general meeting, to exercise the Company's powers to raise capital and to borrow money and to make decisions relating to the charging, leasing, subcontracting or transfer of the Company's assets;
- (14) to perform other duties as authorized by shareholders in general meeting and these Articles of Association.

The resolutions in relation to the matters mentioned in paragraphs (6), (7), (11) and (12) above shall be passed by a majority of not less than two-thirds of the directors, the resolutions in relation to other matters shall be passed by a simple majority of the directors.

(Mandatory Provisions: Article 88)

**Article 93** The board of directors shall not, without the prior approval of shareholders in general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate value of the estimated consideration for the proposed disposition and the value of the consideration for any such disposition of any fixed assets of the Company that has been completed in a period of four months immediately preceding the proposed disposition exceeds 33% of the value of the

Company's fixed assets as shown in the balance sheet which has been considered in the most recent general meeting.

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

For the purposes of this Article, disposition includes an act of transferring certain interests in the assets other than by way of provision of security.

(Mandatory Provisions: Article 89)

**Article 94** The board of directors shall perform its duties in accordance with the laws, regulations, relevant policies of the State and these Articles of Association and resolutions of the shareholders in general meetings.

**Article 95** The chairman of the board of directors shall exercise the following powers:

- (1) to preside over the shareholders' general meetings and to convene and preside over the meetings of the board of directors;
- (2) to review the implementation of the resolutions of the board of directors;
- (3) to sign share certificates and debentures of the Company;
- (4) other powers conferred by the board of directors.

If the chairman of the board of directors is unable to perform his duties, the vice-chairman designated by the chairman shall perform the duties on his behalf.

(Mandatory Provisions: Article 90)

**Article 96** Meetings of the board of directors shall be held at least twice a year and shall be convened by the chairman of the board of directors and notice of meeting shall be served on all directors 10 days prior to the meeting. In case of urgent matters, an extraordinary meeting of the board of directors may be convened upon requisition by one-third or more of the directors of the Company or by the general manager.

(Mandatory Provisions: Article 91)

**Article 97** The board meeting and extraordinary board meeting shall be notified in the following manner:

- (1) if the time and place of the regular meetings of the board of directors have been fixed by the board of directors in advance, no notice to convene the same has to be given.
- (2) if the time and place of the board meeting has not been fixed in advance by the board of directors, the chairman shall notify the directors of the time and place of the meeting of the board of directors not less than 10 days and not more than 30 days before the meeting by way of telex, telegram, facsimile, express courier or registered mail or by hand.
- (3) notices shall be written in Chinese and if necessary can be in English. Such notices shall include the agenda of the meeting. Any director may waive the right to receive notices of board meetings.

- (4) notice of a meeting shall be deemed to have been served on any director who attends the meeting and who has not disputed the receipt of such notice before or at the commencement of the meeting.
- (5) regular meeting or extraordinary board meetings can be held by telephone conference or similar communication equipment. So long as the directors participating in the meeting can clearly hear and communicate with the other directors, such directors shall be deemed to be present in person at the meeting.

(Mandatory Provisions: Article 92)

**Article 98** Meetings of the board of directors shall only be held if half or more of the directors are present at the meeting. Each director shall have one vote. The resolutions of the board of directors shall be passed by a simple majority of the directors. In the event of equality of votes in favor of or against a resolution, the chairman of the board of directors shall have a casting vote.

(Mandatory Provisions: Article 93)

**Article 99** Meeting of the board of directors shall be attended by the directors in person. If any director is unable to attend a meeting for whatever reason, he may appoint another director by a written power of attorney to attend the meeting of the board of directors on his behalf. The power of attorney shall set out the scope of authority.

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

(Mandatory Provisions: Article 94)

**Article 100** The board of directors shall cause the matters resolved at the meeting to be recorded in the minutes of the meeting. The directors present at the meeting and the person recording the minutes shall sign on such minutes. The directors are liable for the resolutions passed at the meeting of the board of directors. If a resolution of the board of directors contravenes the laws, administrative regulations or these Articles of Association as a result of which the Company sustains substantial losses, the directors participating in the passing of such resolutions shall be liable to compensate the Company provided that if it can be proved that a director expressly objected to the resolution when the resolution was put to vote and that such objection was recorded in the minutes of the meeting, such director may be exempted from such liability.

(Mandatory Provisions: Article 95)

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

**Article 101** The Company shall have a secretary of the board of directors. The secretary of the board of directors shall be a senior managerial officer of the Company.

(Mandatory Provisions: Article 96)

**Article 102** The secretary of the board of directors of the Company shall be a natural person who shall have the necessary professional knowledge and experience and who shall be appointed and dismissed by the board of directors and may be assumed by one or two persons. His principal duties

are:

- (1) to ensure the Company has complete organization documents and records;
- (2) to ensure that the Company prepares and files documents and reports as required by authorities in accordance with laws;
- (3) to ensure that the register of shareholders of the Company is properly maintained and to ensure that persons entitled to receive such records and documents are provided with the relevant records and documents without delay;
- (4) to perform the duties of company secretary as stipulated by laws and stated in these Articles of Association (including the reasonable request of the Board of Directors).

(Mandatory Provisions: Article 97)

**Article 103** A director or any other officer of the Company may concurrently hold the office of the secretary of the board of directors of the Company. An accountant of a firm of accountants retained as auditor by the Company shall not concurrently act as the secretary of the board of directors of the Company.

If a director acts as the secretary of the board of directors and an act is required to be done by a director and the secretary of the board of directors separately, such person who is at the same time the director and the secretary of the board of directors shall not perform such act in both capacities.

(Mandatory Provisions: Article 98)

## **Chapter 12 The Company's General Manager**

**Article 104** The Company shall have one General Manager who shall be appointed or dismissed by the board of directors.

(Mandatory Provisions: Article 99)

**Article 105** The General Manager shall be accountable to the board of directors and shall perform the following functions:

- (1) to be in charge of the production and business operation of the Company and to organize the implementation of the resolutions of the board of directors;
- (2) to organize the implementation of the annual business plan and investment program of the Company;
- (3) to prepare plans for the establishment of the internal management structure of the Company;
- (4) to prepare the basic management systems of the Company;
- (5) to formulate basic rules and regulations of the Company;
- (6) to propose the appointment or dismissal of the deputy general manager(s) and the financial controller of the company;

- (7) to appoint or dismiss principal management personnel other than those required to be appointed or dismissed by the board of directors;
- (8) other powers conferred by these Articles of Association and the board of directors.

(Mandatory Provisions: Article 100)

**Article 106** The General Manager may attend the meetings of the board of directors, but the General Manager, not being a director, shall not have the right to vote at the meetings of the board of directors.

(Mandatory Provisions: Article 101)

**Article 107** In performing their duties, the General Manager and the deputy general manager(s) shall not alter the resolutions of the meeting of the shareholders or of the board of directors or exceed the scope of his authority.

