



# 首創置業股份有限公司

## BEIJING CAPITAL LAND LTD.

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

(Stock Code: 2868)

### ARTICLES OF ASSOCIATION

OF

### BEIJING CAPITAL LAND LTD.

(approved by a special resolution at a shareholders' general meeting held on 9 December 2002)  
(amended by a special resolution at a shareholders' general meeting held on 2 June 2003)  
(amended by a special resolution at a shareholders' general meeting held on 13 May 2004)  
(amended by a special resolution at a shareholders' general meeting held on 9 May 2006)  
(amended by a special resolution at a shareholders' general meeting held on 8 October 2008)  
(amended by a special resolution at a shareholders' general meeting held on 24 October 2008)  
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*(This document is originally prepared in Chinese. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.)*

## Contents

<u>Chapter</u>	<u>Title</u>	<u>Page</u>
Chapter 1	General Principles	1
Chapter 2	Objects and Scopes of Business	4
Chapter 3	Share and Registered Capital	5
Chapter 4	Reduction of Capital and Repurchase of Shares	10
Chapter 5	Financial Assistance of Purchase of Shares of the Company	13
Chapter 6	Shares Certificates and Register of Shareholders	15
Chapter 7	Rights and Obligations of Shareholders	21
Chapter 8	General Meetings	24
Chapter 9	Special Procedures for Voting of Different Class Shareholders	34
Chapter 10	Party Committee	38
Chapter 11	Board of Directors	40
Chapter 12	Secretary of the Board of Directors of the Company	45
Chapter 13	General and Deputy General Managers of the Company	46
Chapter 14	Supervisory Committee	47
Chapter 15	Qualifications and Obligations of Directors, Supervisors, General and Deputy General Managers and other Officers of the Company	49
Chapter 16	Financial and Accounting System and Distribution of Profit	58

<b>Chapter 17</b>	<b>Appointment of Accountants Firm</b>	<b>62</b>
<b>Chapter 18</b>	<b>Insurance</b>	<b>66</b>
<b>Chapter 19</b>	<b>Labour Management</b>	<b>67</b>
<b>Chapter 20</b>	<b>Trade Union Organisation</b>	<b>68</b>
<b>Chapter 21</b>	<b>Amalgamation, Demerger, Increment and Reduction of Capital of the Company</b>	<b>69</b>
<b>Chapter 22</b>	<b>Dissolution and Liquidation</b>	<b>71</b>
<b>Chapter 23</b>	<b>Procedures for Amendment to the Articles of Association</b>	<b>74</b>
<b>Chapter 24</b>	<b>Settlement of Disputes</b>	<b>75</b>
<b>Chapter 25</b>	<b>Notices</b>	<b>77</b>
<b>Chapter 26</b>	<b>Construction and Definitions</b>	<b>78</b>

**ARTICLES OF ASSOCIATIONS  
OF  
BEIJING CAPITAL LAND LTD.**

**Chapter 1 General Principles**

Article 1.1 Beijing Capital Land Ltd. (hereinafter the “Company”) a joint stock limited company established in accordance with the Company Law of the PRC (《中華人民共和國公司法》, “Company Law”, Special Regulations of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》), the Mandatory Provisions for the Articles of Association of Companies Listing Overseas (《到境外上市公司章程必備條款》, “Mandatory Provisions”), Letter of Opinion on Supplemental Amendment to Articles of Association of Companies Listing in Hong Kong (《關於到香港上市公司對公司章程作補充修改的意見的函》) and the Reply of the State Council on the Adjustment of the Notice Period of the General Meetings and Other Matters Applicable to the Overseas Listed Companies (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》) and other relevant legislations and administrative regulations of the PRC.

The Company is established by way of promotion with the approval from the Ministry of Foreign Trade and Economic Cooperation of the PRC as evidenced by the approval document Wai Jing Mao Zi Yi Han No. [2002] 1344. It was registered with and has obtained a business licence from the State Administration for Industry and Commerce in Beijing Municipal on 5 December 2002. The business licence number of the Company is 91110000744701379C.

The promoters of the Company are: Beijing Capital Group Co., Ltd., Beijing Sunshine Real Estate Comprehensive Development Company, Beijing Capital Sunshine Real Estate Development Co., Ltd., Beijing Capital Technology Investment Ltd., Beijing Capital Construction Co., Ltd., China Resource Products Limited and Yieldwell International Enterprise Limited.

- Article 1.2 The registered Chinese name of the Company:  
首創置業股份有限公司  
The English name of the Company: BEIJING CAPITAL LAND LTD.
- Article 1.3 Address of the Company: Room 3071, 3/F Office, Block 4, No. 13  
Kaifang East Road, Huairou District, Beijing.  
Postal Code: 101400  
Telephone No.: 6652 3000  
Facsimile.: 6652 3131, 6652 3062
- Article 1.4 The Chairman of the Company shall be the legal representative of the Company.
- Article 1.5 The Company is a joint stock company with perpetual existence. The Company is an independent legal person, governed and protected by the laws and administrative regulations of the PRC. The Company has obtained the approval from the PRC Ministry of Foreign Trade and Economic Cooperation and established as an Enterprise with Foreign Investment.
- Article 1.6 The rights and obligations in respect of the Company enjoyed and assumed by shareholders of the Company shall be limited to the extent of the class and number of shares held by them. The Company shall be liable to its creditors to the extent of all of its assets.
- Article 1.7 The Company may not be a shareholder with unlimited liability in any profit-making organisations.
- Article 1.8 Provisions included in the Articles according to Mandatory Provisions may not be amended or revoked, unless otherwise required by the Company Law or relevant laws and regulations.
- Article 1.9 The Articles of the Company shall be effective upon the passing of a special resolution(s) at shareholders' general meeting of the Company and the approval of the State Council authorized approving authorities and shall prevail over the articles of association previously registered with the State Administration of Industry and Commerce. From the date when the Articles take effect, the Articles shall constitute a legally

binding document regulating the structure and activities of the Company and governing the rights and obligations between the Company and its shareholders and among the shareholders. The Articles shall be binding on the Company, its shareholders, directors, supervisors, general and deputy general managers and other officers. All the persons mentioned above may, pursuant to the Articles of Association, put forward claims concerning the affairs of the Company. In accordance with the Articles, actions may be brought by the shareholders against the Company; by the Company against the shareholders, by the shareholders against each other, and by the shareholders against the directors, supervisors, general and deputy general managers and other officers. For the purpose of this article, “action” includes taking court proceedings and arbitration proceedings.

Article 1.10 The Company may invest in other companies with limited liability and joint stock limited companies and shall be liable to such company in which the Company has made an investment to the extent of the amount of the capital so invested.

Article 1.11 In accordance with the relevant requirements of the Constitution of the Communist Party of China and the Company Law, the Company hereby set up an organization and related working unit(s) of the Communist Party of China and shall provide necessary conditions for the normal activities of the Party organization. The Party organization shall play the core leadership role and function as the political core of the Company, while providing direction, managing the overall situation and ensuring implementation. The establishment of the Party organization and related unit(s) and its staffing shall be incorporated into the Company’s management organization and the formation thereof, while operating expenses of the Party organization shall be included in the Company’s budget, which will be listed as the Company’s management fee.

## **Chapter 2 Objects and Scopes of Business**

Article 2.1 The object of operation of the Company shall be: to be committed to the property market of the PRC, to satisfy the needs of the customers with greatest efforts, and to create new life and value so as to become the most valued integrated operator of real estate in the PRC and to maximize interests of the shareholders and promote the economic and social development of the PRC.

Article 2.2 The scope of operation of the Company shall include property development, sale of commodity flats, rental and related consultancy services, property management; real estate agency; promotional exhibition of properties; hotel management; and the provision of travel information.

The scope of operation of the Company shall be the same as approved by the State Council authorized approving authorities and the State Administration of Industry and Commerce. The Company may, upon approval of the approving authorities, make adjustment to its business objects and scopes according to the market trends and business requirements of the Company and may also set up branches both within and outside the PRC.

### **Chapter 3 Shares and Registered Capital**

- Article 3.1 The Company may at any time create ordinary shares: The Company may create other class of shares according to its requirements and upon approval of the State Council authorized approving authorities.
- Article 3.2 The shares issued by the Company shall have a par value of Renminbi 1 per share.
- Article 3.3 The Company may issue shares to domestic and overseas investors upon the approval of the authorities of the State Council responsible for securities.
- Article 3.4 Domestic investors shall mean the investors within the PRC other than those investors from Hong Kong, Macau and Taiwan. Overseas investors shall mean the investors from foreign countries and the regions of Hong Kong, Macau and Taiwan who subscribe for the shares issued by the Company.

The shares issued by the Company to the domestic investors and subscribed in Renminbi shall be called domestic shares. The shares issued by the Company to the overseas investors and subscribed in foreign currency shall be called foreign invested shares. Those foreign invested shares listed overseas shall be called overseas listed foreign invested shares. H shares shall mean the overseas listed foreign invested shares which have been admitted for listing on the Stock Exchange of Hong Kong Limited (“HKSE”) and are subscribed for and traded in Hong Kong currency.

Shares issued by the Company which are neither listed on a domestic stock exchange nor an overseas stock exchange shall be referred to as unlisted shares.

Subject to the approval of the securities regulatory authorities of the State Council, holders of unlisted shares of the Company may transfer all or part of the shares held by them to overseas investors and have the



shares listed and traded on overseas stock exchange(s). All or part of the unlisted shares are convertible into overseas listed foreign invested shares, and the resulting overseas listed foreign invested shares may be listed and traded on overseas stock exchange(s). The listing and trading of shares so transferred or converted on an overseas stock exchange shall comply with the regulatory procedures, regulations and requirements of the overseas securities market(s). No shareholders' general meeting(s) or shareholders' class meeting(s) is required to be convened for voting in respect of the transfer and/or conversion and listing and trading of such shares on overseas stock exchanges. The overseas listed foreign invested shares converted from unlisted shares shall be of the same class as the existing overseas listed foreign invested shares.

Article 3.5 As approved by the relevant authorities, the Company has a total of 1,100,000,000 shares when it is established. All such shares were subscribed and held by the promoters, of which 81,158,800 shares were held by Beijing Capital Group Co., Ltd., representing 7.38% of the total number of ordinary shares issueable upon the establishment of the Company; 83,862,900 shares were held by Beijing Sunshine Real Estate Comprehensive Development Company, representing 7.62% of the total number of ordinary shares issueable upon the establishment of the Company; 286,225,700 shares were held by Beijing Capital Sunshine Real Estate Development Co., Ltd., representing 26.02% of the total number of ordinary shares issueable upon the establishment of the Company; 172,006,700 shares were held by Beijing Capital Technology Investment Ltd., representing 15.64% of the total number of ordinary shares issueable upon the establishment of the Company; 118,747,600 shares were held by Beijing Capital Construction Co., Ltd., representing 10.80% of the total number of ordinary shares issueable upon the establishment of the Company; 275,236,200 shares were held by China Resource Products Limited, representing 25.02% of the total number of ordinary shares issueable upon the establishment of the Company; and 82,762,100 shares were held by Yieldwell International Enterprise Limited, representing 7.52% of the total number of ordinary shares issueable upon the establishment of the Company.