**Article 108** In performing their duties, the General Manager and the deputy general manager of the Company shall act in good faith and diligently according to laws, regulations and these Articles of Association.

(Mandatory Provisions: Article 102)

### **Chapter 13 Supervisory Committee**

**Article 109** The Company shall establish a supervisory committee.

(Mandatory Provisions: Article 103)

**Article 110** The supervisory committee shall comprise five persons, one of whom shall act as the chairman of the supervisory committee. The term of office of the supervisors shall be 3 years, after which the supervisors shall be eligible for re-election and re-appointment. The appointment and dismissal of the chairman of the supervisory committee shall be determined by a resolution passed by two-thirds or more of the members of the supervisory committee.

App.13 D  
(d)(i)  
Amended  
2000/2/28

(Mandatory Provisions: Article 104)

**Article 111** The supervisory committee shall include at least two independent supervisors and two representatives of the staff and workers of the Company. The representatives of the staff and workers shall be elected and removed democratically by the staff and workers; whereas all the other supervisors shall be elected and removed in the shareholders' general meeting.

Amended  
2000/2/28  
2016/12/28

(Mandatory Provisions: Article 105)

**Article 112** The Company's directors, managers and financial controller shall not at the same time act as supervisors.

(Mandatory Provisions: Article 106)

**Article 113** Meeting of the supervisory committee shall be convened at least once a year and shall be convened by the chairman of the supervisory committee.

(Mandatory Provisions: Article 107)



**Article 114** The supervisory committee shall be accountable to the shareholders' general meeting and shall carry out the following duties and powers in accordance with laws:

- (1) to inspect the financial position of the Company;
- (2) to supervise the acts of the directors, the general manager and other officers of the Company who contravene the laws, administrative regulations or these Articles of Association in discharging their duties;
- (3) to require the directors, the general manager and other officers of the Company to rectify their acts which have prejudiced the interests of the Company;
- (4) to review the financial information such as financial reports, business reports and profit distribution proposal to be submitted by the board of directors to the shareholders' general meeting; if any queries arise, the supervisors may appoint certified accountants or practicing auditors, in the name of the Company, to assist in the re-examination of the same;
- (5) to propose the convening of an extraordinary shareholders' meeting;
- (6) to represent the Company in negotiating with or in instituting legal proceedings against the directors;
- (7) other powers provided in these Articles of Association.

The Supervisors may attend the meetings of the board of directors.

(Mandatory Provisions: Article 108)

**Article 115** A meeting of the supervisory committee shall be attended by two-thirds or more of the supervisors. Each supervisor shall have one vote. A resolution of the supervisory committee shall be passed by two-thirds or more of the supervisors. App.13 D (d)(ii)

The meeting of the supervisory committee shall be attended by the supervisors in person. The supervisory committee shall cause the matters resolved in the meeting to be recorded in the minutes of the meeting. The supervisors who attend the meeting shall sign on the minutes of the meeting.

(Mandatory Provisions: Article 109)

**Article 116** Reasonable expenses incurred in engaging professionals such as lawyers, registered accountants and certified public auditors in the course of discharging the duties of the supervisory committee shall be borne by the Company.

(Mandatory Provisions: Article 110)

**Article 117** The supervisors shall carry out their supervisory duties in good faith in accordance with the laws, administrative regulations and these Articles of Association.

(Mandatory Provisions: Article 111)

## **Chapter 14 Qualifications and Obligations of the Directors, Supervisors, General Manager and Other Officers of the Company**

**Article 118** A person may not serve as a director, supervisor, general manager or other officer of the Company if any of the following circumstances apply:

- (1) the person lacks civil capacity or such capacity is otherwise being restricted;
- (2) the person has been convicted of an offence of corruption, bribery, misappropriation or embezzlement of properties or violating social and economic order, and less than 5 years have elapsed since the expiration of the enforcement period; or the person has been deprived of political rights due to conviction and less than 5 years have elapsed since the expiration of the enforcement period;
- (3) the person is a former director or factory manager or manager of a company or an enterprise which has become insolvent as a result of improper operation and management and such person is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of completion of the insolvency and liquidation of such company or enterprise;
- (4) the person was the legal representative of a company or an enterprise whose business license has been revoked as a result of the violation of the laws and who is personally liable, where less than three years have elapsed since the date of revocation of the business license of such company or enterprise;
- (5) the person has a relatively large amount of personal indebtedness which is due and outstanding;
- (6) the person is under criminal investigation by the judicial authorities due to violation of criminal laws, where such investigation is still pending;
- (7) the person is prohibited by laws or administrative regulations from acting as a leader of an enterprise;
- (8) the person is a non-natural person;
- (9) the person has been convicted of offences under the provisions of the relevant securities regulations by a relevant supervisory authority which involved fraud or dishonest acts and where less than five years have elapsed since the date of such conviction.

(Mandatory Provisions: Article 112)

**Article 119** The validity of an act of a director, general manager and other officer of the Company acting on behalf of the Company vis-a-vis a bona fide third party shall not be affected by the irregularities in the appointment, election or qualification of such person.

(Mandatory Provisions: Article 113)

**Article 120** In exercising his rights or discharging his duties, the director, supervisor, general manager and other officer owes a duty to exercise the care, diligence and skill of a reasonable and prudent person acting under similar circumstances.

(Mandatory Provisions: Article 115)

**Article 121** In discharging his duties, a director, supervisor, general manager and other officer of the Company shall observe the fiduciary principle and shall not put himself in a position where his personal interests and his duties may conflict. Such principle shall include but not be limited to, the undertaking of the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within, and not to exceed the scope of, his authority;
- (3) to exercise the discretionary power vested in him personally and not allow himself to act under the direction of another person and, unless and to the extent permitted by law or administrative regulations or the informed consent of the shareholders given in general meeting, not to delegate the exercise of his discretion;
- (4) to treat the shareholders of the same class equally and to treat the shareholders of different classes fairly;
- (5) unless otherwise provided herein or with the informed consent of the shareholders given in general meeting, not to enter into contracts, transactions or arrangements with the Company;
- (6) without the informed consent of the shareholders given in general meeting, not to use the property of the Company in any manner for his own benefit;
- (7) not to exploit his position to accept bribes or other unlawful income and not to deprive the Company of its property in any manner, including, but not limited to, to usurp the opportunities beneficial to the Company;
- (8) without the informed consent of the shareholders given in general meeting, not to accept any commission in connection with the transactions of the Company;
- (9) to abide by these Articles of Association, to perform his duties faithfully, to protect the interests of the Company, and not to pursue personal benefits by exploiting his position and authority in the Company;
- (10) without the informed consent of the shareholders given in general meeting, not to compete in any way with the Company;
- (11) not to misappropriate the funds of the Company or to lend the funds of the Company to others; not to deposit the assets of the Company in the accounts opened under his own name or the name of other persons; not to use the assets of the Company as security for the liabilities of the shareholders of the Company or any other persons;
- (12) without the informed consent of the shareholders given in general meeting, not to disclose any confidential information of the Company acquired during his term of office, provided that such information may be disclosed to a court of law or other governmental authorities under the following situations:
  - (a) disclosure is required by law;
  - (b) disclosure is required in the public interest;

- (c) disclosure is required in the interests of such director, supervisor, general manager and other officer.