Article 3.6 As approved by the relevant authorities and HKSE, the Company has issued 513,300,000 overseas listed foreign invested shares at June 2003

after its incorporation and according to the relevant requirements of the State in respect of reduction of state-owned shares, the state-owned shareholder of the Company has sold 51,330,000 state-owned shares to overseas investors upon the issuance of overseas listed foreign invested shares. As approved by the relevant authorities and HKSE, the Company has allotted 102,660,000 overseas listed foreign invested shares at February 2005 and according to the relevant requirements of the State in respect of reduction of state-owned shares, the state-owned shareholder of the Company has sold 10,266,000 state-owned shares to overseas investors upon the issuance of overseas listed foreign invested shares. As approved by the relevant authorities and HKSE, the Company has further allotted 312,000,000 overseas listed foreign invested shares at October 2006 and according to the relevant requirements of the State in respect of reduction of state-owned shares, the state-owned shareholder of the Company has sold 31,200,000 state-owned shares to overseas investors upon the issuance of overseas listed foreign invested shares. Pursuant to the approval of the relevant authorities, the Company has allotted 1,000,000,000 new domestic shares to Beijing Capital Group Co., Ltd. at November 2015. As approved by the relevant authorities and HKSE, the Company has issued 824,602,850 new domestic shares and 510,378,000 new overseas listed foreign invested shares in January 2020.

The share capital structure of the Company would be: 4,362,940,850 ordinary shares, of which 2,831,806,850 shares would be held by holders of the domestic shares and foreign invested shares, representing 64.91% of the total issueable ordinary shares of the Company, and 1,531,134,000 shares would be held by holders of the overseas listed foreign invested shares, representing 35.09% of the total issueable ordinary shares of the Company.

Article 3.7 Upon the plan for the issue by the Company of overseas listed foreign invested shares and domestic shares being approved by the authorities of the State Council responsible for securities, the Board may implement arrangement, for the respective issue thereof.

The plan for the issue of overseas listed foreign invested shares and domestic shares may be implemented respectively by the Company pursuant to the provisions as aforesaid within 15 months upon the

approval of the authorities of the State Council responsible for securities.

Where the total number of shares to be issued by the Company as determined under the plan includes the number of overseas listed foreign invested shares and the number of domestic shares, the capital shall be raised by one instalment; where the capital cannot be raised by one instalment under special circumstances, it can be raised by separate instalments with the approval of the authorities of the State Council responsible for securities.

The registered capital of the Company shall be Renminbi 4,362,940,850 upon completion of the aforesaid issue of new domestic shares and overseas listed foreign invested shares.

The Company shall apply to the Administration of Industry and Commerce for registration of its registered capital, and shall report the same to the authorities of the State Council responsible for business approval and securities administration respectively.

Article 3.8 The Company may, based on its operation and business requirements, approve the increase in its capital in accordance with the relevant provisions of the Articles.

The manners in which the capital of the Company may be increased are as follows:

- (1) public offering of shares;
- (2) issue of new shares to existing shareholders by way of placing ;
- (3) issue bonus shares to existing shareholders;
- (4) other methods permitted by the laws and administrative regulations.

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

Article 3.9 Save as otherwise stipulated by the laws and administrative regulations, shares of the Company may be transferred free of any lien.

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

Article 4.1 The Company may reduce its registered Capital pursuant to the provisions of the Articles.

Article 4.2 Upon the reduction of registered capital, the Company shall prepare a balance sheet and a list of its assets.

The Company shall notify its creditors within 10 days from the date of passing of the resolution for the reduction of registered capital and shall publish the notice in a newspaper at least for three times within 30 days thereof. The creditors who have received the said notice shall have the right within 30 days from the date of receiving the notice, and the creditors who have not received the notice shall have the right within 90 days from the date of the notice was published in the newspaper, to demand the Company to settle the debt or to provide corresponding security in respect of the debt.

The registered capital shall not be less than the minimum statutory requirement after the reduction of capital.

Article 4.3 The Company shall apply to the original company registration authority for registration of reduction of capital.

Article 4.4 Under the following circumstances, the Company may pass resolutions in accordance with the Articles and obtain approval from the authorities of the State Council responsible for securities, repurchase of foreign shares of the Company:

- (1) to decrease its registered capital by cancelling its shares;
- (2) to merge with another company that holds shares of the Company;
- (3) other circumstance as permitted by law or administrative regulations.

Article 4.5 The Company may with the approval of the authorities of State Council responsible for securities repurchase its shares in any of the following manner:

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

Article 4.6 Where the Company repurchases shares by way of agreement other than through a stock exchange, it shall obtain the prior approval of the shareholders in general meeting according to the provisions of the Articles. Where prior approval has been obtained from the shareholders in general meeting in the same manner, the Company may release or modify the contract entered into in the aforesaid manner or waive any right granted under such contract.

The contract to repurchase shares referred to above shall include (but not limited) to agreements agreeing to undertake the obligations to repurchase shares or acquiring the rights to repurchase shares. The contract to repurchase shares on the repurchase of shares or any of the rights provided therein are not capable of being assigned by the Company.

Article 4.7 The Company shall cancel the shares duly repurchased within the deadline stipulated by law and administrative regulations after the repurchase of such shares and shall apply to the original company registration authority for registration of alteration of its registered capital.

The registered capital of the Company will be diminished by the total nominal value of the shares so cancelled.

Article 4.8 Unless the Company is in the process of liquidation, the repurchase of issued shares by the Company shall be subject to the following provisions:

- (1) if the shares are repurchased at face value, payment may be made out of the balance of the distributable profits in the books of the Company and from the proceeds of fresh issue of new shares for the purpose of repurchase of issued shares;

- (2) if the shares are repurchased at a premium, payment up to the face value may be made out of the balance of the distributable profits in the books of the Company and from the proceeds of fresh issue of new shares for the purpose of repurchase of issued shares. Payment of the portion in excess of the face value shall be effected in the following manner:
  - (a) if the repurchased shares were issued at par value, payment shall be made out of the balance of distributable profits in the books of the Company; and
  - (b) if the repurchased shares were issued at a premium, payment shall be made out of the balance of distributable profits in the books of the Company and from the proceeds of fresh issue of new shares for the purpose of repurchase of issued shares provided that, the amount paid out of the proceeds of fresh issue of new shares shall not exceed the aggregate of premium received on the issue of the shares repurchased, nor the amount of share premium account (or capital surplus reserve fund account) of the Company at the time of such repurchase (including the amount of the premium received on the fresh issue of new shares);
- (3) the payment for the following shall be made out of the distributable profits of the Company:
  - (a) to acquire rights to repurchase its shares;
  - (b) to amend the contract of the repurchase of its shares; and
  - (c) to release any of its obligations under the repurchase contract; and
- (4) after the registered capital of the Company has been diminished by the total nominal amount of the shares so cancelled pursuant to relevant provisions, the amount which has been deducted from the distributable profits and used for repurchasing the nominal value of the shares shall be credited to the share premium account (or capital surplus reserve fund account) of the Company.

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

Article 5.1 Save as provided otherwise in Article 5.3 of the Articles, no financial assistance shall be provided at any time and in any manner by the Company and its subsidiaries to any person acquiring or intending to acquire the shares of the Company. The aforesaid person(s) acquiring the shares of the Company shall include the person(s) who undertake(s), directly or indirectly, obligations as a result of an acquisition of shares of the Company. No financial assistance shall be provided at any time and in any manner by the Company and its subsidiaries to reduce or release the obligations of the said person(s) undertaking such obligations.

Article 5.2 The financial assistance referred to in this chapter shall include but not limited to assistance in the following ways:

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

The undertaking referred to in this chapter shall include the undertaking of obligations by the obligor of contract or arrangement (whether the contract or arrangement is enforceable or to be undertaken individually or jointly with others) or changes in his financial position in any manner.



Article 5.3 The following activities shall not be deemed to be prohibited by the Articles:

- (1) the provision of financial assistance is given in good faith in the interests of the Company and the principal purpose in giving such assistance is not for acquisition of shares in the Company, or the giving of the assistance is but an incidental part of a master plan of the Company;
- (2) distribution of the assets of the Company by way of dividends lawfully declared;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction of registered capital, repurchase of shares, adjustment of shareholding structure effected in accordance with the Articles;
- (5) the lending of money by the Company in the ordinary course of its business where the lending of money is part of the scope of business (only if the Company has net assets which are not thereby reduced or to the extent that those assets are thereby reduced, if the financial assistance is provided out of the distributable profits of the Company); and
- (6) the provision of money by the Company for contributions to the share option scheme for employees (only if the Company has net assets which are not thereby reduced or to the extent that those assets are thereby reduced, if the financial assistance is provided out of the distributable profits of the Company).

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

Article 6.1 Share certificates are evidence of shareholding issued by the Company to shareholders. The shares issued by the Company may be in the form of book-entry or physical certificates pursuant to the requirements of the relevant government and authorities where the shares are issued and listed, or in other forms as stipulated by the authorities of the State Council responsible for securities.

Article 6.2 The shares issued by the Company shall be in register form. In addition to those particulars as stipulated by the Company Law, the share certificates of the Company shall contain other items as required by the stock exchange on which the shares are listed.

Article 6.3 The share certificates shall be signed by the chairman and also be signed by other relevant officers of the Company if required by the stock exchange on which the shares of the Company are listed. The share certificates shall come into effect upon the seal of the Company has been affixed or being affixed in the mode of printing. The affixing of the Company seal on the share certificates shall require the authority of the Board previously given. The signature of the chairman or other relevant officers of the Company may be affixed to share certificates in the mode of printing.

Article 6.4 The Company shall maintain a register of shareholders and enter therein the following particulars:

- (1) name, address (residential), occupation or description 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 on which person was entered in the register as a shareholder;
- (6) the date on which any person ceased to be a shareholder.

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

Article 6.5 The Company may, in accordance with the agreement or understanding between the authorities of the State Council responsible for securities and overseas securities supervisory authorities, keep the register of shareholders in relation to overseas listed foreign invested shares outside the PRC and shall appoint overseas agencies to manage such register. The original register of shareholders in relation to overseas listed foreign invested shares listed in Hong Kong shall be kept in Hong Kong.

Copies of the register of shareholders in relation to overseas listed foreign invested shares shall be kept at the seat of the Company. Appointed overseas agencies shall from time to time guarantee that the original register of shareholders in relation to overseas listed foreign invested shares and the copies thereof shall be consistent. Where there is any inconsistency between the original register of shareholders of overseas listed foreign invested shares and the copies thereof, the original shall prevail.

Article 6.6 The Company shall have a complete register of shareholders.

The register of shareholders shall contain the following parts:

- (1) register of shareholders other than those provided in paragraphs (2) and (3) below kept at the seat of the Company;
- (2) register of shareholders in relation to overseas listed foreign invested shares kept at the place of the overseas stock exchange on which those shares are listed; and
- (3) register of shareholders kept at other place(s) as the Board thinks fit for the purpose of listing the shares of the Company.

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

Alteration or rectification to any part of the register of shareholders shall be made in accordance with the laws of the place where the relevant part

of the register is kept.

Article 6.8 All the fully paid overseas listed foreign invested shares listed in Hong Kong shall be freely transferable pursuant to the Articles. However, the Board may refuse to recognise any instrument of transfer without assigning any reason thereof, unless:

- (1) a sum of HK\$2.50 or such higher amount as approved by the HKSE for the time being has been paid to the Company for registering any instrument of transfer or other documents related to or affecting the ownership of any shares;
- (2) the instrument of transfer only involves overseas foreign invested shares listed in Hong Kong;
- (3) the stamp duty in respect of the instrument of transfer has been paid; the relevant share certificates and such other evidence as the board of directors may reasonably require to show the right of the transferor to make the transfer have been produced;
- (4) if the shares are transferred to joint holders, the number of joint holders shall not exceed 4; and
- (5) the shares concerned are free of any lien in favour of the Company.
- (6) holders of overseas-listed foreign invested shares listed in Hong Kong shall effect transfer of all or any part of such shares by the standard transfer form specified by the HKSE or any other form acceptable to the Board. The instrument of transfer shall be signed by both the transferor and transferee by hand or by machine.

Article 6.9 Where relevant laws and regulations and the securities regulation rules of the places where the Company's shares are listed stipulate on the period of closure of the register of shareholders prior to a shareholders' general meeting or the reference date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

Article 6.10 In the event the Company decides to convene a shareholders' general meeting, distribute dividends, liquidate or engage in activities which require confirmation of shareholdings, the Board or the convener of the general meeting shall confirm a date as a record date of the shareholdings. Shareholders registered on the register after the closing of the record date of shareholdings shall enjoy the relevant interests.

Article 6.11 Any person who does not agree to the register of shareholders and requests to have his name registered thereon or removed therefrom may apply to the court of law having jurisdiction on the register for rectification of the register.

Article 6.12 Any shareholder whose name is registered in the register of shareholders or any person who requests to have his name registered in the register of shareholders has lost his share certificate (the “Original Certificate”), may apply to the Company for issuing new share certificate in respect of such shares (the “Relevant Shares”).

Domestic shareholder who lost his share certificate may apply to the People’s Court to declare the share certificate null and void pursuant to the procedure for publicizing public notice for assertion of claims of the Civil Procedure Law of the PRC. According to such procedure, after the declaration by the People’s Court, the shareholder may apply to the Company for issuing new share certificate as replacement.

Holder of overseas listed foreign invested shares who lost his share certificate may apply for the issue of new share certificate in accordance with the laws, stock exchange rules and other relevant regulations of the place where the original register of shareholders in relation to overseas listed foreign invested shares is kept.

Application for replacement of lost share certificate made by a holder of overseas listed foreign invested shares listed in Hong Kong shall be subject to the following requirements:

- (1) Applicant shall submit the application in standard form prescribed by the Company together with a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the reason of the application made by the applicant, the circumstances under which the share certificate was lost and the supporting evidence and a declaration that no other person shall be entitled to register as a shareholder in respect of the relevant shares.

- (2) No declaration made by any person other than the applicant has been received by the Company for registration as a shareholder of the relevant shares prior to the determination of the Company to issue new certificate.
- (3) If the Company determines to issue new certificate to the applicant as replacement, it shall publish a notification for issuing new certificate for replacement purpose in the newspapers designated by the Board and the period for such notification shall be 90 days and such notification shall be published at least once every 30 days. The newspapers so designated shall be Chinese and English newspapers in Hong Kong.
- (4) Prior to the publishing of the notification for issuing new certificate for replacement purpose, the Company shall submit a copy of the notification to be published to the stock exchange where its shares are listed. The notification may be published upon the reply of such stock exchange confirming that the said notification has been exhibited in such stock exchange. The period for the exhibition of the notification in such stock exchange shall be 90 days. If the consent for the application for replacement of the certificate has not been obtained from the registered shareholder of the Relevant Shares, the Company shall send to the said shareholder by post a copy of such notification to be published.
- (5) Upon the expiry of 90 days for the publication and exhibition of the notification as provided in paragraphs (3) and (4) above and no objection has been received from any person against the replacement of certificate, new share certificate shall be issued to the applicant based on his application.
- (6) Where the Company issues new share certificate pursuant to this article, it shall forthwith cancel the Original Certificate and make such entry in the register of shareholders in order to record such cancellation and issue.
- (7) All expenses relating to the cancellation of Original Certificate and issuing new share certificate by the Company shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant can provide reasonable indemnity.

Article 6.13 Upon the issue by the Company of new share certificate pursuant to the provisions of the Articles, the name of the bona fide purchaser who acquires the relevant shares or the person who subsequently registered as the shareholder of the said shares (as a bona fide purchaser) shall not be removed from the register of shareholders.

Article 6.14 The Company shall assume no liability for any loss incurred by any person as a result of the cancellation of the Original Certificate or in issuing new share certificate, unless it can be proved by such person that the Company is fraudulent.

## Chapter 7 Rights and Obligations of Shareholders

Article 7.1 Shareholders of the Company shall be the persons who hold the shares of the Company in accordance with the laws and have their names registered in the register of shareholders.

Shareholders shall enjoy the rights and assume the obligations according to the class of and number of shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Article 7.2 A holder of ordinary shares of the Company shall have the following rights:

- (1) to claim dividends and distribution in any other form in proportion to the number of shares held;
- (2) the right to attend or appoint a proxy to attend shareholders general meetings and exercise voting right, according to laws;
- (3) to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;
- (4) to transfer the shares held in accordance with the requirements of the laws, administrative regulations and the Articles;
- (5) to receive information as provided in the Articles, including:
  - (a) the right to a copy of the Articles upon payment of the cost thereof;
  - (b) upon payment of reasonable charges, the right to inspect and make copies of:
    - (A) all parts of the register of shareholders;
    - (B) personal particulars of the directors, supervisors, general and deputy general managers and other officers of the Company , including:-
      - (i) present forename and surnames and any former forename or surname and any aliases;
      - (ii) principal address (residential);
      - (iii) nationality;
      - (iv) occupation and all other part-time occupation and positions; and
      - (iv) identification documents and its number.



- (C) state of the share capital of the Company;
  - (D) reports showing the total nominal value and number of different classes of shares repurchased by the Company since the end of the last financial year, quantity, the highest and the lowest price paid and the aggregate amount paid by the Company in respect of such repurchases;
  - (E) minutes of general meetings.
- (6) the right to participate in the distribution of the surplus assets of the Company in proportion to the number of shares held in the event of the termination or liquidation of the Company;
  - (7) other rights conferred by the laws, administrative regulations and the Articles.

Article 7.3 A holder of ordinary shares of the Company shall undertake the following obligations:

- (1) to comply with the Articles;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription; and
- (3) other obligations that shall be undertaken in accordance with the provisions of the laws, administrative regulations and the Articles.

A shareholder shall not be liable to make further contribution to the subsequent increase in share capital other than the terms as agreed by the subscriber of the relevant shares on subscription.

Article 7.4 In addition to the obligations imposed by the laws and administrative regulations or required by the listing rules of the stock exchange on which the shares of the Company are listed, the controlling shareholder, in exercising the power as a shareholder, shall not exercise his voting rights in a manner prejudicial to the interests of all or some part of the shareholders when making decision on the following matters:

- (1) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another), in any guise, the

assets of the Company, including (but not limited) to an opportunity beneficial to the Company; and

- (3) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another) the individual rights of other shareholders, including (but not limited) to rights to distributions and voting rights save and except restructuring of the Company submitted for approval by the shareholders in general meeting in accordance with the Articles.

Article 7.5 A controlling shareholder referred to in Article 7.4 means a person who satisfies any one of the following conditions:

- (1) he may alone or acting in concert with others has the power to elect more than half of the directors;
- (2) he may alone or acting in concert with others has the power to exercise 30 per cent. or more of the voting rights in the Company or control the exercise of 30 per cent. or more of the voting rights in the Company;
- (3) he may alone or acting in concert with others holds 30 per cent. or more of the issued shares of the Company; and
- (4) he may alone or acting in concert with others has de facto control of the Company in any other manner.

## **Chapter 8 General Meetings**

- Article 8.1           The shareholders' general meeting shall be the source of authority of the Company and shall exercise its powers according to the laws.
- Article 8.2           The shareholders' general meeting shall have 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 are representatives of the shareholders and to determine the remuneration of such supervisors;
  - (4) to consider and to approve the report of the Board;
  - (5) to consider and to approve the report of the supervisory committee;
  - (6) to consider and to approve the annual financial budgets and final accounts;
  - (7) to consider and to approve the plan for profit distribution and plan for making up losses;
  - (8) to approve the increase in or reduction of the registered capital of the Company;
  - (9) to approve the amalgamation, demerger, dissolution and liquidation of the Company;
  - (10) to approve the issue of debentures of the Company;
  - (11) to approve the appointment, dismissal or discontinuance of appointment of the accountants firm;
  - (12) to amend the Articles;
  - (13) to consider the motion put forward by the shareholders together representing 3% or more of the shares of the Company carrying voting rights;
  - (14) other matters to be approved at the shareholders' general meeting as required by the laws, administrative regulations and the Articles.
- Article 8.3           Unless prior approval has been obtained from the general meeting, the Company may not enter into contract with any person other than

a director, supervisor, general and deputy general manager or other officer of the Company whereby such person undertakes the management and administration of the whole or any substantial part of the business of the Company.

Article 8.4 Shareholders' general meetings are consist of annual general meetings and extraordinary general meetings. Shareholders' general meetings shall be convened by the Board. Annual general meeting shall be held once every year and within six months from the end of the last financial year.

Under any of the following circumstances, an extraordinary general meeting shall be convened within two months thereof:

- (1) when the number of directors falls below the number required by the Company Law or two-thirds of the number required by the Articles;
- (2) when the losses of the Company which have not been made up amount to one-third of the total share capital of the Company;
- (3) upon the written request of shareholder(s) alone or in aggregate holding 10 per cent. or more of the shares issued in the public carrying voting rights for the convening of an extraordinary general meeting;
- (4) when the Board deems necessary;
- (5) upon the request of the supervisory committee;

Article 8.5 The Company shall issue written notice 20 days prior to the date of the annual general meeting or 15 days prior to the date of the extraordinary general meeting. The Company shall inform all shareholders whose names appear on the register of members the proposed matters for consideration at the meeting and the date and venue of the meeting.

Article 8.6 Shareholders individually or jointly holding 3 per cent or more of the Company's shares may raise a provisional proposal and submit to the Board in writing 10 days prior to the date of the shareholders' general meeting. The Board shall notify other shareholders in writing within 2 days upon receipt of the proposals and submit such provisional

proposals to the shareholders' general meeting for approval. The content of such provisional proposals shall fall within the scope of the duties of the shareholders' general meeting, and has a clear topic for discussion and specific issues for resolution.

A shareholders' general meeting may not decide on matters not specified in the notices mentioned in Article 8.5 and Article 8.6 to this Articles of Association.

Article 8.7

Notice of a general meeting shall satisfy the following requirements:

- (1) it shall be in writing;
- (2) it shall specify the place, date and time of the meeting;
- (3) it shall state the nature of business to be discussed at the meeting;
- (4) it shall provide such information and explanation as are necessary for the shareholders to make an informed decision on the business to be transacted. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase shares of the Company, to reorganize the share capital, or to restructure the Company in any way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement (if any), and the causes and effects must be properly explained.
- (5) it shall contain a disclosure of the nature and extent, if any, of material interests of any director, supervisor, general and deputy general manager or other officer in the transaction proposed and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of the shareholders of the same class;

- (6) it shall contain the full text of any special resolution proposed to be passed at the meeting;
- (7) it shall contain conspicuously a statement that a shareholder entitled to attend and vote at the meeting shall be entitled to appoint one or more proxies to attend such meeting and to vote thereat instead of him and that a proxy need not be a shareholder;
- (8) it shall specify the time and place for lodging proxy forms for the relevant meeting;

Article 8.8 The notice of a general meeting shall be sent to shareholders (regardless of whether such shareholders are entitled to vote at the general meeting) by hand or by pre-paid post. The service address shall be the address on the register of shareholders. As for domestic shareholders, the notice of a general meeting may be given in the form of public notice.

The public notice referred to above shall be published 20 days to 25 days prior to the date of the annual general meeting or 15 days to 20 days prior to the date of the extraordinary general meeting in a newspaper or several newspapers prescribed by the authorities of the State Council responsible for securities. Once published, all domestic shareholders shall be deemed to have received the relevant notice of the general meeting.

Article 8.9 The accidental omission to give a notice of a meeting to or the non-receipt of notice of a meeting by any person who is entitled to receive notice shall not invalidate the meeting and the resolutions passed at such meeting.

Article 8.10 Any shareholder who is entitled to attend the general meeting and to vote thereat shall be entitled to appoint one or more persons (whether a shareholder) as his proxy to attend and vote on his behalf. Such proxy or proxies shall exercise the following rights pursuant to the appointment made by the appointing shareholder:

- (1) the same right as the shareholder to speak at the general meeting;
- (2) authority to demand or join in demanding a poll; and
- (3) the right to vote by show of hands or on a poll; however, when a

shareholder has appointed more than one proxy, those proxies may only vote on a poll.