(Mandatory Provisions: Article 116)

**Article 122** In addition to the obligations imposed by laws, administrative regulations or the listing rules of any stock exchange on which the shares of the Company are listed, a director, supervisor, general manager and other officer of the Company shall owe a duty to each shareholder in respect of the following obligations in the exercise of the powers entrusted to him by the Company:

- (1) not to cause the Company to exceed the scope of business stipulated in its business license;
- (2) to act faithfully in the best interests of the Company;
- (3) not to deprive the Company of its assets in any manner, including, but not limited to, not to usurp the opportunities beneficial to the Company;
- (4) not to deprive the personal interests of the shareholders including, but not limited to, the rights to distribution and voting rights save and except pursuant to a restructuring of the Company submitted to the shareholders for approval in general meeting in accordance with these Articles of Association.

(Mandatory Provisions: Article 114)

**Article 123** A director, supervisor, general manager and other officers of the Company shall not cause any one of the following persons or organizations (“connected persons”) to do such acts which such director, supervisor, general manager and other officers are prohibited from doing:

- (1) the spouse or the minor children of the director, supervisor, general manager and other officers;
- (2) a trustee of the director, supervisor, general manager and other officers or of the persons mentioned in paragraph (1) of this Article;
- (3) a partner of the director, supervisor, general manager and other officers or of the persons mentioned in paragraphs (1) and (2) of this Article;
- (4) companies actually and solely controlled by the director, supervisor, general manager and other officers, or companies actually and jointly controlled by the persons referred to in paragraphs (1), (2) and (3) of this Article or the director, supervisor, general manager, and other officers of the Company;
- (5) the director, supervisor, general manager and other officers of the Company being controlled as mentioned in paragraph (4) of this Article.

(Mandatory Provisions: Article 117)

**Article 124** The fiduciary duties of a director, supervisor, general manager and other officer of the Company do not necessarily cease upon the expiry of his term of office. The obligations to keep the trade secrets of the Company confidential shall survive the expiry of his term of office. The continuance of other obligations shall be determined on a fair basis depending on the length of the

time between its occurrence and his departure from office and the circumstances and the conditions under which his relation with the Company was terminated.

(Mandatory Provisions: Article 118)

**Article 125** The liability of a director, supervisor, general manager and other officers of the Company in respect of the breach of certain substantive obligations may be discharged with the informed consent by the shareholders given in general meeting except for the circumstances provided for in Article 50 of these Articles of Association.

(Mandatory Provisions: Article 119)

**Article 126** In the event that a director, supervisor, general manager and other officers of the Company are interested materially, directly or indirectly, in a contract, transaction or arrangement made or proposed to be made with the Company (except for the service contract of the director, supervisor, general manager and other officers with the Company), he shall disclose to the board of directors the nature and extent of his interest at the earliest opportunity, whether or not the relevant matters are subject to the approval by the board of directors in normal circumstances.

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Unless the director, supervisor, general manager and other officers of the Company so interested has disclosed such interest to the board of directors as required in this Article and the board of directors has approved the same in a meeting in which he has not been counted in the quorum and has refrained from voting, the Company shall have the right to revoke such contract, transaction or arrangement except as against a bona fide party without notice of the breach of the duty by the director, supervisor, general manager and other officers concerned.

If any connected person or any associate (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Associate**") of a director, supervisor, general manager or other officers of the Company is interested in certain contracts, transactions or arrangements, such director, supervisor, general manager or officers shall also be deemed as interested in the same.

(Mandatory Provisions: Article 120)

**Article 127** If, before the Company first considers the entering into of the relevant contract, transaction or arrangement, a director, supervisor, general manager and other officer of the Company gives written notice to the board of directors, stating that by reasons of the facts contained in the notice, he, or any of his Associates, is interested in such contract, transaction or arrangement to be entered into by the Company subsequently, such director, supervisor, general manager and other officers shall be deemed to have made such disclosure as stipulated in the preceding Article of this Chapter to the extent as stated in the notice.

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(Mandatory Provisions: Article 121)

**Article 128** The Company shall not in any manner pay taxes on behalf of any of its directors, supervisors, general manager and other officers.

(Mandatory Provisions: Article 122)

**Article 129** No loans, guarantees for loans or other payments shall be provided, directly or indirectly, by the Company to a director, supervisor, general manager and other officers of the

Company or of its parent company, nor shall such loans or guarantee for loans or payments be provided to the connected persons of the above-mentioned persons.

The provisions as aforesaid shall not apply to the following situations:

- (1) the Company provides loans or guarantee for loans to its subsidiaries;
- (2) the Company provides to a director, supervisor, general manager or other officers under an employment contract approved by the general meeting of a loan or guarantee for a loan or other funds to meet expenditure incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties;
- (3) if the ordinary course of business of the Company includes the provision of loans and guarantees for loans, the Company may provide loans or guarantees for loans to the relevant director, supervisor, general manager and other officers and their connected persons provided that the terms of such loans or guarantees for loans should be on normal commercial terms.

(Mandatory Provisions: Article 123)

**Article 130** If the provision of a loan made by the Company is in breach of the provisions of the preceding Article, the recipient of the loan should repay the same forthwith regardless of the terms of such loan.

(Mandatory Provisions: Article 124)

**Article 131** Guarantees for loans provided by the Company in breach of the provisions of paragraph 1 of Article 129 of these Articles of Association shall be unenforceable against the Company except under the following situations:

- (1) at the time when the loans were made to the connected persons of the director, supervisor, general manager and other officers of the Company or those of its parent company, the lender has no knowledge of the circumstances;
- (2) the security provided by the Company has been legally sold by the lender to a bona fide purchaser.

(Mandatory Provisions: Article 125)

**Article 132** The guarantee referred to in the preceding Article shall include the assumption of obligations by the guarantor or the provision of property to secure the performance of obligations by the obligor.

(Mandatory Provisions: Article 126)

**Article 133** Where a director, supervisor, general manager or other officer of the Company is in breach of his obligations to the Company, the Company shall apart from the various rights and remedies provided by laws and administrative regulations be entitled to take the following measures:

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- (1) to demand the relevant director, supervisor, general manager or officer pay damages for the losses sustained by the Company as a result of the dereliction of duties on his part;
- (2) to revoke any contract or transaction made between the Company and the relevant

director, supervisor, general manager or officer, or any Associate of such persons, and a contract or transaction made between the Company and a third party (if such third party knows or should have known that the director, supervisor, general manager or officer representing the Company are in breach of the obligations to the Company);

- (3) to demand the relevant director, supervisor, general manager or officer account for the profits received by him as a result of the breach of the obligations;
- (4) to recover from the relevant director, supervisor, general manager or officer the monies which should have been received by the Company including, but not limited to, commission received by them;
- (5) to demand the relevant director, supervisor or officer return the interest earned or that may be earned from the monies which should have been payable to the Company;
- (6) through legal proceedings, to demand a verdict that the properties which the relevant director, supervisor or officer received as a result of the breach of the obligations shall be the properties of the Company.