Article 8.11 The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation, either under its seal or under the hand of a director or an officer or attorney duly authorized.

The instrument shall specify the number of shares represented by the proxies. If more than one proxy is appointed, the instrument shall specify the number of shares represented by the respective proxy.

Article 8.12 The instrument appointing a proxy shall be deposited at the seat of the Company or such other place as specified in the notice of meeting not less than 24 hours before the time appointed for the meeting at which the person named in the instrument proposes to vote or, 24 hours before the time appointed for taking of the poll. Where such instrument is signed by a person under a power of attorney or other authority on behalf of the appointer, that power of attorney or other authority shall be notarized. A notarially certified copy of that power of attorney or other authority together with the instrument appointing a proxy shall be deposited at the seat of the Company or such other place as is specified in the notice of the meeting.

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

If a shareholder is an recognized clearing house as defined under the laws of Hong Kong as enacted from time to time (“Recognized Clearing House”) or its agent, it may appoint one or more persons to act as its representatives at any general meeting or class meeting. If more than one person is appointed, the power of attorney shall specify the number and class of the shares respectively represented by each of the representatives. Such representatives may exercise the rights of the Recognized Clearing House (or its agent) as if they were an individual shareholder.

Article 8.13 Any form issued to a shareholder by the board of directors for use by him for appointing a proxy shall be in such as to enable the shareholder, according to his intention, to instruct the proxy to vote in favour or against each resolution dealing with business to be transacted at the meeting. Such a form shall contain a statement that in default of such instructions, the proxy may vote as he thinks fit.

Article 8.14 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the principal or revocation of the proxy or power of authority or other authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company before the commencement of the meeting at which the proxy is used.

Article 8.15 Resolutions of the general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolution of a general meeting shall be passed by one-half or more of the voting rights held by the shareholders (including proxies) present at the meeting. Special resolution of a general meeting shall be passed by two-thirds or more of the voting rights held by the shareholders (including proxies) present at the meeting.

Article 8.16 For the purpose of voting at the general meeting, a shareholder (including proxy) shall exercise voting rights in accordance with the number of shares carrying voting rights represented by him. Each share shall have one vote.

Article 8.17 Resolutions at the general meeting shall be determined by a show of hands unless a requisition for a poll has been made before or after the show of hands by the following persons:

- (1) the chairman of the meeting;
- (2) at least two shareholders with voting rights or the proxies thereof;  
and
- (3) one or more shareholders (include proxy) who, individually or together, hold an aggregate of 10 per cent. or more shares carrying



voting rights at such meeting.

The chairman of the meeting shall determine whether a resolution of the general meeting is passed or not according to the result of the show of hands. His decision shall be announced at such meeting and recorded in the minutes book and such result shall be final and conclusive without the need of stating any supporting proof of such passing or the votes for or against such resolution or the ratio thereof, unless a requisition for a poll has been made.

The requisition for a poll may be revoked by its requisitionists.

Article 8.18 Where the motion requested to be decided by way of poll is in connection of the election of the chairman or termination of the meeting, the poll shall take place immediately. For other motions requested to be decided by way of a poll, the time of the poll shall be decided by the chairman and the meeting may continue to transact other matters. The result of such poll shall be deemed as a resolution passed at such meeting.

Article 8.19 On a poll, a shareholder (including proxy) entitled to two or more votes need not use all his votes or cast all the votes he uses in the same way.

That, where any shareholder is, under the relevant rules and regulations, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Article 8.20 In the case of an equality of votes, whether at a show of hands or a poll, the Chairman of the meeting shall be entitled to a second vote.

Article 8.21 The following matters shall require sanction of an ordinary resolution at a general meeting:

- (1) the working reports of the Board and the supervisory committee;
- (2) plan for distribution of profits and plans for making up losses prepared by the Board;

- (3) the removal of the members of the Board and the supervisory committee and their remuneration (including but not limited to compensation for their loss of office or at the expiry of their term of office) and method of payment;
- (4) annual financial budgets and statements of final accounts, balance sheets, profit statements and other financial statements of the Company;
- (5) matters not otherwise required by the laws, administrative regulations or the Articles to be passed by special resolutions.

Article 8.22 The following matters shall require the sanction of a special resolution at a general meeting:

- (1) the increase in and reduction of the share capital of the Company, and the issue of any class of shares, warrants or other similar securities;
- (2) the issue of bonds of the Company;
- (3) the demerger, amalgamation, dissolution and liquidation of the Company;
- (4) amendments to the Articles;
- (5) other matters which have been adopted by ordinary resolutions at the general meeting, and which are considered to have significant effect on the Company shall be adopted by special resolutions.

Article 8.23 Where the shareholders individually or jointly holding 10 per cent or more of the Company's shares request to convene an extraordinary general meeting or a class general meeting, they may sign one or several written requests in the same format and content requesting the Board to convene an extraordinary general meeting or a class meeting, specifying the objects of the meeting. Upon receipt of the said written requests, the Board shall convene an extraordinary general meeting or a class meeting as soon as possible. The aforesaid number of the shares held shall be equivalent to the shares held by the shareholders as at the date of the written requisition.

If the Board is unable to perform or fails to perform its duty of convening the shareholders' general meeting, the meeting shall be convened and presided over by the supervisory committee; and if the supervisory committee fails to do so, the shareholders individually or jointly holding

10 per cent or more of the Company's shares for more than ninety consecutive days may convene and preside over such a meeting by themselves.

Article 8.24 The general meeting of shareholders shall be convened by the Board and chaired by the Chairman of the Company. If the Chairman is unable to attend the meeting for any reason, the meeting shall be convened and chaired by any one director appointed by the Chairman . In the event that the chairman of the meeting is not appointed, the shareholders present at the meeting may elect one person at the meeting to be the chairman; if for any reason the shareholders cannot elect the chairman, the shareholder (including proxies) present at the meeting carrying the largest number of shares carrying voting rights shall be the chairman.,

Article 8.25 The chairman of the meeting shall be responsible for determining whether a resolution of the shareholders' general meeting is passed or not and his decision shall be final and conclusive and the same shall be announced at such meeting and recorded in the minutes book.

Article 8.26 If the chairman of the meeting has any doubt as the result of a resolution put to the vote at the meeting, he may take a poll vote. If the chairman of the meeting fails to take a poll vote any shareholder who is present in person or by proxy and who objects to the results announced by the chairman of the meeting may demand a poll vote immediately after the declaration of the result, and the chairman shall take a poll vote forthwith.

Article 8.27 If there is a poll vote at a general meeting, the result thereof shall be recorded in the minutes book.

Minutes together with the shareholders' attendance lists and instruments appointing proxies shall be kept at the seat of the Company.

Article 8.28 A shareholder shall be entitled to inspect copies of minutes of any shareholders' general meeting free of charge during the business hours of the Company. If the shareholder demands from the Company a copy of such minutes, the Company shall send him the copy within seven days after having received reasonable charges.

## **Chapter 9 Special Procedures for the Voting of Different Class Shareholders**

Article 9.1 Shareholders of different classes of shares shall be classified as class shareholders.

Class shareholders shall have rights and shall undertake obligations pursuant to the provisions of the laws, administrative regulations and the Articles.

Article 9.2 The rights attached to any class of shares may be varied or abrogated with the sanction of a special resolution passed at the shareholders' general meeting and by holders of shares of the affected class passed at a separate general meeting of the holders of shares of the class convened in accordance with Article 9.4 to Article 9.7 respectively.

Neither the approval of the shareholders' general meeting nor a class shareholders' meeting is required for a variation or abrogation of the rights of class shareholders resulting from any change in domestic or foreign laws, administrative regulations or listing rules of the stock exchange of the place of listing, or those resulting from decisions made in accordance with the law by the domestic or foreign regulatory authorities.

The transfer of all or part of unlisted shares of the Company by shareholders to overseas investors for listing and trading overseas, or the conversion of all or part of unlisted shares into overseas listed foreign invested shares for listing and trading on overseas stock exchange(s), shall not be deemed as the Company's intention to vary or abrogate the rights of class shareholders.

Article 9.3 Save for provided in laws, administrative regulations and the Articles of Association, the following shall be considered as a variation or abrogation of the rights of class shareholders:

- (1) to increase or reduce the number of shares in that class or to increase or reduce the number of shares in a class of shares which have rights on voting, distribution or other privileges equal or

- superior to that class of shares;
- (2) to exchange all or a portion of shares of that class for shares of another class, or to exchange all or a portion of the shares of another class for shares of that class or to grant the rights to exchange the same;
  - (3) to cancel or reduce the rights to claiming all the accrued dividends or cumulative dividends of shares of that class;
  - (4) to reduce or cancel the preferential rights of that class to claim the dividends or the preference to distribution of assets upon the liquidation of the Company;
  - (5) to increase, cancel or reduce the rights to conversation of shares, options, voting rights, rights of transfer, pre-emptive rights and the rights to acquire the securities of the Company of that class;
  - (6) to cancel or reduce the rights to receive the monies payable by the Company in a particular currency of that class;
  
  - (7) to create a new class of shares which have the rights to voting, distribution or other privileges equal or superior to that class of shares;
  - (8) to restrict or to impose more restrictions on the transfer or ownership of that class of shares;
  - (9) to issue options or rights on subscription for or conversion of shares into that class or another class of shares;
  - (10) to increase the rights and privileges of another class of shares;
  - (11) to re-structure the Company in such a way that different class shareholders will undertake disproportionate obligations under the proposed restructuring; and
  - (12) to vary or abrogate the provisions in this chapter.

Article 9.4 The class shareholders so affected whether or not otherwise having voting rights at a shareholders' general meeting, shall be entitled to vote at the class meeting involving matters provided in items (2) to (8) and (11) to (12) of Article 9.3, provided that any interested shareholders shall not be entitled to vote at that class meeting.

The meaning of an interested shareholder as referred to in the preceding paragraph shall be as follows:

- (1) Where the Company has made a repurchase offer to all

shareholders in the same proportion in accordance with the provisions of Article 4.5 of the Articles or repurchases its shares on a stock exchange through open transactions, “interested shareholder” shall mean the controlling shareholder as defined in Article 7.5 of the Articles;

- (2) Where the Company repurchases its shares by way of an agreement otherwise than on a stock exchange in accordance with the provisions of Article 4.5 of the Articles, “interested shareholder” shall mean the shareholder to which the agreement relates; and
- (3) In the case of a restructuring of the Company, “interested shareholder” shall mean a shareholder who undertakes obligations by a lower proportion than that of other shareholders of the same class, or a shareholder who holds interests different from those held by other shareholders of the same class.

Article 9.5 Resolution of a class meeting shall be passed by two-thirds or more of the shares with voting rights held by the class shareholders who, according to Article 9.4 are entitled to vote at that class meeting.

Article 9.6 The Company shall, before convening annual general meeting simultaneously with class meeting, issue written notice 20 days prior to the date of the meeting and shall, before convening extraordinary general meeting simultaneously with class meeting, issue written notice 15 days prior to the date of the meeting. The Company shall by written notice inform all shareholders whose names appear on the register of shareholders in respect of such class shares the proposed matters for consideration at the meeting and the date and venue of the meeting.

Article 9.7 The notice of a class meeting shall only be given to the shareholders who are entitled to vote at such meeting only. The proceedings of a class meeting shall be as nearly as possible as that of a shareholders’ general meeting. The provisions in the Articles relating to the proceedings of a shareholders’ general meeting shall apply to the class meeting.