(Mandatory Provisions: Article 127)

**Article 134** The Company shall enter into a contract in writing with directors and supervisors of the Company in respect of remuneration, with the prior approval of the shareholders in general meeting. The remuneration matters as aforesaid shall include:

- (1) the remuneration for acting as a director, supervisor or other officer of the Company;
- (2) the remuneration for acting as a director, supervisor or other officer of a subsidiary of the Company;
- (3) the remuneration for the provision of other services in the management of the Company or its subsidiaries; and
- (4) the payment for compensation for loss of office or retirement of such directors and supervisors.

Except pursuant to the contract as aforesaid, no legal proceedings shall be instituted by a director or supervisor in respect of the benefits receivable by him in respect of the aforesaid matters.

(Mandatory Provisions: Article 128)

**Article 135** There shall be a provision in the contract in relation to remuneration made between the Company and a director or supervisor of the Company that the director or the supervisor of the Company shall be entitled to the compensation or other payments as a result of loss of office or retirement when the Company is to be taken over, provided that prior approval shall have been obtained at a shareholders' general meeting. A takeover of the Company referred to above shall mean one of the following situations:

- (1) a takeover offer to all shareholders has been made by any person;
- (2) a takeover offer has been made by any person to enable the offeror to become the controlling shareholder. The meaning of "controlling shareholder" is the same as that

defined in Article 51 of these Articles of Association.

In the event that the relevant director or supervisor does not comply with the provisions of this Article, any monies received by him shall belong to the persons who sold their shares as a result of the offer made and the expenses incurred as a result of pro rata distribution of such monies shall be borne by such director or supervisor and such expenses shall not be deducted from such monies.

(Mandatory Provisions: Article 129)

## **Chapter 15 Financial Accounting System and Distribution of Profits**

**Article 136** The Company shall establish the financial accounting system of the Company in accordance with laws, administrative regulations and the provisions of the PRC accounting standards formulated by the financial supervisory authorities of the State Council.

(Mandatory Provisions: Article 130)

**Article 137** The Company shall prepare a financial report at the end of each accounting year and the same shall be audited in accordance with law.

The financial and accounting report of the Company shall include the following financial and accounting statements and schedules:

- (1) balance sheet;
- (2) profit and loss account;
- (3) statement of change in financial status;
- (4) explanation of financial situations; and
- (5) profit distribution statement.

(Mandatory Provisions: Article 131)

**Article 138** The financial report prepared by the Company in accordance with the relevant laws, administrative regulations and regulatory documents issued by local government or supervisory authorities shall be submitted by the board of directors of the Company to the shareholders at each annual general meeting.

(Mandatory Provisions: Article 132)

**Article 139** The financial report of the Company shall be prepared not only in accordance with PRC accounting standards and legal regulations, but also in accordance with international accounting standards or the accounting standards of the place outside PRC where the shares of the Company are listed. If there are any material discrepancies in the financial reports prepared in accordance with the two accounting standards, such discrepancies shall be expressly stated in the notes of the financial report. For the purpose of the distribution of profits after taxation of the Company for the relevant accounting year, the lesser amount of profit after taxation stated in the said two financial reports shall prevail.

(Mandatory Provisions: Article 134)



**Article 140** The financial report of the Company shall be made available at the registered address of the Company for inspection by shareholders 20 days prior to the holding of the annual general meeting. Each shareholder of the Company shall be entitled to obtain the financial report mentioned in these Articles of Association.

Copies of the director's report, aforesaid financial report, together with the balance sheet and profit and loss account, shall be sent by prepaid post to each holder of overseas listed foreign invested shares at least 21 days prior to the annual general meeting. The address of the recipient shall be the address recorded in the register of shareholders.

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(Mandatory Provisions: Article 133)

**Article 141** The interim results or financial information published or disclosed by the Company should be prepared in accordance with PRC accounting standards and legal regulations as well as international accounting standards or accounting standards of the place where the shares of the Company are listed.

(Mandatory Provisions: Article 135)

**Article 142** The Company shall announce two financial reports in each accounting year. The interim report shall be announced within 60 days after the first six months of an accounting year and the annual financial report shall be announced within 120 days after the end of the accounting year.

(Mandatory Provisions: Article 136)

**Article 143** No books of account other than those provided by law shall be established by the Company.

(Mandatory Provisions: Article 137)

**Article 144** The Company shall have an internal audit system and shall establish an internal audit department or have internal audit staff, for the carrying out of internal audit and supervision on the financial matters and economic activities of the Company under the leadership of the Board of Directors.

**Article 145** The profit of the Company shall be distributed in the following order of priority after payment of relevant taxes:

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- (1) making up losses;
- (2) allocation to the statutory reserve fund;
- (3) payment of dividends to preferential shareholders (if any);
- (4) allocation to the discretionary reserve fund; and
- (5) payment of dividends to ordinary shareholders.

The actual proportion of distribution in each year in respect of paragraphs (4) and (5) of this Article shall be proposed by the board of directors in accordance with the operational condition and development requirements of the Company and shall be approved by the shareholders in general meeting. No dividend shall be distributed by the Company before losses have been made up and allocation to the statutory common reserve fund have been made. The Company shall not pay any

interest to shareholders in respect of dividends, except those dividends which are due and payable but not yet paid by the Company.

**Article 146** Dividends of ordinary shares or other distributions shall be declared and calculated in Renminbi. Dividends of domestic invested shares shall be paid in Renminbi. Dividends or other distributions of H Shares shall be paid in Hong Kong dollars according to the relevant PRC foreign exchange regulations: The exchange rate shall be the average closing price of Hong Kong dollars to Renminbi declared by the People's Bank of China in the 5 trading days immediately preceding the date of the declaration of dividends or other distributions or in accordance with other exchange rates regulated or permitted by the relevant laws and regulations.

**Article 147** The Company shall allocate 10% of the profit after tax to the statutory reserve fund. It needs not allocate further amount if the accumulated amount of the statutory common reserve fund has reached 50% of registered capital.

**Article 148** (Deleted)

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**Article 149** If the statutory reserve fund is not sufficient to make up the losses of the Company in the preceding years, the profits of that year shall be used for making up such losses before the allocation to the statutory reserve fund.

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**Article 150** Where resolutions have been passed in the general meeting, the Company may make allocation to the discretionary reserve fund after the allocation to the statutory reserve fund has been made.

**Article 151** The shareholders in general meeting or the board of directors of the Company shall not pay any dividends to the shareholders before the Company has made up its losses and has made allocation to the statutory reserve fund. The dividends paid in breach of this Article shall be returned to the Company.

Amended  
2006/6/14

No Profit shall be distributed for any shares issued by the Company and held by the Company.

**Article 152** The capital reserve fund shall include the following items:

- (1) premium received in excess of the par value of the shares issued;
- (2) other revenue required by the competent financial department of the State Council to be so included.

(Mandatory Provisions: Article 138)

**Article 153** The reserve fund of the Company includes statutory reserve fund, discretionary reserve fund and capital reserve fund. The reserve fund shall only be used for the following purposes:

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- (1) making up losses;
- (2) expansion of the production and operation of the Company;
- (3) conversion into additional share capital of the Company. With the approval of the shareholders in general meeting, the Company may convert the statutory common reserve fund into share capital, and issue bonus shares to shareholders pro rata to their existing shareholdings or increase the par value of the shares. However, when the statutory reserve fund is converted into share capital, the amount remaining in such statutory reserve fund

shall not be less than 25% of the registered capital of the Company prior to the conversion; and

- (4) other purposes stipulated by the State.

However, capital reserve fund shall not be used to make up losses of the Company.

**Article 154** Dividends of the Company of each year shall be paid within six months after the end of each financial year to each shareholder in proportion to their respective shareholding. The annual dividends shall be passed by shareholders in general meeting, and the amount of dividends to be distributed shall be proposed by the Board of Directors.

The Board of Directors may determine to distribute interim dividends after approval by the shareholders in general meeting.

**Article 155** Dividends may be distributed in the following ways:

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

(Mandatory Provisions: Article 139)

**Article 156** When distributing dividends, the Company shall withhold on behalf of the shareholders the tax payable on dividend income in accordance with PRC tax law.

**Article 157** The Company shall appoint receiving agents on behalf of the shareholders of overseas listed foreign invested shares. Receiving agents shall receive on behalf of the relevant shareholders dividends distributed and other monies payable by the Company in respect of the overseas listed foreign invested shares.

The receiving agent appointed by the Company shall comply with the laws and the requirements of the regulations of the stock exchange where the shares of the Company are listed.

The receiving agent appointed by the Company on behalf of H shareholders shall be a trust company registered in accordance with the Trustee Ordinance of Hong Kong.

The Company shall not exercise power to forfeit any unclaimed dividends of the H shares before the expiration of the relevant limitation period.

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3(2)

(Mandatory Provisions: Article 140)

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

**Article 158** The Company shall appoint an independent accounting firm which is qualified according to the relevant requirements of the State for the purpose of auditing the annual financial report and reviewing other financial reports of the Company.

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

If the inaugural meeting fails to exercise its powers under the preceding paragraph, those powers shall be exercised by the board of directors.

(Mandatory Provisions: Article 141)

**Article 159** The accounting firm appointed by the Company shall hold office from the conclusion of the last annual general meeting until the conclusion of the next annual general meeting.

(Mandatory Provisions: Article 142)

**Article 160** The accounting firm appointed by the Company shall have the following rights:

- (1) to inspect the books and accounts, records or evidence of the Company at any time and to require directors, managers or other officers of the Company to provide the relevant information and explanation;
- (2) to require the Company to take all reasonable steps to obtain from its subsidiaries information and explanation which are necessary for such accounting firm to carry out its duties;
- (3) to attend meetings of shareholders and receive notice of meeting and other information related to such meeting which any shareholder is entitled to receive and speak at any meeting of shareholders about the matters related to its being the accounting firm of the Company.

(Mandatory Provisions: Article 143)

**Article 161** If the office of the accounting firm becomes vacant, the board of directors shall, before convening of the general meeting, have the right to appoint an accounting firm to fill such vacancy provided that if there is another accounting firm in office for the Company during the period of such vacancy, such accounting firm may act.

(Mandatory Provisions: Article 144)

**Article 162** The shareholders in general meeting may by ordinary resolution remove an accounting firm prior to the expiration of its term of office notwithstanding anything contained in the contract entered into between the accounting firm and the Company but without prejudice to the right of the accounting firm to claim damages against the Company for such removal.

(Mandatory Provisions: Article 145)

**Article 163** The remuneration or the manner in which such remuneration shall be determined shall be decided by the shareholders in general meeting. The remuneration of the accounting firm appointed by the board of directors shall be determined by the board of directors.

(Mandatory Provisions: Article 146)

**Article 164** The decisions of the Company to appoint, dismiss or not to re-appoint an accounting firm shall be made by the shareholders in general meeting and shall be put on file with the securities supervisory authorities of the State Council.

Where a resolution is proposed to be passed at a shareholders' general meeting to appoint a firm other than an incumbent accounting firm to fill any vacant office of an accounting firm, or to re-

App.13D  
(e)(i)

appoint an accounting firm who has been appointed by the board of directors to fill a vacancy, or to remove an accounting firm before the expiration of its term of office, the following provisions should apply:

- (1) a copy of the resolution relating to the appointment and vacation of office shall be sent to the accounting firm proposed to be appointed or the accounting firm which intends to vacate its office or the accounting firm who has vacated from its office in the relevant accounting year, before the notice of meeting of the shareholders' general meeting is served on the shareholders (vacating office includes leaving by removal, resignation and retirement).
- (2) if the accounting firm which is vacating its office makes a representation in writing and requests the Company to notify the shareholders of that representation, the Company should, unless the written representation is received beyond the deadline, take the following measures:
  - (a) in any notice of the resolution given to the shareholders, state the fact of the representation having been made;
  - (b) send a copy of the representation to the shareholders who are entitled to receive notice of general meetings.
- (3) if the Company does not send the representations of the relevant accounting firm under paragraph (2) of this Article, such accounting firm may require that the representation be read out at the meeting of shareholders and may make further statements.
- (4) an accounting firm which is vacating its office shall be entitled to attend the following meeting:
  - (a) the general meeting at which its term of office would otherwise have expired;
  - (b) the general meeting at which it is proposed to fill the vacancy caused by its removal; and
  - (c) the general meeting convened due to its resignation.

The accounting firm vacating its office shall be entitled to receive all notices or other relevant information of the said meetings, and speak at the said meetings in respect of the affairs in which it is involved as a former accounting firm of the Company.

(Mandatory Provisions: Article 147)

**Article 165** When the Company dismisses or does not re-appoint an accounting firm, it shall give advance notice to the accounting firm. The accounting firm shall have the right to make representations at the general meeting. Where the accounting firm resigns, it shall state in the general meeting whether or not there are irregularities in the Company.

An accounting firm may resign by depositing a written notice of resignation at the registered address of the Company. The notice shall be effective on the date when the notice is deposited at the registered address of the Company or a later date specified in the notice. Such notice shall contain the following statements:

- (a) a statement to the effect that there are no circumstances connected with its resignation

App.13D  
(e)(ii)

which it considers should be brought to the notice of the shareholders or creditors of the Company; or

- (b) a statement of any such circumstances.

When the Company receives the notice referred to in the aforesaid Article, it shall within 14 days send a copy of the notice to the supervisory authorities. If the notice contains the statement mentioned in (b) of the aforesaid Article, a copy of the notice shall be kept by the Company at the registered address of the Company for the inspection by the shareholders. The Company shall also send a copy of the aforesaid representation to each holder of the overseas listed foreign invested shares by prepaid post. The address of the recipient shall be as recorded in the register of shareholders.

App.13D  
(e)(iii)

When the notice of resignation of the accounting firm contains a statement described in aforesaid paragraph (b), the accounting firm may require the board of directors to convene an extraordinary general meeting for the purpose of hearing its explanation of the circumstances in connection with its resignation.

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(e)(iv)

(Mandatory Provisions: Article 148)

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

**Article 166** A proposal for merger or division of the Company shall be proposed by the board of directors of the Company, and shall be passed by the shareholders in general meeting by special resolution and submitted to the department authorized by the State Council for approval. Shareholders who object to the proposal for merger or division of the Company shall be entitled to require the Company or the shareholders who consent to the proposal for merger or division of the Company to purchase their shares at a fair price. The contents of the resolutions of merger or division of the Company shall be compiled as a special document for inspection by the shareholders.

The document mentioned above shall be delivered by post to the holders of overseas listed foreign invested shares.

(Mandatory Provisions: Article 149)

**Article 167** The merger of the Company may take the forms of merger of absorption and merger by establishment of a new company.

In the event of merger of the Company, the parties involved in the merger shall execute a merger agreement and prepare a balance sheet and a list of assets. The Company shall notify the creditors within 10 days from the date of the merger resolution and shall make announcement in newspapers at least three times within 30 days thereof.

After completion of the merger, the creditor's rights and debts of the parties involved in the merger shall be assumed by the company surviving the merger or the new company established after the merger.

(Mandatory Provisions: Article 150)

**Article 168** In the event of a division of the Company, its assets shall be divided accordingly.

In the event of a division of the Company, the parties involved shall execute a division agreement and prepare the balance sheet and list of assets. The Company shall notify the creditors

within 10 days from the date of the division resolution and shall make an announcement in newspapers at least three times within 30 days thereof.

The liabilities of the Company prior to the division shall be undertaken by the companies after such division in accordance with the agreement entered into.

(Mandatory Provisions: Article 151)

**Article 169** In the event of a merger or division of the Company, alterations in the registered matters of the Company shall be registered at the company registration authorities in accordance with law; in the event of a dissolution of the Company, the cancellation of registration shall be made in accordance with law; in the event of the setting up of a new company, the registration of incorporation thereof shall be made in accordance with law.

(Mandatory Provisions: Article 152)

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

**Article 170** The Company shall dissolve and proceed with liquidation in accordance with law upon occurrence of any one of the following events:

- (1) the expiry of the term of business operation;
- (2) a special resolution is passed by the shareholders in general meeting to dissolve the Company;
- (3) dissolution of the Company is necessary due to a merger or division of the Company;
- (4) the Company is legally declared insolvent in accordance with law as a result of its inability to pay debts when due;
- (5) closure of the Company in accordance with law as a result of its contravention of laws or administrative regulations.

(Mandatory Provisions: Article 153)

**Article 171** In the event that the Company is dissolved under the provisions of paragraph (1) and (2) of the preceding Article, a liquidation committee shall be set up within 15 days, the members of which shall be determined by way of ordinary resolution passed in a general meeting; if no liquidation committee is set up on time to proceed with the liquidation, the creditors may apply to the People's Court to designate relevant personnel for setting up the liquidation committee to proceed with the liquidation.

In the event that the Company is dissolved under the provisions of paragraph (4) of the preceding Article, the People's Court shall, according to the provisions of laws, organize the shareholders, the personnel of the relevant supervisory authorities and relevant professionals to form a liquidation committee to proceed with the liquidation.

In the event that the Company is dissolved under the provisions of paragraph (5) of the preceding Article, the relevant supervisory authority shall organize the shareholders, personnel from the relevant authorities and relevant professionals to form a liquidation committee to proceed with the liquidation.

(Mandatory Provisions: Article 154)

**Article 172** In the event that the board of directors decides to liquidate the Company (except for liquidation as a result of the declaration of insolvency by the Company), it shall specify in the notice convening the general meeting for such purpose that the board of directors has made a full inquiry of the affairs of the Company and is of the opinion that the Company will be able to pay all its debts within 12 months upon commencement of liquidation.

Upon the passing of the liquidation resolution at the general meeting, the duties of the board of directors of the Company shall cease.

The liquidation committee shall comply with the directions of the shareholders in general meeting, report to the shareholders in general meeting at least once a year in respect of the income and expenditure of the liquidation committee, the business of the Company and the progress of the liquidation and submit final report to the shareholders in general meeting when the liquidation is completed.

(Mandatory Provisions: Article 155)

**Article 173** The liquidation committee shall notify the creditors within 10 days of its establishment and announce the same in the newspapers at least three times within 60 days. Those creditors who received the notice of the liquidation committee shall within 30 days from the date of receipt of such notice, and those who have not received the notice shall within 90 days as from the date of the first announcement, make any claim.

When the creditors make a claim, they shall describe the relevant matters in respect of their claim and provide evidence thereof. The liquidation committee shall register all creditors' claims.

(Mandatory Provisions: Article 156)

**Article 174** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to dispose of the properties of the Company, to prepare a balance sheet and list of assets respectively;
- (2) to give notice or make announcement to the creditors;
- (3) to deal with and liquidate the uncompleted business of the Company related to the liquidation;
- (4) to effect payment of all taxes due;
- (5) to settle debts and indebtedness;
- (6) to deal with the assets remaining after settlement of debts by the Company;
- (7) to represent the Company in any civil proceedings.

(Mandatory Provisions: Article 157)

**Article 175** After the assets of the Company have been disposed of and the balance sheet and list of assets have been completed, the liquidation committee shall prepare a liquidation plan and submit the same to the shareholders' general meeting or the relevant supervisory authorities for



confirmation.

In the event that the assets of the Company are sufficient to repay the debts of the Company, they shall be used for paying liquidation expenses and wages due to the staff and workers of the Company and the labor insurance expenses and for paying the taxes due and settling the debts of the Company.

The remaining assets of the Company after settlement in accordance with the provisions aforesaid shall be distributed to the shareholders of the Company in accordance with the class and proportion of shares held by them.

During the liquidation period, no new business activities shall be commenced by the Company. No asset of the Company shall be distributed to the shareholders before repayment of the debt in accordance with paragraph (2) mentioned above.

(Mandatory Provisions: Article 158)

**Article 176** Where the Company is liquidated due to dissolution, if the liquidation committee, after the disposal of the assets of the Company and preparation of the balance sheet and list of assets, discovers that the assets of the Company are insufficient to settle the debts, it shall forthwith make an application to the People's Court for a declaration of insolvency.

After the declaration of insolvency by the People's Court, the liquidation committee shall transfer the liquidation matters to the People's Court.

(Mandatory Provisions: Article 159)

**Article 177** The expenses of liquidation, including the remuneration of the members and consultants of the liquidation committee, shall be appropriated and paid out of the assets of the Company before the repayment of debts to other creditors.

**Article 178** Upon the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report and statement of income and expenditure and the financial accounts for the liquidation which, upon verification by an accountant registered in China, shall be submitted to the shareholders' general meeting or the relevant supervisory authorities for confirmation.

The liquidation committee shall submit within 30 days after the confirmation by the shareholders' general meeting or the relevant supervisory authorities the documents mentioned above to the company registration authorities and apply for the cancellation of the registration of the Company and announce the termination of the Company. If it fails to apply for cancellation of the registration, the Business License of the Company shall be revoked by the Company registration authorities and announcement shall be published accordingly.

(Mandatory Provisions: Article 160)

## **Chapter 19 Labor Management and Trade Union**

**Article 179** The Company shall establish labor management, personnel management, wages, welfare and social insurance systems according to laws, regulations and relevant administrative regulations of the PRC.

**Article 180** The Company shall adopt an appointment system in each level of the management staff, and a contract system with other staff of the Company. The company shall have autonomy in

deciding the allocation of staff, and shall have the right to recruit and dismiss management staff and general staff on its own accord in accordance with the provisions of laws, regulations and contract.

**Article 181** The Company shall arrange for medical insurance, retirement insurance and unemployment insurance for the managerial staff and general staff and workers of the Company in accordance with the relevant laws, regulations and rules of the PRC, and shall implement the provisions of the laws, regulations and the relevant stipulations relating to labor insurance and labor protection for retired and unemployed workers.

**Article 182** The staff and workers of the Company shall have the right to establish a trade union, carry out trade union activities and protect the legal rights and interests of the staff and workers of the Company according to laws. The Company shall provide necessary conditions for the activities of the trade union. The Company shall also provide funds for the trade union in accordance with the laws of the PRC for the carrying out of trade union activities.

Amended  
2006/6/14

The trade union of the Company shall enter into contracts with the Company on behalf of the staff and workers of the Company collectively in accordance with the law in relation to the labor remuneration, working hours, welfare, insurance, labor safety and hygiene of the staff and workers.

## Chapter 19A Party Organization

Inserted  
2017/12/18

**Article 19A.1** This chapter is formulated to suit the needs of the development of socialistic market economy, establishing modern state-owned enterprise regulating system with Chinese characteristics, governing the organization and action of company, protecting the legal interests of investors, the Company and creditors, as well as pursuant to relevant laws, rules and regulations, including but not limited to, the Company Law of the People’s Republic of China, the Enterprise State-owned Asset Law of the People’s Republic of China, and the Articles of Association of the Chinese Communist Party (the “Party Articles”).

**Article 19A.2** These Articles of Association constitute a legal document that governs the organization and action of company, with binding power over investor, company, leading members of party organization (and disciplinary inspection organization), directors, supervisors, as well as senior management.

**Article 19A.3** Pursuant to relevant rules under the Party Articles, the Company sets up organization of the Chinese Communist Party, carries out activities of the party. Party organization, acting as core of leadership and politic, sets direction, oversees overall situation, and ensures implementation. The Company establishes working organization of the party, providing sufficient staff for party affairs, ensures the funding needed for party organization works, and providing the necessary condition for party organization’s activities.

**Article 19A.4** The Company sets up Chinese Communist Party Commission of Zhejiang Expressway Co., Ltd. (the “Party Commission”) and Chinese Communist Party Disciplinary Inspection Commission of Zhejiang Expressway Co., Ltd. (the “Disciplinary Commission”).

**Article 19A.5** Positions of secretary, deputy secretary and members of the Party Commission and the Disciplinary Commission are to be set up in accordance with directive given by higher level party organization, and to be elected or appointed pursuant to relevant rules under the Party Articles. Party Commission secretary and chairman of the Company should be assumed by the same person in principle. Qualified leading members of the Party Commission may assume positions within the board of directors, the supervisory committee, and the management through legal procedures. Likewise, qualified members of the board of directors, the supervisory committee, and the management may assume positions within the leading members of the Party Commission following relevant rules and

procedures.

**Article 19A.6** The Company sets up working organization for party affairs independently or jointly, providing party affairs working staff no less than the average staffing level for internal organizations, with party affairs working staff enjoying the same treatment as operation management staff at the same level. The Disciplinary Commission provides working staff to carry out disciplinary inspection works independently or jointly. At the same time, the Company should set up social organizations such as labor organization and communist youth league in accordance with law, safeguarding the legal interests of employees.

**Article 19A.7** The organization structure and staff hiring quotas of the Party Commission should be incorporated into corporate management structure and staff hiring quotas, with working funds of party development works constituting part of corporate management cost.

**Article 19A.8** The Party Commission shall discharge the following duties in accordance with the Party Articles and relevant rules:

- (1) to supervise and ensure the principles and policies of the party and the country are implemented at the Company, including important strategic decisions from party central committee, the state council, the provincial party committee and the provincial government.
- (2) to participate in major decisions of the Company, taking part in discussions on reform, development and stability of the Company, major operation management decisions, as well as major issues involving core interests of employees, supporting the board of directors, supervisory committee and management in discharging their responsibilities in accordance with law.
- (3) to integrate the principle of party in charge of cadres with the board of directors' selection of management in accordance with law, as well as the management's power to select staff in accordance with law. The Party Commission should place checks on various personnel selection processes, including standards adopted, regulate procedures, participate in investigation and recommendation of candidates, ensuring the formation of a robust cadres team at the Company. Be resolute on the principle of party in charge of human resources, and fully implement the strategy of bolstering enterprise with talents.
- (4) to strengthen the supervision over management of the Company, enhance internal supervision system, integrate internal supervision resources, and improve supervision mechanism over power functioning.
- (5) to strengthen party organization development, party member development and training management at the local level, fully exert fighting spirit of local party organization and exemplary vanguard role of party members.
- (6) to discharge the main responsibility of constructing clean party and clean government, fight against corruption and support the works of the Disciplinary Commission.
- (7) to lead the Company's works on ideology and politics, the united front, development of socialist culture and ethics, development of corporate culture, as well as organizations such as labor union and communist youth league.
- (8) to work on remaining issues that the Party Commission should have participated in or decided upon.

**Article 19A.9** The main procedures for the Party Commission to participate in decision making:

- (1) the Party Commission holds meetings to discuss major issues to be decided upon by the board of directors and management, providing advices and recommendations. The Party Commission can propose other major issues to the board of directors and the management for consideration should it believe that they need to be decided by the board of directors and management.
- (2) members of the Party Commission who are also members of board of directors, the management, especially the chairman of the board and general manager, should communicate with other members of board of directors and management about the advices and recommendations from discussions held by the Party Commission before the subjects are formally presented to the board of directors or management.
- (3) members of the Party Commission who are also members of board of directors and management should expressly convey the advices and recommendations from discussions held by the Party Commission during the decision making process of the board of directors and management, and report the decisions made to the Party Commission in a timely manner.
- (4) the Party Commission must propose to repeal or delay any decision made by the board of directors or management should it find them contradicting with the courses, principles and policies of the party or the laws and regulations of the country, or that they may damage the legal interests of the country, the public, the enterprise and the employees. If the decision is not rectified, it must be reported to the higher level party organization in a timely manner.
- (5) the decision making at the Party Commission must reflect collective leadership, democratic centralism, individual consultation, and decision after group consultation. Major decisions should be reached after full consultation, going through scientific, democratic and legal processes.

**Article 19A.10** The Company can hold extraordinary board meeting upon proposal from the Party Commission.

**Article 19A.11** The board of directors and management should take note of advices of the Party Commission prior to deciding on the Company's major issues.

**Article 19A.12** When provisions at other parts of these Articles of Association differ or conflict with provisions within this chapter, provisions within this chapter shall prevail.

## **Chapter 20 Procedures for Amending the Articles of Association of the Company**

**Article 183** The Company may amend these Articles of Association pursuant to laws, administrative regulations and the provisions of these Articles of Association.

(Mandatory Provisions: Article 161)

**Article 184** The amendments to these Articles of Association which involve the contents of the “Mandatory Provisions for the Articles of Association of Companies Seeking a Listing Outside the PRC” shall be effective upon the approval of the same by the examination and approval authorities of companies authorized by the State Council and the Securities Commission of the State Council. If the amendments involve the registered items of the Company, the Company shall apply for registration of changes in the registered items in accordance with law.

(Mandatory Provisions: Article 162)

## **Chapter 21 Dispute Resolution**

**Article 185** The Company shall comply with the following rules of dispute resolution:

- (1) Whenever any disputes or claims relating to the affairs of the Company arise from the rights and obligations provided for in these Articles of Association, the Company Law and other relevant laws and administrative regulations, between the shareholders of overseas listed foreign invested shares and the Company, between the shareholders of overseas listed foreign invested shares and the directors, supervisors, managers or other officers of the Company, between the shareholders of overseas listed foreign invested shares and shareholders of domestic invested shares, the parties involved shall refer such disputes or claims to arbitration.

The disputes or claims mentioned above which are referred to arbitration shall be the entire dispute and claim; all persons having a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of the disputes or claims, if they are, shareholders of the Company, directors, supervisors, managers or other officers of the Company, shall submit themselves to such arbitration.

Disputes over who is a shareholder and over the register of shareholders need not be resolved through arbitration.

- (2) The party seeking arbitration may elect to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission according to its arbitration rules or by the Hong Kong International Arbitration Center according to its securities arbitration rules. Once the party seeking arbitration submits a dispute or claim to arbitration, the other party shall submit to the arbitral body selected by the party seeking the arbitration.

If the party seeking arbitration elects to arbitrate at the Hong Kong International Arbitration Center, either party may apply to have such arbitration conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Center.

- (3) The laws of the PRC shall govern the arbitration of disputes or claims described in paragraph (1) of this Article unless otherwise provided by laws and administrative regulations.
- (4) The ruling of the arbitral body shall be final and binding on the parties thereto.

(Mandatory Provisions: Article 163)

## Chapter 22 Supplementary Provisions

**Article 186** Where the provisions of these Articles of Association require compliance with some law in particular, and if that law is Hong Kong law and the circumstances requires that the law of Hong Kong shall apply, then it shall be interpreted as if the Company were a joint stock limited company incorporated in Hong Kong and the shares of which are listed on The Stock Exchange of Hong Kong Limited, in which case the laws of Hong Kong may apply.

**Article 187** The newspapers in which the announcements are published as required by these Articles of Association, refer to the newspapers designated or required by the relevant laws, regulations or rules. Where the announcements are given to the shareholders of H shares according to the provisions, then such announcements shall at the same time be published in the newspapers designated by the Listing Rules in accordance with the requirements of “newspaper publications” as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

App.3  
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**Article 188** The “Accounting Firm” referred to in these Articles of Association shall have the same meaning as “Auditor” in Hong Kong.

1. *Original Articles of Association was passed at the meeting of the establishment of the Company on 27<sup>th</sup> February 1997*
2. *Revised by special resolutions at the shareholders’ general meeting of the Company held on 2<sup>nd</sup> March 1997 to constitute current Articles of Association*
3. *Approved by the State Commission for Restructuring the Economic System and became effective on 20<sup>th</sup> March 1997*
4. *Amended by Special Resolution passed on the 1997 Annual General Meeting held on 25<sup>th</sup> May 1998 (Articles 18,19)*
5. *Amended by Special Resolution passed on the 1998 Annual General Meeting held on 6<sup>th</sup> May 1999 (Articles 3,11)*
6. *Amended by Special Resolution passed on the Extraordinary General Meeting held on 28<sup>th</sup> February 2000 (Articles 90, 110, 111)*
7. *Amended by Special Resolution passed on the Extraordinary General Meeting held on 22<sup>nd</sup> March, 2001 (Articles 1,19)*
8. *Amended by Special Resolution passed on the 2001 Annual General Meeting held on 30<sup>th</sup> April 2002 (Articles 1,11,18,19)*
9. *Amended by Special Resolution passed on the 2003 Annual General Meeting held on 21<sup>st</sup> May 2004 (Articles 40, 48A, 70, 81A, 91, 126, 127,133)*
10. *Amended by Special Resolution passed on the 2005 Annual General Meeting held on 14<sup>th</sup> June 2006 (Articles 3, 145, 148, 149, 151, 153, 182)*
11. *Amended by Special Resolution passed on the Extraordinary General Meeting held on 18<sup>th</sup> October 2010 (Articles 19, 90)*
12. *Amended by Special Resolution passed on the 2011 Annual General Meeting held on 11<sup>th</sup> June, 2012 (Article 90)*
13. *Amended by Special Resolution passed on the Extraordinary General Meeting held on 28<sup>th</sup> December 2016 (Article 111)*
14. *Amended by Special Resolution passed on the Extraordinary General Meeting held on 18<sup>th</sup> December 2017 in accordance with ZheZu[2017]21 from the party committee of the State-owned Assets Supervision and Administration Commission of Zhejiang Province (Chapter 19A)*