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

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

- (1) Where, upon approval by a special resolution passed at a shareholders' general meeting, the Company issues domestic shares and overseas listed foreign invested shares either separately or concurrently once every twelve months, and the total amount of the domestic shares and overseas listed foreign invested shares so issued do not exceed 20 per cent. of their total issued amount respectively;
- (2) Where the Company plans to issue domestic shares and overseas listed foreign invested shares on establishment, to be implemented within fifteen months from the date of approval by the State Council Securities Committee;
- (3) Where, upon approval by the securities regulatory authorities of the State Council, holders of unlisted shares of the Company transfer all or part of the shares held by them to overseas investors, or all or part of the unlisted shares are converted into overseas listed foreign invested shares and listed and traded on overseas stock exchange(s).



## Chapter 10 Party Committee

Article 10.1 The Company shall establish the Party Committee consisting of a secretary and several other members. Eligible members of the Party Committee may become members of the Board, the board of Supervisors and the management through legal procedures. Eligible members of the Board, the board of Supervisors and the management who are members of the Communist Party of China may be considered and appointed as members of the Party Committee in accordance with relevant requirements and procedures. The Company shall establish the Discipline Inspection Committee as required.

Article 10.2 The Party Committee shall perform its duties in accordance with the Constitution of the Communist Party of China and other internal regulations of the Party.

- (1) To ensure and supervise the Company's thorough implementation of policies and guidelines of the Party and the State and the decisions and arrangements of the superior Party Committee.
- (2) To uphold the integration of the principle of management of cadres by the Party with the lawful selection of the operation management by the Board and with the lawful exercise of authority of deployment of personnel by the operation management. The Party Committee shall consider and comment on the candidates nominated by the Board or the general manager, or shall recommend candidates to the Board or the general manager. The Party Committee, together with the Board shall evaluate the proposed candidates and put forth comments and suggestions collectively.
- (3) To analyse and discuss major issues such as the reform, development and stability of the Company, major operational and management issues and major issues concerning employee interests, and to provide comments and suggestions thereon.

- (4) To undertake the main responsibility of overall and strictly administration of the Party, lead the Company's ideological and political work, united front work, spiritual civilization construction, enterprise culture construction and the organizations work such as the labor union and the communist youth league, and lead the construction of a honest and clean administration culture and support the fulfillment of the supervision responsibility of the Discipline Inspection Committee.

## **Chapter 11 Board of Directors**

Article 11.1 There shall be a board of directors which shall report to the shareholders' general meeting. The board of directors shall comprise 9 members. Among them, the number of executive directors shall not exceed one half of the total number of directors. The executive directors shall be responsible for managing daily affairs assigned by the Company. The remaining members shall be non-executive directors who shall not manage daily affairs. The board of directors shall have one chairman.

Article 11.2 Directors shall be elected at the shareholders' general meeting for a term of three years. Upon the expiry of the term, a director shall be eligible for re-election.

Written notice of the intention to nominate a candidate for election as a director and the written notice by such candidate of his willingness to accept the nomination shall be sent to the Company 7 days before the date of the shareholder's general meeting. The above notice period shall not begin on or before the issuance of the notice of the meeting for electing directors, and such notice period shall end 7 days (or before ) the date of the meeting.

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

The chairman shall be elected and removed by more than half of all directors. The term of office for the chairman shall be three years and he shall be eligible for re-election.

Subject to the relevant laws and administrative regulations, the shareholders' general meeting may by an ordinary resolution remove a director before the expiration of his term of office but without prejudice to any claim for damages under any contract.

Article 11.3 The Board shall be responsible to the shareholders' general meeting and shall have the following powers and duties:

- (1) to be responsible for convening shareholders' general meeting and to report on its work to the general meeting;

- (2) to implement resolutions of the general meeting;
- (3) to determine the business plans and investment proposals of the Company;
- (4) to prepare the annual financial budgets and final accounts of the Company;
- (5) to prepare plans for profit distribution (including distribution of final dividend) and proposal for making up losses for the Company;
- (6) to formulate the Company's proposals for the increase in and reduction of registered capital and the issue of corporate bonds;
- (7) to formulate proposals for significant merger, demerger and dissolution of the Company;
- (8) to decide on the internal management structure of the Company
- (9) to employ or dismiss a general manager, to engage or dismiss a deputy general manager and an officer in charge of financial matters on the basis of nominations from the general manager and to determine their remunerations and reward;
- (10) to set up the basic management systems of the Company;
- (11) to formulate proposals for amendments of the Articles;
- (12) to perform any other powers conferred by the shareholders' general meeting and the Articles.

Except for resolutions in respect of the matters specified in items (6), (7) or (11) above which shall be passed by more than two-thirds of the directors, resolutions in respect of all other matters above may be passed by more than half of the directors. The Board should take the advices of the Company's Party Committee prior to making decision on any major issue of the Company.

Article 11.4 If the board of directors proposes to dispose of the Company's fixed assets, where the aggregate of the amount or value of the consideration for the proposed disposal and where any fixed assets of the Company have been disposed of in the period of 4 months immediately preceding the proposed disposal, the amount or value of the consideration for any such disposal in that period exceeds 33 per cent. of the value of the fixed assets as shown in the latest balance sheet laid before the Company in shareholders' general meeting held, the Board shall not dispose of or agree to dispose of the said fixed assets without the prior approval of the general meeting.

The proposed disposal of fixed assets referred to in this article shall include the acts of transferring certain interests in that assets but exclude the acts of charging that fixed assets by way of security.

The validity of the transaction on the disposal of fixed assets by the Company shall not be affected by the breach of the first paragraph of this article.

- Article 11.5 The chairman shall have the following powers and duties :
- (1) to preside over the general meeting and to convene and preside over the meeting of the Board;
  - (2) to examine the implementation of the resolutions of the Board;
  - (3) to sign the securities issued by the Company; and
  - (4) other powers conferred by the Board.

Where the chairman is unable to perform his duties, the Board may designate a director to perform the same on his behalf.

- Article 11.6 Meeting of the Board shall be held at least twice every year and shall be convened by the chairman. The notice for such meeting shall be given to all directors 10 days in advance. In case of emergency, interim meeting of the Board may be convened at the request of more than one-third of the directors or the general manager of the Company.

- Article 11.7 The quorum of the meeting of the Board shall be more than one-half of the directors. Each director shall have one vote. Resolutions of the Board shall be passed by one-half of all directors.

In the case of an equality of votes, the Chairman of the meeting shall be entitled to a second vote.

- Article 11.8 The time and place of meeting of the Board may be fixed by the Board in advance and recorded in the meeting minutes. Where such minutes have been given to all directors not less than 10 days before the convening of the next Board meeting, no notice of such meeting shall

be served.

Where the time and place of the meeting of the Board have not been fixed by the Board in advance, notice of the meeting of the Board specifying the time and place of the meeting shall be given by the chairman or the secretary of the Board to the directors by telex, cable, facsimile, express courier service, registered mail or by hand at least 5 days (but not more than 10 days) before the meeting.

A director shall be deemed to have received the notice of meeting if he is present at the meeting and does not raise the issue of the non-receipt of such notice prior to or at the time of his arrival at the meeting.

The meeting of the Board may be held by conference telephone or similar communication equipment. So long as all the directors participating at the meeting can clearly hear and communicate with each other, all such directors present shall be deemed to be present in person at the meeting.

Article 11.9 The manager who is not a director may attend any meeting of the Board and shall be entitled to receive notice and relevant documents thereof and to speak to such meeting, unless provided otherwise by the Board. The manager who is not a director shall not be entitled to vote at any meeting of the board of directors.

Article 11.10 The Board may accept resolutions in writing in lieu of convening a meeting of the Board. However, the draft of such resolutions shall be sent to every director by hand or by post, or facsimile or by electronic mail. A resolution shall be a director's resolution without convening a meeting of the Board if it has been sent to all directors by the Board and approved and signed by the requisite number of directors to pass the resolution and sent back to the secretary of the Board by one of the aforesaid means.

Article 11.11 Directors shall attend the meeting of the Board in person. Where any director is unable to attend the meeting, he may in writing appoint another director to attend the meeting on his behalf. The appointing instrument shall specify the scope of the authorization.

The director attending a meeting on other's behalf shall exercise the rights of the director who appoints him within the scope of the authorization. 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 right to vote at such meeting.

Where a director has any interest in the subject matter of the meeting, such director shall withdraw from the meeting, does not enjoy any voting rights and shall not be counted in the quorum thereof.

Article 11.12 The Board shall cause the matters resolved at the meeting of the Board to be recorded in form of minutes. The minutes shall be signed by the directors who attended such meeting and the person taking notes of the proceeding of such meeting.

The directors shall be responsible for the resolution passed by the Board. Where any resolution of the Board contravenes the laws, administrative regulations or the Articles, causing severe losses to the Company, the directors involved in passing such resolution shall be liable to indemnify the Company for losses sustained by the Company as the consequences of such contravention unless it has been proved that he objected to the resolution and the objection has been recorded in the minutes of such meeting, such director may be exempt from the liability.

## **Chapter 12 Secretary of the Board of Directors of the Company**

Article 12.1 The Company shall have secretary of the Board. The secretary is an officer of the Company.

Article 12.2 The secretary shall be a natural person who has the requisite professional knowledge and experience. The secretary shall be appointed or dismissed by the Board. The duties of the secretary shall be to ensure that:

- (1) the constitution documents and records of the Company are in order;
- (2) the necessary reports and documents are prepared and submitted to relevant authorities in accordance with the laws; and
- (3) the register of shareholders of the Company are properly maintained and that persons entitled to records and documents of the Company are furnished with such records and documents without delay.

Article 12.3 Other than supervisor, any director or officer of the Company may be appointed as the secretary of the Board. Any accountant of the accountants firm appointed by the Company shall not be appointed the secretary of the Board.

Where the secretary of the Board is also a director and an act is required to be done by a director and the secretary separately, such person who is acting both as director and the secretary shall not perform the act in both capacities.



### **Chapter 13 General and Deputy General Managers of the Company**

Article 13.1 The Company shall have one general manager and several deputy general managers who shall be appointed or dismissed by the Board. The deputy general managers shall assist the general manager in performing his duty.

Article 13.2 The general manager of the Company shall be responsible to the Board and shall have the following powers and duties :

- (1) to be responsible for the production and management of the Company and to organize the implementation of the resolutions of the Board;
- (2) to organize the implementation of the annual business plans and investment proposals of the Company;
- (3) to prepare proposals for the internal management structure of the Company;
- (4) to prepare the basic management systems of the Company;
- (5) to draft the regulations of the Company;
- (6) to propose the employment and dismissal of deputy general managers and persons in charge of financial matters;
- (7) to employ and dismiss management staff other than those who shall be employed and dismissed by the Board; and
- (8) other powers conferred by the Articles of Association and the board of directors.

Article 13.3 The general manager shall discharge his duties honestly and diligently in accordance with the laws, administrative regulations and the Articles.

## **Chapter 14 Supervisory Committee**

- Article 14.1 The Company shall have a supervisory committee.
- Article 14.2 The supervisory committee shall consist of at least three but no more than five members. The particular number of supervisors shall be determined at the shareholders' general meeting. One of the supervisors shall act as the chairman of the supervisory committee. The appointment and removal of the chairman of the supervisory committee shall be made by a resolution passed by two-thirds or more of the members of the supervisory committee. The term of office for the members of the committee shall be three years and they shall be eligible for re-election.
- Article 14.3 The supervisory committee shall comprise two to four representatives of the shareholders and one representative of the staff and workers. The representatives of the shareholders shall be elected and removed by the shareholders' general meeting, whereas the representative of the staff and workers shall be elected and removed through democratic election by the staff and workers of the Company.
- Article 14.4 Any director, general and deputy general managers and officer in charge of financial matters shall not act as a supervisor.
- Article 14.5 Meeting of the supervisory committee shall be convened at least twice every year and the meeting shall be convened by the chairman of the supervisory committee.
- Article 14.6 The supervisory committee shall be responsible to the shareholders' general meeting and shall have following powers and duties in accordance with the laws :
- (1) to examine the financial conditions of the Company;
  - (2) to supervise the conduct of the directors, general and deputy general managers and other officers of the Company to see whether they contravene the laws, administrative regulations or the Articles in performing the duties of the Company;
  - (3) to request the directors, general and deputy general managers and

- other officers of the Company to rectify their acts which are prejudicial to the interests of the Company;
- (4) to represent the Company in negotiating with the directors or taking legal proceedings against the directors;
  - (5) to verify the financial information such as accounting reports, business reports, profits distribution proposals submitted by the Board to the shareholders' general meeting; where any query arises, the financial information shall be referred to a registered accountant or practicing auditor appointed in the name of the Company to re-examine the same;
  - (6) to propose the convening of extraordinary general meetings;
  - (7) other powers and duties provided in the Articles of Association.

Supervisors may attend meetings of the board of directors.

Article 14.7 The quorum of meetings of the supervisory committee shall be all supervisors. In case of extraordinary meeting of the committee where there are supervisors who are unable to attend, the quorum of such meeting shall be reduced to three-fifths of all supervisors.

The resolutions of the supervisory committee shall be passed by two-thirds or more of supervisors.

Article 14.8 The reasonable costs and expenses incurred in engaging professionals such as lawyers, registered accountants and practicing auditors as are required by the supervisory committee in discharging its duties shall be borne by the Company.

Article 14.9 A supervisor shall comply with the laws, administrative regulations and this Articles of Association, undertake the supervisory duties in good faith.

**Chapter 15 Qualifications and Obligations of Directors, Supervisors, General  
and Deputy General Managers  
and other Officers of the Company**

Article 15.1 A person shall be disqualified from being a director, supervisor, general or deputy general manager or other officer of the Company in any one of the following circumstances :

- (1) the individual has no civil capacity or restricted civil capacity;
- (2) a person of less than 5 years has elapsed since the conviction of corruption, bribery, unauthorized appropriation of properties, embezzlement of properties or disrupting social and economic order; or a period of less than 5 years has elapsed since being deprived of political rights for commission of offences;
- (3) a period of less than 3 years has elapsed since the completion of the liquidation of any company or enterprise which was insolvent due to unsound business operation and management and where the person acted as a director or factory manager, manager of such company or enterprise and was personally liable for such insolvency;
- (4) a period of not less than 3 years has elapsed since revocation of the business licence of a company or enterprise due to illegal business operations where the person was the legal representative of such company or enterprise and for which he was personally liable;
- (5) the person is personally liable for a substantial loan which was due for payment but remains unpaid;
- (6) the person has been involved in criminal offences subject to investigation by judicial authorities and the case has yet to be settled;
- (7) the person is not eligible for acting in the leadership of a company or enterprise according to the laws or administrative regulations;
- (8) the person is not a natural person; and
- (9) a period of less than 5 years has elapsed since the person was adjudged by the relevant governing authority to be guilty of contravention of provisions of securities regulations involving fraud or dishonesty.

Article 15.2 The validity of an act of a director, general or deputy general manager or officer of the Company acting on behalf of the Company against any bona fide third party shall not be affected by any irregularity in his appointment, election or any defects in his qualification.

Article 15.3 In addition to the obligations imposed by the laws and administrative regulations or required by the listing rules of the stock exchange on which the shares of the Company are listed, a director, supervisor, general or deputy general manager or officer owes a duty to each shareholder for the following in the exercise of the powers entrusted to him:

- (1) not to cause the Company to exceed the scope of business stipulated in its business licence;
- (2) to act honestly in the best interests of the Company;
- (3) not to expropriate in any guise the properties of the Company, including but not limited to usurp the opportunities beneficial to the Company; and
- (4) not to expropriate the individual rights of shareholders including but not limited to rights of distribution and voting rights save and except pursuant to a restructuring of the Company submitted for approval of the shareholders in general meeting in accordance with these Articles.

Article 15.4 A director, supervisor, general or deputy general manager or officer of the Company, owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonable prudent person would be expected to exercise in comparable circumstances.

Article 15.5 A director, supervisor, general or deputy general manager, or officer of the Company owes a duty, in performing his duties, to observe obligations of a fiduciary not to place himself in a position where his interest and the obligations undertaken may conflict. This principle shall include but not limited to the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise the powers vested in him and not to exceed the scope thereof;

- (3) to exercise the discretionary power granted to him personally and not allow himself to act under the direction of another and unless and to the extent permitted by the laws and administrative regulations or informed consent of shareholders in general meeting, not to delegate the exercise of this discretion;
- (4) to treat the shareholders of the same class equally and treat the shareholders of different classes fairly;
- (5) except in accordance with these Articles or with the informed consent of shareholders in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders in general meeting not to use the Company's property for his own benefit;
- (7) not to use his authority for obtaining bribes or other illegal income and not to expropriate in any guise the property of the Company including but without limitation, not to usurp opportunities beneficial to the Company;
- (8) without the informed consent of the shareholders' general meeting, not to accept commissions in connection with the Company's transaction;
- (9) to observe the Articles; to perform the duties faithfully; to protect the interests of the Company; not to use his position and authority in the Company to make his own benefit;
- (10) without the informed consent of the shareholders' general meeting not to compete in any way with the Company;
- (11) shall not embezzle the funds of the Company or make loans to the others out of the funds of the Company; shall not deposit the assets of the Company into accounts under his name or any other name; shall not use assets of the Company as security for loans to shareholders of the Company or any other person;
- (12) not to disclose confidential information of the Company acquired by him during the term of office without the informed consent of the shareholders' general meeting; not to use the information other than in furtherance of the interests of the Company; save and except that disclosure of such information to the court of law or other government authorities is permitted if :
  - (a) disclosure is required by the laws;
  - (b) there is a duty to the public to disclose;
  - (c) it is in the personal interests of such director, supervisor,

general or deputy general manager or other officer to require disclosure.

Article 15.6 A director, supervisor, general or deputy general manager and other officer of the Company shall not cause any of the following person or association (the “associates”) to do such things as such director, supervisor, general or deputy general manager and senior management officer is prohibited from doing:

- (1) the spouse or minor child of that director, supervisor, general or deputy general manager or other officer of the Company;
- (2) the trustee of that director, supervisor, general or general deputy manager or other officer of the Company or any person referred to in item (1) of this article;
- (3) the partner of that director, supervisor, general or deputy general manager or other officer of the Company or any person referred to in items (1) and (2) of this article;
- (4) a company in which that director, supervisor, general or deputy general manager or other officer of the Company alone or jointly with one or more of the persons referred to in items (1), (2) and (3) of this article or other directors, supervisors, general or deputy general managers or other officers of the Company, has a de facto controlling interest; and
- (5) a director, supervisor, general or deputy general manager or other officer of a company being controlled as referred to in paragraph (4) of this article.

Article 15.7 The fiduciary duty of a director, supervisor, general and deputy general manager and other officer of the Company does not necessarily cease upon the termination of his tenure of office. The obligation of confidence in relation to the trade secrets of the Company shall survive after the termination of his tenure. Other obligations may continue for such period as to be determined under the principle of fairness, depending on the time lapse between the acts concerned and the termination and the circumstances and the conditions under which the relationship with the Company terminated.

Article 15.8 Except as provided in Article 7.4 of the Articles, a director, supervisor general or deputy general manager and other officer of the Company

may be relieved of liability of specific breaches of his duty by the informed consent of the shareholder in general meeting.

Article 15.9 Where a director, supervisor, general or deputy general manager and other officer of the Company is in any way directly or indirectly materially connected in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than the contracts of service of the director, supervisor, general or deputy general manager or other officer), he shall disclose the nature and extent of his connection to the Board at the earliest opportunity whether or not the contract, transaction, arrangement or proposal therefor is otherwise subject to the approval of the board of directors in normal circumstance.

Unless the connected director, supervisor, general or deputy general manager and other officer of the Company has disclosed his connection to the Board in accordance with the preceding paragraph and the contract, transaction or arrangement has been approved by the Board at meeting in which the connected director, supervisor, general or deputy general manager and other officer of the Company is not counted in the quorum and has refrained from voting, such contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide third party.

Where the associates of any director, supervisor, general or deputy general manager and other officer of the Company are connected in any contract, transaction or arrangement, the director, supervisor, general or deputy general manager or other officer of the Company shall be deemed as connected also.

Article 15.10 Where a director, supervisor, general or deputy general manager and other officers of the Company gives a notice in writing to the Board before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company, stating that, by reason of facts specified in the notice, shall be deemed for the purpose of Article 15.9 to be a disclosure of interests of such director, supervisor, general or deputy general manager and other officers of the Company, so far as attributable to



those facts in relation to any contract, transaction or arrangement of that description which may subsequently be made by the Company.

Article 15.11 The Company shall not, in any manner, pay tax for or on behalf of its director, supervisor, general or deputy general manager and other officers of the Company.

Article 15.12 The Company shall not directly or indirectly, make a loan to or provide any guarantee in connection with a loan made by any person to its directors, supervisors, general or deputy general manager and other officers of the Company or of its holding company; or make a loan to or provide any guarantee in connection with any loan made by any person to the associates of such person as aforesaid.

The preceding provision shall not apply to the following:

- (1) the provision of a loan or a guarantee for a loan by the Company to a company which is a subsidiary of the Company;
- (2) the provision of a loan or a guarantee for loan by the Company to any of its directors, supervisors, general or deputy general managers or other officers under a service contract as approved by shareholders in general meeting or the provision of funds by the Company to him to meet expenditure incurred or to be incurred by him for the purpose of the Company or for the purpose of enabling him properly to perform his duties; and
- (3) where the ordinary course of business of the Company includes the lending of money and the giving of guarantees, the Company may make a loan to or provide a guarantee in connection with a loan by another person to any of its directors, supervisors, general or deputy general managers and other officers of the Company and his associates on normal commercial terms.

Article 15.13 A loan made by the Company in breach of the preceding provisions, shall be forthwith repayable by the recipient regardless of the terms of the loan.

Article 15.14 A guarantee provided by the Company in breach of item 1 of Article 15.12 shall be unenforceable against the Company except that:

- (1) a loan was made by a person to the associates of a director, supervisor, general or deputy general manager and other officers of the Company or of its parent company, and at the time the loan was advanced to the lender who did not know about the relevant circumstances; and
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

Article 15.15 The guarantee referred to in the Article 15.14 shall include an undertaking by the guarantor or property provided to secure the performance of obligations by the obligor.

Article 15.16 Where a director, supervisor, general or deputy general manager and other officer of the Company is in breach of his obligations to the Company, the Company shall have a right to take the following measures in addition to the various rights and remedies provided by the laws and administrative regulations:

- (1) to request such director, supervisor, general or deputy general manager and other officer of the Company to pay damages for the losses sustained by the Company as a natural consequence of his breach of duties;
- (2) to rescind any contract or transaction entered into by the Company with such director, supervisor, general or deputy general manager and other officer of the Company and any contract or transaction entered into by the Company with a third party (where such third party knew or should have known that such director, supervisor, general or deputy general manager and other officer of the Company representing the Company is in breach of the obligations to the Company);
- (3) to request such director, supervisor, general or deputy general manager and other officer of the Company to return the proceeds received as a consequence of the breach of the obligations;
- (4) to recover from such director, supervisor, general or deputy general manager and other officer of the Company any monies which should otherwise have been received by the Company, including without limitation to commissions; and
- (5) to request such director, supervisor, general or deputy general manager and other officer of the Company to return such interests

accrued or may be accrued from the monies which should otherwise have been paid to the Company.

Article 15.17 The Company shall, with the prior approval of the shareholders in general meeting, enter into a contract in writing with a director or supervisor in respect of their remuneration. The emoluments referred to above shall include:

- (1) the emoluments in respect of his service as a director, supervisor or other officer of the Company;
- (2) the emoluments in respect of his service as a director; supervisor or other officer of a subsidiary of the Company;
- (3) the emoluments for provision of other services in connection with the management of the affairs of the Company and its subsidiaries; and
- (4) payment by way of compensation for loss of office or as consideration for or in connection with his retirement.

Save pursuant to the contract aforesaid, no legal proceedings may be brought by a director or supervisor against the Company in respect of the benefits ought to be received by him by reasons of the matters stipulated above.

Article 15.18 There shall be a provision in a contract made between the Company and a director or supervisor in respect of their remuneration that the director or the supervisor shall, with the prior approval of the shareholders in general meeting, be entitled to payment by way of compensation for loss of office or as consideration for his retirement from office in connection with the take over of the Company. A takeover of the Company referred above shall mean any of the following:

- (1) a takeover offer made to all shareholders by any person;
- (2) a takeover offer made by any person with a view to the offeror becoming the controlling shareholder. The definition of “controlling shareholder” shall be the same as the one defined in Article 7.5 of the Articles.

If the relevant director or supervisor does not comply with this article, any sum received by him shall belong to the persons who have sold their shares as a result of accepting the offer made as aforesaid; and the

expenses incurred by him in distributing that sum pro rata amongst those persons shall be borne by him and not deducted out of that sum.

## **Chapter 16 Financial and Accounting System and Distribution of Profit**

- Article 16.1 The Company shall formulate the financial and accounting system of the Company in accordance with the laws, administrative regulations and the provisions in the PRC accounting standards prepared by the authority governing financial matters under the State Council.
- Article 16.2 The Company shall, at the end of each financial year, prepare financial reports and shall examine and audit the same according to statutory requirements.
- Article 16.3 The financial year of the Company shall coincide with the calendar year, which commences from 1st January and ends on 31st December of the Gregorian calendar. The Company shall adopt Renminbi as its accounts keeping unit.
- Article 16.4 The Board of the Company shall place before the shareholders at every annual general meeting the financial statements prepared by the Company as are required by the relevant laws, administrative regulations and mandatory documents promulgated by the local government and the governing authority.
- Article 16.5 The financial reports of the Company shall be deposited at the Company for inspection by its shareholders not less than 20 days before the annual general meeting. Each shareholder of the Company shall be entitled to receive the financial statements referred to in this Article.

The Company shall send by prepaid mail 21 days before the annual general meeting a copy of the above reports together with the balance sheet (including documents required to be sent by provisions of the PRC laws and administrative regulations) and profit and loss account or account of income and expenditures (including the above reports) to each holder of overseas listed foreign invested shares. The service address shall be the address in the register of shareholders.

Article 16.6 The Company's financial report shall be prepared in accordance with the China Accounting Rules and Standards

Article 16.7 The announcement and disclosure of the Company's report(s) and/or financial information shall be prepared in accordance with the China Accounting Rules and Standards.

Article 16.8 The Company shall publish its financial reports twice in each financial year. The interim financial report shall be within 60 days after the end of the first 6 months of the financial year and the annual financial report shall be published within 120 days after the end of the financial year.

Article 16.9 The Company shall not keep accounts other than those required by law.

Article 16.10 Upon completion of preparation of its interim or annual financial reports, the Company shall follow such procedures and make such announcements as required by the securities-related laws and regulations of the PRC and provisions of the stock exchange on which shares of the Company are listed.

Article 16.11 The profits after taxation of the Company shall be distributed in accordance with the following order :

- (1) making up for losses (except for capital reserve fund);
- (2) allocation to statutory surplus reserve fund;
- (3) allocation to discretionary surplus reserve fund; and
- (4) payment of dividends in respect of ordinary shares;

The actual proportion of distribution in respect of items (3) and (4) of this article for any year shall be determined by the Board in accordance with the operational conditions and the development requirements of the Company, and shall be submitted to the shareholders' general meeting for approval.

Article 16.12 No dividends shall be paid before the Company has made up its losses and has made allocations to the statutory reserve fund.

Article 16.13 The Company shall allocate 10 per cent. of the profit after taxation of the year to the statutory surplus reserve fund. The Company may stop allocating to it if the amount of the accumulated statutory surplus reserve fund exceeds 50 per cent. of the Company's registered capital.

Article 16.14 Allocation to the discretionary surplus reserve fund shall be made from the profits of the Company in accordance with a resolution of shareholders at the general meeting after allocation of the Company's profit to the statutory surplus reserve fund.

Article 16.15 The capital reserve fund shall include the following sums :

- (1) the amount of share premium arising from the issue of shares in excess of their par value; and
- (2) other income to be credited to capital reserve fund in accordance with the provisions of the authority governing financial matters under the State Council.

Article 16.16 The reserve fund of the Company shall only be used in the following ways:

- (1) for making up the losses;
- (2) to expand the production operation of the Company; and
- (3) to increase the capital of the Company. The Company capitalizes the capital reserve fund and surplus reserve fund as its capital upon the approval of the shareholders' general meeting, new shares shall be issued by way of bonus to the shareholders in proportion to their shareholdings or the par value of the shares shall be increased, provided that the balance of such reserve fund must not be less than 25 per cent. of the registered capital when the statutory surplus reserve fund is capitalized as capital.

Article 16.17 Subject to Articles 16.11, 16.12, and 16.13 of the Articles, annual dividends shall be paid to the shareholders in proportion to their shareholdings within six months after the end of each financial year.

Article 16.18 The Company may distribute dividends in the following forms:

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

Article 16.19 Where the Company makes any distribution of dividends to the shareholders, the Company shall make withholdings and payments on behalf of the shareholders of such tax taxable on the dividends payable to shareholders in accordance with the provisions of the PRC taxation law and the amount of dividends payable.

Article 16.20 The Board may decided on the proposals of interim or special dividend upon approval from the shareholders' general meeting.

Article 16.21 The Company shall appoint a receiving agent for shareholders of overseas listed foreign invested shares. The receiving agent shall receive on behalf of such shareholder the dividends distributed to and other amounts payable by the Company in respect of the overseas listed foreign invested shares.

The receiving agent appointed by the Company shall satisfy requirements provided under the laws or the relevant provisions of the stock exchange at the place where the shares of the Company are listed.

The receiving agent appointed by the Company for the holders of H shares listed in the HKSE shall be a trust company registered under the Trustee Ordinance of Hong Kong.



## **Chapter 17 Appointment of Accountants Firm**

Article 17.1 The Company shall engage an independent accountants firm which satisfies the relevant requirements of the PRC and is qualified to carry out securities related business to audit the annual financial statements of the Company and to audit other financial statements of the Company.

The first accountants firm may be appointed by the founders meeting prior to the first annual general meeting and the accountants firm so appointed shall hold office until the conclusion of the first annual general meeting.

Where the power as provided above is not exercised by the founders meeting, it shall be exercised by the Board.

Article 17.2 The term of office of the accountants firm shall be from the conclusion of the current annual general meeting until the conclusion of the next annual general meeting.

Article 17.3 The accountants firm appointed by the Company shall have the following rights :

- (1) to inspect at any time the books and accounts, records and supporting documents of the Company and be entitled to request the directors, general and deputy general managers and other officers of the Company to provide relevant information and explanations thereof;
- (2) to request the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of the duties of such accountants firm; and
- (3) to attend any shareholders' general meeting and to receive all notices of and other communications relating to any shareholders' general meeting which any shareholder is entitled to receive, and to be heard at any shareholders' general meeting on any matter which concerns it as accountants firm of the Company.

- Article 17.4 Where the office of the accountants firm is vacated, the Board may appoint another accountants firm to fill such vacancy prior to the holding of shareholders' general meeting, but while any such vacancy continues, the surviving or continuing accountants firm or accountants firms, if any, may act.
- Article 17.5 Notwithstanding anything in the agreement between the accountants firm and the Company, the shareholders in general meeting may by ordinary resolution remove an accountants firm before the expiration of the term of office of such accountants firm. Where the accountants firm so removed shall be entitled to claim against the Company for damages, if any, in respect of such removal, such entitlement shall not be prejudiced thereby.
- Article 17.6 The remuneration or the determination of the remuneration of the accountants firm shall be fixed by the shareholders in general meeting. In the case of the accountants firm appointed by the Board, the remuneration of the accountants firm may be fixed by the Board.
- Article 17.7 The decisions by the Company to appoint, dismiss or not to re-appoint an accountants firm shall be made at the shareholders' general meeting and shall be filed with the authorities of State Council responsible for securities.
- Article 17.8 Where a resolution is proposed to be passed at the shareholders' general meeting to appoint a firm other than an existing accountants firm to fill any vacancy in the office of the accountants firm, to reappoint an accountants firm who has been appointed by the Board to fill a vacancy or to dismiss an accountants firm before the expiry of its term of office, the following provisions shall apply :
- (1) A copy of the proposed resolution in respect of appointment or removal shall be sent before notice of meeting is given to the shareholders to the accountants firm proposed to be appointed or the accountants firm proposing to leave its post or the accountants firm who has left its post in the relevant financial year. ("Leaving" includes leaving by removal, resignation and retirement.)

- (2) If the accountants firm leaving its post makes representations in writing and requests their notification to the shareholders, the Company shall take the following measures (unless the representations are received too late) :
- (a) in any notice of the resolution given to shareholders, state the fact of the representations having been made; and
  - (b) send a copy of the representations as appendix to the notice to every shareholder in accordance with the mode of service prescribed by the Articles.
- (3) If the representations of the accountants firm are not sent out as required by item (2) of this article, the accountants firm may require that the representations shall be read out at the shareholders' general meeting and may have further rights of redress;
- (4) An accountants firm which is leaving its post shall be entitled to attend :
- (a) the shareholders' general meeting at which its term of office would otherwise have expired;
  - (b) any shareholders' general meeting at which it is proposed to fill the casual vacancy caused by its removal; and
  - (c) any shareholders' general meeting convened on its resignation.

The leaving accountants firm is entitled to receive all notices of, and other communications relating to, any such meeting, and to be heard at any such meeting on any matter which concerns its as a former accountants firm of the Company.

Article 17.9 Where the Company removes or not to reappoint an accountants firm, the Company shall give prior notice to the accountants firm which shall have the right to make representations at the shareholders' general meeting. Where the accountants firm tenders its resignation, it shall explain to the shareholders' general meeting whether there is any improper matter.

Article 17.10 An accountants firm may resign its office by depositing a notice in writing to that effect at the Company's seat. Such notice shall terminate its office on the date on which it is deposited at the Company's seat or such later date as may be specified in the notice. Such notice shall

include :

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

Article 17.11 Where a notice is received by the Company as aforesaid, the Company shall within 14 days send a copy of the notice to the relevant governing authorities. If the notice contains a statement under item (2) of Article 17.10, a copy of the notice shall also be deposited at the Company for the inspection of the shareholders, and the said copies shall also be sent to every shareholder of overseas listed foreign invested shares by prepaid mail. The service address shall be the address on the register of shareholders.

Article 17.12 Where the notice of resignation of the accountants firm contains a statement under item (2) of Article 17.10, the accountants firm may require the Board to convene an extraordinary general meeting for the purpose of hearing an explanation of the circumstances connected with his resignation.

## **Chapter 18 Insurance**

Article 18.1 The Company shall effect various types of insurance with insurance companies registered in PRC and allowed by the laws of PRC to provide insurance coverage to PRC companies.

Article 18.2 The types of insurance, insured amount, period of insurance and other terms shall be discussed and decided by the Board with reference to the practices of companies in the same industry in other countries and the practice and legal requirements in PRC.

## **Chapter 19 Labour Management**

- Article 19.1 The Company shall formulate its labour management, personnel management, wages and welfare and social insurance systems in accordance with the laws and administrative regulations of the PRC.
- Article 19.2 In respect of all levels of management personnel, the Company shall adopt appointment system and the Company shall adopt contract system in respect of ordinary staff and workers. The Company shall have autonomy in respect of the allocation and the assignment of work of its employees and may exercise its own discretion to recruit and, in accordance with regulations and the terms of contracts, dismiss management personnel, staff and workers.
- Article 19.3 The Company shall have autonomy in determining the levels of wages and welfare benefits for various levels of its management personnel and staff and workers in accordance with its own cost-effectiveness within the ambit permitted by the relevant administrative regulations.
- Article 19.4 The Company shall arrange for medical insurance, retirement insurance and unemployment insurance for its management personnel and staff and workers in accordance with the relevant administrative regulations of the PRC government and of local government and shall implement the laws, regulations and relevant requirements in respect of labour insurance for retired and unemployed staff and workers.

## **Chapter 20 Trade Union Organization**

Article 20.1 The staff and workers of the Company shall have the right to establish a trade union and engage in trade union activities in accordance with the Trade Union Law of the PRC. The activities of the trade union shall be conducted beyond the normal working hours unless otherwise prescribed by the board of directors.

## **Chapter 21 Amalgamation, Demerger, Increment and Reduction of Capital of the Company**

Article 21.1 The Board of the Company shall put forward proposals for amalgamation or demerger which shall be submitted to relevant approving authorities for approval in accordance with the laws after the same have been approved according to the procedures provided in the Articles of the Company. Shareholders who oppose the proposals for amalgamation or demerger shall have the right to request the Company or shareholders who are in favour of amalgamation or demerger to purchase their shares at a fair price. Special reports of the resolution of amalgamation or demerger shall be prepared for the inspection by the shareholders.

Such documents shall be sent to holders of H shares by post.

Article 21.2 The amalgamation of the Company may take the form of either amalgamation by absorbing another company or amalgamation by establishing a new company. Parties to the amalgamation shall execute an agreement for the amalgamation and balance sheets and assets inventories shall be prepared. The Company shall within 10 days after the passing of the resolution for amalgamation notify the creditors and shall publish the notification for at least three times within 30 days in a newspaper. Upon amalgamation, all claims and liabilities of the parties to the amalgamation shall be taken over by the company, which exists after the amalgamation or, by the newly established company.

Article 21.3 Where the Company demerge, its assets shall be apportioned in an appropriate manner.

Parties to the demerger shall execute an agreement for the demerger and balance sheets and assets inventories shall be prepared. The Company shall within 10 days after the passing of the resolution for demerger notify the creditors and shall publish the notification for at least three times within 30 days in a newspaper. The liabilities of the Company before demerger shall be taken over by the company after demerger in accordance with the agreement for the demerger.



Article 21.4 Changes in registration items arising from amalgamation or demerger shall be registered with companies registration department in accordance with the laws; in the case of dissolution, the dissolution shall be registered according to the laws; where new companies are established, the establishment shall be registered according to the laws.

## **Chapter 22 Dissolution and Liquidation**

Article 22.1 The Company shall be dissolved and liquidated upon the occurrence of any the following events :

- (1) where the shareholders' general meeting resolves by special resolution to dissolve the Company;
- (2) where dissolution of the Company is necessary for amalgamation or demerger;
- (3) where the Company is adjudged insolvent in accordance with the applicable laws as a result of its inability to pay its debts when due; or
- (4) where the Company is closed in accordance with the applicable laws as a result of its breach of the laws or administrative regulations.

Article 22.2 If the Company is dissolved pursuant to item (1) of Article 22.1, it shall within 15 days thereof establish a liquidation committee and the members of which shall be elected by an ordinary resolution of shareholders in general meeting. If the Company is dissolved pursuant to item (3) of Article 22.1, the People's Court shall form a liquidation committee comprising the shareholders, relevant authorities and relevant professionals in accordance with the laws to proceed with the liquidation. If the Company is dissolved pursuant to item (4) of Article 22.1, the relevant governing authority shall form a liquidation team comprising the shareholders, relevant authorities and relevant professionals in accordance with the laws to proceed with the liquidation.

Article 22.3 Where the Board decides to liquidate the Company (except for the liquidation as a result of the insolvency of the Company), it shall specify in the notice convening the shareholders' general meeting for such purpose that the Board has made a full inquiry into the affairs of the Company and is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

Upon the passing of the resolution for liquidation by shareholders in general meeting, the duties and powers of the Board shall cease forthwith.

The liquidation committee shall comply with the instructions of the shareholders' general meeting and shall report to it at least once every year the receipts and payments of the liquidation committee, the business and the progress of liquidation of the Company. Upon the completion of liquidation it shall also give a final report to the shareholders' general meeting.

Article 22.4 The liquidation committee shall notify the creditors within 10 days following its establishment and shall make public announcement regarding the same in a newspaper at least three times within 60 days. The liquidation committee shall make registration on all claims.

Article 22.5 The liquidation committee shall during the liquidation period perform the following duties :

- (1) to dispose of the Company's assets, to prepare balance sheets and an inventory of assets;
- (2) to give notices or make public announcements to the creditors;
- (3) to deal with the unfinished business of the Company in relation to the liquidation;
- (4) to settle all tax in arrear as well as tax amounts arising from the process of liquidation;
- (5) to repay all the claims and debts;
- (6) to deal with the remaining assets of the Company after the repayment of debts; and
- (7) to represent the Company in civil proceedings.

Article 22.6 After the completion of the disposal of the assets of the Company and the preparation of the balance sheets and an inventory of assets, the liquidation committee shall prepare a liquidation proposal and submit the same to the shareholders' general meeting or relevant governing authorities for their approval.

The assets of the Company shall be used to make repayments in the following order of priority:

- (1) liquidation costs;
- (2) accrued wages and labour insurance premiums of employees of the Company;
- (3) tax in arrear;
- (4) liabilities of the Company.

Any assets remaining after repayment of debts in accordance with the provisions above shall be distributed to shareholders in proportion to the number of shares held by them.

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

Article 22.7 If the Company is to be dissolved by liquidation, the liquidation committee discovers that, after the disposal of the assets of the Company and preparation of the balance sheets and assets inventory, the assets of the Company are insufficient to repay its debts in full, it shall forthwith apply to the People's Court for a declaration of insolvency.

Upon declaration of insolvency of the Company by the People's Court, the liquidation committee shall hand over liquidation affairs of the Company to the People's Court.

Article 22.8 Following the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report and statement of receipts and expenditures and various financial records for the period of liquidation which shall, upon being audited by an accountant registered in the PRC, be submitted to the shareholders' general meeting or relevant governing authority for their approval.

The liquidation committee shall, within 30 days upon the approval of the shareholders' general meeting and relevant governing authority, submit the said documents to the company registration department, and apply for the cancellation of registration of the Company and to make public announcement in respect of the termination of the Company.

## **Chapter 23 Procedures for Amendments to the Articles of Association**

Article 23.1 The Company may amend the Articles pursuant to the laws, administrative regulations and the provisions of the Articles.

Article 23.2 The Article may be amended in accordance with the following procedures :

- (1) the Board shall adopt a resolution in accordance with the Articles to propose amendments to the Articles by shareholders in general meeting and to formulate the proposal for amendments;
- (2) the shareholders shall be notified of the proposals for amendments and a shareholders' general meeting shall be convened to vote on the amendments; and
- (3) subject to the relevant provisions of the Articles of the Company, the amendments put to the vote at a shareholders' general meeting shall be passed by way of a special resolution.

Article 23.3 Where the amendments to the Articles involve anything set out in the Mandatory Provisions, the amendments shall be effective upon the approval of State Council authorized approving authorities and the authorities of the State Council responsible for securities; where the amendments involve company registration items, the registration of the changes shall be made in accordance with the laws.

## Chapter 24 Settlement of Disputes

Article 24.1 The Company shall comply with the following rules for settlements of disputes :

- (1) Whenever any disputes or claims arising from the Articles, or any rights or obligations conferred or imposed by the Company Law and other relevant laws or administrative regulations concerning the affairs of the Company between the shareholders of overseas listed foreign invested shares and the Company, between the shareholders of overseas listed foreign invested shares and any director, supervisor, general or deputy general manager or other officer of the Company or between the shareholders of overseas listed foreign invested shares and shareholders of domestic shares, the parties involved shall refer such kind of disputes or claims for settlement by arbitration.

In referring the said disputes or claims to arbitration, the entire claims and disputes shall be referred; and all the persons having the same cause of action or all the parties whose participation is necessary for the settlement of the disputes or the claims, including the Company, shareholders, directors, supervisors, general and deputy general managers or other officers of the Company, shall submit to arbitration.

As to the disputes on the definition of a shareholder or register of the shareholders, it may be settled by methods other than arbitration.

- (2) At the election of the claimant, the disputes or claims shall be referred to arbitration at either China International Economic and Trade Arbitration Commission in Beijing in accordance with its arbitration rules, or Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a disputes or claims to arbitration, the other party must submit to the arbitration body elected by the claimant. If the claimant elects to proceed with the arbitration at Hong Kong International Arbitration Centre, either party may request to proceed with the arbitration in Shenzhen in accordance with the

provisions of the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (3) The laws of the People's Republic of China shall be applicable to the settlement of disputes and claims by way of arbitration mentioned in item (1) of this article unless the laws and administrative regulations provide otherwise.
- (4) The award of the arbitration body is final and conclusive and is binding on all parties.

## Chapter 25 Notices

Article 25.1 Notices, information or written statements to be sent by the Company to holders of H shares shall be delivered to the registered address of each holder of H shares by hand or by post to the respective address of each holder of H shares as shown in the register of shareholders.

Where a notice is sent by post, service of the notice shall be effected by properly addressing with the name of the addressee, prepaying, putting the notice into an envelope and posting an envelope containing the notice and shall be deemed to have been effected at the expiration of 24 hours after the envelope containing the same is posted.

Article 25.2 Any notice, document, information or written statement sent to the Company by the shareholders or directors shall be serviced by hand or registered mail to the seat of the Company.

Article 25.3 For the purpose of proving that any notice, document, information or written statement has been sent to the Company by the shareholders or directors, evidence shall be sufficed showing that such notice, document, information or written statement has been deposited within the period specified for depositing the same by the ways specified in Article 25.3 of the Articles; in the case of delivery by hand, the receipt confirmation of the Company shall be sufficed; in the case of delivery by registered mail, supporting information showing that the mail has been prepaid and sent to the correct address shall be sufficed.



## Chapter 26 Construction and Definitions

Article 26.1 Any matter not provided in the Articles shall be resolved by the resolution proposed by the Board and passed at the shareholders' general meeting.

Article 26.2 The Articles are written in both Chinese and English and the Chinese version shall prevail in case of discrepancy.

Article 26.3 Unless the context otherwise requires, the following expressions have the following meanings in the Articles:

“Articles”	the articles of association of the Company
“Board”	the board of directors of the Company
“chairman”	the chairman of the Board
“Party Committee”	the Party Committee of the Communist Party of Beijing Capital Land Ltd.
“Discipline Inspection Committee”	the Discipline Inspection Committee of the Communist Party of Beijing Capital Land Ltd.
“director”	any director of the Company
“overseas listed foreign invested shares”	any overseas listed foreign invested shares of the Company
“seat of the Company”	Room 3071, 3/F Office, Block 4, No. 13 Kaifang East Road, Huairou District, Beijing
“Renminbi”	the lawful currency of the PRC
“secretary to the Board”	the company secretary appointed by the Board
“PRC” and “State”	the People's Republic of China
“HKSE”	The Stock Exchange of Hong Kong Limited

“Company”	the Company, Beijing Capital Land Ltd.
“Accountants Firm”	has the meaning ascribed to “auditor” under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited