

# **WEICHAI POWER CO., LTD.**

## **Articles of Association**

**(Amendment)**

**(Adopted at the Company's 2002 general meeting held on 30 June 2003, amended at the Company's extraordinary general meeting held on 20 October 2003, amended at the Company's 2003 annual general meeting held on 29 June 2004, amended at the Company's 2004 extraordinary general meeting held on 15 December 2004, amended at the Company's extraordinary general meeting held on 29 December 2006, amended at the Company's 2006 annual general meeting held on 29 June 2007, amended at the Company's 2007 annual general meeting held on 19 June 2008, amended at the Company's 2008 first extraordinary general meeting held on 20 August 2008, amended at the Company's 2008 second extraordinary general meeting held on 3 November 2008, amended at the Company's 2008 annual general meeting held on 19 June 2009, amended at the Company's 2010 first extraordinary general meeting held on 26 October 2010, amended at the Company's 2010 annual general meeting held on 18 May 2011, amended at the Company's 2011 annual general meeting held on 29 June 2012, amended at the Company's 2012 first extraordinary general meeting held on 30 November 2012 and amended at the Company's 2015 first extraordinary general meeting held on 27 February 2015)**

**WEICHAI POWER CO., LTD.**

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Footnote: In the margin notes to the provisions of the Articles, the “**Company Law**” refers to the “Company Law of the People’s Republic of China” (as amended) effective on 1 January 2006; the “**Securities Law**” refers to the “Securities Law of the People’s Republic of China” (as amended) effective on 1 January 2006; the “**Mandatory Provisions**” refer to the “Mandatory Provisions for Articles of Association of Companies to be Listed Overseas” (Zheng Wei Fa [1994] No. 21) jointly promulgated by the State Council Securities Committee and the State Restructuring Commission; the “**Zheng Jian Hai Han**” refers to the “Circular Regarding Comments on the Amendments to Articles of Association of Companies Listed in Hong Kong” (Zheng Jian Hai Han [1995] No. 1) jointly issued by CSRC and the State Restructuring Commission; the “**Opinions**” refer to the “Opinions on Further Standardising Operations and Intensifying Reforms of Companies Listed Overseas” (Guo Jing Mao Qi Gai [1999] No. 230) jointly issued by the State Economic and Trade Commission and CSRC; the “**Practice Guidelines for Secretaries**” refer to the “Practice Guidelines for Secretaries to the Board of Companies Listed Overseas” (Zheng Jian Fa Hang Zi [1999] No. 39) issued by CSRC; “**App3**” refers to the Appendix 3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; “**App13 d**” refers to the Appendix 13D to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; “**Guidelines for Articles**”, “**Code of Corporate Governance**”, “**Rules for Shareholders’ Meeting**”, “**Certain Provisions**”, “**Guiding Opinions for Independent Directorship**”, “**Notice of Guarantees**” and “**Notice of Cash Dividends Distribution**” refer to “Guidelines for Articles of Association of Listed Companies (amended 2006)”, “Code of Corporate Governance for Listed Companies”, “Rules for Shareholders’ Meeting of Listed Companies”, “Certain Provisions on Strengthening the Protection of the Rights and Interests of General Public Shareholders”, “Guiding Opinions on Establishing Independent Director System by Listed Companies”, “Notice on the Regulation of External Guarantees Given by Listed Companies” and “Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies” promulgated by China Securities Regulatory Commission respectively.

**WEICHAI POWER CO., LTD. (the “Company”), a joint stock limited company incorporated in the People’s Republic of China with limited liability.**

**Chapter 1 GENERAL RULES**

Article 1 The Company is a joint stock limited company established in accordance with the “Company Law of the People’s Republic of China” (“Company Law”), “the PRC Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies” (“Special Regulations”) and other relevant laws and administrative regulations of the People’s Republic of China (the “PRC”).

As approved by the document entitled Luzheng Gu Zi [2002] No. 64 (魯政股字〔2002〕64號) by The People’s Government of Shandong Province, the Company was established by way of promotion on 23 December 2002. It was registered with Shandong Province Commerce and Industry Administration Bureau) from which it obtained the corporate legal person business license (license number: 3700001807810) on 23 December 2002. Upon the approval of State-owned Assets Supervision and Administration Commission of the State Council, the Company was changed into a company offering shares and being listed overseas.

The promoters of the Company are Weichai Group Holdings Limited, Weifang Investment Company, Peterson Holdings Company Limited, Fujian Longyan Construction Machinery (Group) Company Limited, Shenzhen Chuangxin Investment Group Company Limited, Shandong Enterprise Trust Operation Company Limited, IVM Technical Consultants Wien Gesellschaft m.b.H., Guangxi Liugong Group Company Limited, Tan Xuguang, Xu Xinyu, Zhang Quan, Sun Shaojun, Liu Huisheng, Tong Dehui, Sun Xueke, Chen Songdong, Ding Yingdong, Dai Lixin, Han Lisheng, Feng Gang, Zhong Genghui, Wang Yong, Ma Yuxian, Liu Yuanqiang, Wang Changliang, Wang Xiaoying, Li Honggang, Li Jiajia, Wu Hongwei, Yu Rushui, Wang Tongtai and Wang Fengyi.

Article 2 The Company issued 126,500,000 overseas listed foreign shares to foreign investors to be subscribed for in foreign currency and listed overseas, and such shares were listed on the Main Board of the Hong Kong Stock Exchange in March 2004. Article 3 of the Guidelines for Articles

On 30 March 2007, the Company was approved by CSRC to issue 190,653,552 ordinary shares denominated in RMB to the domestic public for the first time, and such shares were listed on Shenzhen Stock Exchange on 30 April 2007.

Article 3 The registered Chinese name of the Company: 潍柴动力股份有限公司 Article 2 of the Mandatory Provisions

The English name of the Company: WEICHAI POWER CO., LTD.

Article 4 The residence of the Company: 197, Section A, Fu Shou East Street, High Technology Industrial Development Zone, Weifang City, Shandong Province, the PRC Article 3 of the Mandatory Provisions

Postal Code: 261061

Telephone No.: 0536—2297777

Facsimile No.: 0536—8197073

Article 5 The chairman of the Board of the Company shall be the legal representative of the Company. Article 4 of the Mandatory Provisions

Article 6 The Company shall be a perpetual joint stock limited company. Article 5 of the Mandatory Provisions

The Company shall absorb the domestic and overseas experience and mode of scientific and advanced governance and gradually establish a sound, secure and highly-efficient corporate governance structure.

Article 7 These Articles were approved by a special resolution at the Company's 2002 general meeting held on 30 June 2003, amended by a special resolution at the Company's extraordinary general meeting held on 20 October 2003, amended at the Company's 2003 annual general meeting held on 29 June 2004, amended at the Company's 2004 extraordinary general meeting held on 15 Article 6 of the Mandatory Provisions

December 2004, amended by a special resolution at the Company's extraordinary general meeting held on 29 December 2006, amended at the Company's 2006 annual general meeting held on 29 June 2007, amended at the Company's 2007 annual general meeting held on 19 June 2008, amended at the Company's 2008 first extraordinary general meeting held on 20 August 2008, amended at the Company's 2008 second extraordinary general meeting held on 3 November 2008, amended at the Company's 2008 annual general meeting held on 19 June 2009, amended at the Company's 2010 first extraordinary general meeting held on 26 October 2010, amended at the Company's 2010 annual general meeting held on 18 May 2011, amended at the Company's 2011 annual general meeting held on 29 June 2012, amended at the Company's 2012 first extraordinary general meeting held on 30 November 2012 and amended at the Company's 2015 first extraordinary general meeting held on 27 February 2015, and these Articles were approved, in accordance with lawful procedures, registered and filed with the relevant companies registration authorities of the PRC.

Commencing from the effective date, these Articles shall replace the Company's original articles which will cease to have any further effect. These Articles regulate the Company's organisation and conduct, the rights and obligations between the Company and its shareholders as well as between the shareholders and constitute a legally binding document.

Article 8 These Articles are binding on the Company and its shareholders, directors, supervisors, general manager and other senior management officers; all of whom are entitled to claim rights concerning the affairs of the Company in accordance with these Articles.

Article 7 of the  
Mandatory Provisions

The shareholders shall have the right to commence legal proceeding against the Company and the Company shall have the right to commence legal proceeding against its shareholders, directors, supervisors, general manager and other senior management officers in accordance with these Articles; the shareholders shall have the right to commence legal proceeding against the other shareholders in accordance with these Articles; the shareholders shall have the right to commence legal proceeding against the directors, supervisors, general manager and other senior management officers of the Company in accordance with these Articles.

Article 10 of the  
Guidelines for  
Articles

The aforesaid proceedings include lodging a lawsuit in a court or applying for arbitration in an arbitration institution.

The other senior management officers referred to in these Articles shall mean the deputy general manager, financial controller and secretary to the Board of Directors of the Company.

Article 11 of the  
Guidelines for  
Articles

Article 9 The entire capital of the Company is divided into shares of equal value and the shareholders shall be liable to the Company to the extent of the shares held by them. The Company shall be liable for its debts with all its assets.

Subject to the relevant laws and regulations and upon obtaining approvals from the relevant departments of the State, the Company has the power to raise or borrow money, which includes but is not limited to issuing bonds and providing guarantees for any third party,. However, the Company shall not detriment or abrogate the interest of shareholders of any class while exercising the aforesaid rights.

Article 10 The Company is an independent corporate legal person. All of the Company's acts shall comply with PRC laws and regulations and safeguard the lawful interests of its shareholders. The Company shall be governed and protected by PRC laws, regulations and other relevant governmental provisions.

Article 11 The Company may invest in other enterprises provided that, unless otherwise required by the laws, it may not become a capital contributor who is jointly liable for the indebtedness of the enterprise invested by the Company, and the Company's liabilities to the invested enterprise are limited to the amount of its capital contribution.

Article 15 of the Company Law  
Article 8 of the Mandatory Provisions

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

Article 12 The objectives of the business of the Company are: always look upon the guidance under socialist market economy, actively implement the innovation of technologies; continuously promoting the innovation of management, and, on the premise that the advantage of the existing high-power automobile engine and construction machinery engine is maintained, to continuously develop the high-performance and low-emission diesel engines and expand the power coverage of the products in order to achieve better economic efficiency and provide the investors with a higher return.

Article 9 of the Mandatory Provisions

Article 13 The scope of business of the Company shall be subject to the items approved by the relevant companies registration authorities. Article 10 of the Mandatory Provisions

The scope of business of the Company includes: the design, development, manufacture, sales, maintenance and import and export of the internal combustion engines, new energy powertrain systems and supplemental products, leasing of self-owned properties, sales of steel materials; provision of the service of enterprise management.

The Company shall conduct its business activities within the scope of business approved by the relevant companies registration authorities.

Article 14 The Company shall amend its Articles of Association in accordance with lawful procedures and to alter its scope of business upon the change of registration with the relevant companies registration authorities.

### **Chapter 3 SHARES AND REGISTERED CAPITAL**

Article 15 There must at all times be ordinary shares in the Company. The ordinary shares issued by the Company shall include domestic shares and foreign shares. Subject to the approval of the companies approving department authorised by the State Council, the Company may create other classes of shares according to its needs. Article 11 of the Mandatory Provisions / App 3 para 9

Article 16 The shares issued by the Company shall have a nominal value of RMB1 per share. Article 12 of the Mandatory Provisions

Article 17 Subject to the approval of the relevant administrative authorities for securities under the State Council, the Company may issue shares to domestic investors and foreign investors. Article 13 of the Mandatory Provisions / App 3 para 9

The aforesaid foreign investors shall refer to the investors from foreign countries and the regions of Hong Kong, Macau and Taiwan who subscribing for the shares issued by the Company; domestic investors shall refer to the investors within the PRC (other than those investors from the aforesaid regions) subscribing for the shares issued by the Company.



Article 18 The shares issued by the Company which are denominated in Renminbi, and subscribed by domestic investors are known as domestic shares. Domestic shares which are listed domestically shall be known as domestic listed Renminbi ordinary shares. The shares issued by the Company which are denominated in a foreign currency and subscribed for by foreign investors are known as foreign shares. Foreign shares which are listed overseas are known as overseas listed foreign shares. Both the domestic shareholders and foreign shareholders are shareholders of ordinary shares and have the same rights and assume the same obligations.

Article 14 of the  
Mandatory Provisions  
/ App 3 para 9

Article 19 Upon the resolution being passed at a general meeting and the submission by the Board to the relevant government authority for approval, the domestic shares and promoter's foreign shares may be listed on a domestic stock exchange in the PRC and shall be collectively known as A shares after listing on a domestic stock exchange in the PRC. Upon the resolution being passed at a general meeting and approved by the relevant government authority, foreign shares may be listed on Hong Kong Stock Exchange or other stock exchanges outside the PRC.

Upon obtaining the approval by the examination and approval authority which is authorised by the State Council, the Company's total number of ordinary shares in issue is 1,999,309,639 shares, including 215,000,000 shares issued to the promoters on incorporation. Details of capital contributions by the Company's promoters upon the Company's incorporation are as follows:

Article 15 of the  
Mandatory Provisions  
/ App 3 para 9  
Article 82 of the  
Company Law /  
Article 18 of the  
Guidelines for  
Articles

Promoters	No. of shares subscribed for (0'000 shares)	Mode of capital contribution	Date of capital contribution
濰柴控股集團有限公司 (Weichai Group Holdings Limited)	8,645	The assets (including assets and liabilities relating to production and	Cash was paid before 5 December 2002. Formalities for the transfer of real properties and land

		operation) as at 31 December 2001, in-kind contribution in the sum of RMB80 million and RMB6.45 million	in cash	were completed on 16 June 2003 and 4 June 2003 respectively, and other in kind contributions were delivered on 3 December 2002.
濰坊市投資公司 (Weifang Investment Company)	2,150	RMB21.50 million	in cash	5 December 2002
培新控股有限公司 (Peterson Holdings Company Limited)	2,350	RMB23.50 million	in cash	5 December 2002
福建龍岩工程機械(集團)有限公司 (Fujian Longyan Construction Machinery (Group) Company Limited)	2,150	RMB21.50 million	in cash	5 December 2002
深圳市創新投資集團有限公司 (Shenzhen Chuangxin Investment Group Company Limited)	2,150	RMB21.50 million	in cash	5 December 2002
山東省企業托管經營股份有限公司 (Shandong	1,000	RMB10 million	in cash	5 December 2002

Enterprise Trust  
Operation  
Company

Limited)

奧地利 IVM 技術 1,075

RMB10.75 million 5 December 2002

諮詢維也納有限

in cash

公 司 (IVM

Technical

Consultants Wien

Gesellschaft

m.b.H.)

廣西柳工集團有 500

RMB5 million in 5 December 2002

限公司 (Guangxi

cash

Liugong Group

Company

Limited)

24 natural person 1,480

RMB14.8 million 5 December 2002

promoters

in cash

including Tan

Xuguang

Article 20 Subsequent to the establishment of the Company, Article 16 of the 115,000,000 ordinary shares were issued additionally. At the same time, the Mandatory Provisions promoter of the Company disposed of 11,500,000 state-owned shares, / App 3 para 9 representing 10% of its financing. All of the above shares are overseas listed foreign shares. Subsequent to such issue and disposal, the shareholding structure of the Company was as follows: there were totally 330,000,000 ordinary shares in issue, of which 203,500,000 shares and 126,500,000 shares are held by the promoter shareholders and by holders of the overseas listed foreign shares, respectively, representing 61.67% and 38.33% of the total number of shares of the Company, respectively.

After completion of the aforesaid issue of the overseas listed foreign shares, there were 190,653,552 domestically listed domestic shares in issue, as approved by the examination and approval authority authorized by the State

Council. After such issue and listing, the shareholding structure of the Company was as follows: there were totally 520,653,552 ordinary shares in issue, of which 394,153,552 shares (including 203,500,000 shares held by the promoter domestic shareholders and promoter foreign shareholders) were held by the shareholders of A shares, and 126,500,000 shares were held by holders of the overseas listed foreign shares.

After the implementation of the interim conversion of the capital common reserve fund into capital in 2008, a total of 833,045,683 ordinary shares of the Company were in issue, of which 630,645,683 shares (including 325,600,000 shares held by the promoter domestic shareholders and promoter foreign shareholders) were held by the shareholders of A shares and 202,400,000 shares were held by the shareholders of overseas listed foreign shares.

After the implementation of the interim conversion of the capital common reserve fund into capital in 2010, a total of 1,666,091,366 ordinary shares of the Company are in issue, of which 1,261,291,366 shares are held by the shareholders of A shares and 404,800,000 shares are held by shareholders of overseas listed foreign shares.

After the implementation of the 2011 dividend payment plan by the Company, a total of 1,999,309,639 ordinary shares of the Company are in issue, of which holders of A Shares are interested in 1,513,549,639 shares and holders of overseas listed foreign shares are interested in 485,760,000 shares.

Article 21 The share capital of the Company consists of 1,999,309,639 ordinary shares, of which 485,760,000 shares are held by the shareholders of overseas listed foreign shares and 1,513,549,639 shares are held by shareholders of A Shares.

Article 22 Upon the approval of the proposal to issue overseas listed foreign shares and A shares by relevant administrative authorities for securities under the State Council, the Board may make separate implementing arrangements for their issuance. Article 17 of the Mandatory Provisions

The abovementioned proposal to issue overseas listed foreign shares and A shares by the Company may be implemented within 15 months from the date of obtaining approval from CSRC respectively.

Article 23 The Company shall issue the total amount of overseas listed foreign shares and A shares as stipulated in the issuance proposal on a one-off Article 18 of the Mandatory Provisions

basis, respectively. If, under special circumstances, the Company could not issue all the shares on a one-off basis, the Company may carry out several issuances after obtaining approval from CSRC.

Article 24 the Company's registered capital is RMB1,999,309,639; Article 19 of the comprising of a total of 1,999,309,639 shares with a nominal value of RMB1.00 each. Mandatory Provisions / App 3 para 9

Article 25 Subject to its needs of business and development, the Company may increase the capital in accordance with the relevant provisions of these Articles. Article 20 of the Mandatory Provisions

The Company may adopt the following methods to increase the capital:

- (1) issuing new shares to unspecified investors;
  - (2) placing new shares to existing shareholders;
  - (3) distributing new shares to existing shareholders;
  - (4) converting the common reserve fund to share capital;
  - (5) other methods permitted under the PRC laws and administrative rules and by CSRC.
- Article 21 of the Guidelines for Articles

Increase in capital of the Company by way of an issue of new shares shall be processed in accordance with the relevant laws and administrative regulations of the State, and subject to the approval as stipulated under the provisions of these Articles.

Article 26 Unless otherwise specified by the laws and administrative regulations, the shares of the Company are freely transferable without carrying any lien. Article 21 of the Mandatory Provisions

#### **Chapter 4      REDUCTION OF CAPITAL AND REPURCHASE OF SHARES**

Article 27 The Company may reduce its registered capital pursuant to the provisions of these Articles and shall proceed with the reduction in accordance with the procedures stated in the Company Law, other relevant regulations and these Articles. Article 22 of the Mandatory Provisions

Article 28 When the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets. Article 23 of the Mandatory Provisions

The Company shall notify its creditors within 10 days of the making of resolution to reduce the registered capital and issue an announcement on the China Securities Journal and/or other national newspapers and magazines designated by relevant administrative authorities for securities under the State Council and other newspapers and magazines designated by the Board of Directors within 30 days of the making of resolution. The creditors shall have the right to require the Company to pay its debts or provide the corresponding guarantee within 30 days from the receipt of the notice, or within 45 days from the date of the first announcement in the case of no receipt of the notice. / Article 178 of the Company Law

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

Article 29 In any of the following circumstances, the Company may repurchase its outstanding shares through the procedures set out in these Articles after reporting to the relevant competent authority of the State for approval: Article 143 of the Company Law / Article 24 of the

- (1) cancel shares for the purpose of reducing the Company's registered capital; Mandatory Provisions
- (2) merge with other companies that hold the Company's shares;
- (3) allot shares to the Company's staff and workers as incentive;
- (4) as a request for repurchase of shares by the shareholders who disagree with a resolution passed at a general meeting concerning the Company's merger or demerger. Article 23 of the Guidelines for Articles

The Company may not deal in its shares other than the circumstances as aforesaid.

Article 30 The Company may, with the approval of the relevant competent authority of the State for repurchasing its shares, conduct the repurchase in one of the following ways: Article 25 of the Mandatory Provisions

- (1) Making a pro rata general offer of repurchase to all its shareholders;
- (2) Repurchase through public dealing on a stock exchange;
- (3) Repurchase by an off-market agreement outside a stock

exchange;

(4) other methods approved under the laws, administrative regulations and by relevant administrative authorities for securities under the State Council. Article 24 of the Guidelines for Articles

Article 31 Where the Company repurchases its shares by an off-market agreement outside a stock exchange, the prior approval of general meeting shall be obtained in accordance with these Articles. The Company may release or vary a contract so entered into in such manner or waive any right thereunder with the prior approval of general meeting obtained in the same manner. Article 26 of the Mandatory Provisions

The aforesaid contract for repurchasing shares includes, but not limited to, an agreement to become obliged to repurchase shares or to acquire the right to repurchase shares.

A contract for the Company to repurchase its shares or any rights thereunder is not assignable.

Article 32 The Company's acquisition of its shares for the reasons set out in Article 29(1) to (3) shall be subject to a resolution passed at the general meeting. After the Company has acquired its shares pursuant to Article 29, cancellation should be effected within 10 days from the date of acquisition in the case of clause (1). Transfer or cancellation should be effected within six months in the cases of clauses (2) and (4). Article 25 of the Guidelines for Articles

If the Company acquires its own shares pursuant to Article 29(3), such acquisition will not exceed 5% of the Company's total issued shares. The capital used for acquisition should be paid out of the Company's profit after taxation. The acquired shares should be transferred to its staff and workers within one year.

Article 33 After the repurchase of its shares in accordance with the laws, the Company shall cancel or transfer such part of shares within the period of time provided by laws, administrative regulations and the relevant listing rules, and arrange for the registration of change of registered capital at the original companies registration authority. Article 27 of the Mandatory Provisions

The Company shall deduct the total nominal value of the shares cancelled

from its registered capital.

Article 34 Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to the repurchase of its issued shares:

Article 28 of the Mandatory Provisions

(1) Where the Company repurchases its shares at nominal value, payment shall be made out of the book surplus distributable profits of the Company or out of the proceeds from the issue of new shares made for that purpose;

(2) Where the Company repurchases its shares at a premium to its nominal value, payment up to the nominal value may be made out of the book surplus distributable profits of the Company or out of the proceeds from the issue of new shares made for that purpose. Payment of the portion in excess of the nominal value shall be effected as follows:

1. If the shares being repurchased were issued at nominal value, payment shall be made out of the book surplus distributable profits of the Company;
2. If the shares being repurchased were issued at a premium to its nominal value, payment shall be made out of the book surplus distributable profits of the Company or out of the proceeds from the issue of new shares made for that purpose, provided that the amount paid out of the proceeds from the issue of new shares shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased or the current amount (including the premiums on the issue of new shares) of the Company's premium account (or capital common reserve fund account) at the time of the repurchase;

(3) Payment by the Company in consideration of the following shall be made out of the Company's distributable profits:

1. Acquisition of rights to repurchase its shares;
2. Variation of any contract to repurchase its shares;
3. Release of any of its obligations under any contract to repurchase its shares;

(4) After the Company's registered capital has been reduced by the total nominal value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits for paying up part of the nominal value of the shares repurchased shall be transferred to the



Company's premium account (or capital common reserve fund account).

## **Chapter 5      FINANCIAL ASSISTANCE FOR ACQUIRING THE SHARES OF THE COMPANY**

Article 35      The Company or its subsidiaries shall not, by any means and at any time, provide any kind of financial assistance to any person who acquired or proposed to acquire shares in the Company. The said acquirer of shares in the Company includes a person who directly or indirectly incurs any obligation due to the acquisition of shares in the Company. Article 29 of the Mandatory Provisions

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

This Article shall not apply to the circumstances specified in Article 37 of this Chapter.

Article 36      For the purpose of this Chapter, "financial assistance" includes, but not limited to, the following meanings: Article 30 of the Mandatory Provisions

- (1) Gift;
- (2) Guarantee (including the assumption of liability or provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation in respect of the Company's own default) or discharge or waiver of any rights;
- (3) Provision of loan or any other contract under which the obligations of the Company are to be fulfilled before the obligations of another party, or the novation of, or the assignment of rights arising under, such loan or contract;
- (4) Any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

For the purpose of this Chapter, "incurring any obligation" includes the incurring of obligations by the changing of the obligor's financial position by way of contract or the making of arrangement (whether enforceable or not, and

whether made on his own account or with any other person), or by any other means.

Article 37      The following activities shall not be deemed to be prohibited by Article 35 of this Chapter: Article 31 of the Mandatory Provisions

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

## **Chapter 6      SHARE CERTIFICATE AND REGISTER OF SHAREHOLDERS**

Article 38      Share certificates of the Company shall be in registered form. Article 32 of the Mandatory Provisions

Share certificates of the Company shall contain the particulars required by the Company Law and other items to be contained as required by the stock exchange on which the shares of the Company are listed. / App 3 para 1(1)

Article 39 Share certificates shall be signed by the chairman of the Board. Where the stock exchanges on which the Company's shares are listed require other senior management officer(s) of the Company to sign on the share certificates, the share certificates shall also be signed by such senior management officer(s). The share certificates shall take effect after being sealed with the Company's seal or printed with the securities seal of the Company. The share certificates shall only be sealed with the Company's seal or printed with the securities seal of the Company under the authorisation of the Board. The signatures of the chairman of the Board or other senior management officer(s) of the Company on share certificates may be printed in mechanical form.

Article 33 of the  
Mandatory Provisions  
Article 1 of Zheng  
Jian Hai Han / App 3  
para 2(1)

Article 40 The Company shall not accept the Company's shares as a subject of a charge.

Article 143 of the  
Company Law

Article 41 Shares of the Company held by promoters are not transferable within one year from the date of establishment of the Company. Promoters' shares issued prior to the domestic initial public offering of shares of the Company are not transferable within one year from the date of trading of the Company's shares on a domestic stock exchange.

Article 142 of the  
Company Law /  
Article 28 of the  
Guidelines for  
Articles

Directors, supervisors, general manager and other senior management officers of the Company shall report to the Company the number of the Company's shares held by them and any change thereof. Shares transferable during their term of office annually shall not exceed 25% of the total number of shares of the Company held by them. Shares of the Company held by them are not transferable within one year from the date of trading of the Company's shares on a domestic stock exchange. Shares of the Company held by the aforesaid personnel are not transferable within the first half year of leaving their post in the Company.

Article 42 If the directors, supervisors, general manager, other senior management officers of the Company and holders of more than 5% of the Company's shares (excluding shareholders of H shares) sell their shares within six months from the date of acquisition, or make further acquisition within six months from the date of sale, the gains so generated shall belong to the Company

Article 47 of the  
Securities Law /  
Article 29 of the  
Guidelines for  
Articles

and the Board of the Company will receive the gains generated by it.

If the Board of the Company fails to act according to the above requirement, the shareholders have the right to request the Board to take actions within 30 days. If the Board of the Company fails to act within the prescribed period stated above, the shareholders have the right to bring an action to the People's Court directly in their own names in order to protect the interests of the Company.

If the Board of the Company fails to act according to the provision in the first paragraph in this Article, the responsible directors shall be jointly liable under the laws.

Article 43        The Company shall keep a register of shareholders and enter in the register the following particulars:        Article 34 of the Mandatory Provisions

- (1)     The name and address (residence), the occupation or nature of each shareholder;        / App 3 para 1(1)
- (2)     The class and quantity of the shares held by each shareholder;
- (3)     The amount paid or payable on the shares held by each shareholder;
- (4)     The serial numbers of the shares held by each shareholder;
- (5)     The date on which each person was entered in the register as a shareholder;
- (6)     The date on which any shareholder ceased to be a shareholder.

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

Article 44        The Company may, in accordance with the mutual understanding and agreements between relevant administrative authorities for securities under the State Council and overseas securities regulatory -authorities, maintain the register of shareholders of overseas listed foreign shares and appoint overseas agent(s) to manage such register. The original register of shareholders of overseas listed foreign shares of the Company which are listed on Hong Kong Stock Exchange shall be maintained in Hong Kong.        Article 35 of the Mandatory Provisions  
Article 2 of Zheng Jian Hai Han

A duplicate of the register of shareholders of overseas listed foreign shares (and the register of shareholders mentioned in clause (3) of Article 45) shall be maintained at the Company's residence. The appointed overseas agent(s) shall ensure the consistency between the original and duplicate register.

If there is any inconsistency between the original and duplicate register of

shareholders of overseas listed foreign shares, the original version shall prevail.

Article 45      The Company shall have a complete register of shareholders which shall comprise of the following:      Article 36 of the Mandatory Provisions

- (1) the register of shareholders maintained at the Company's residence other than those places mentioned in clauses (2) and (3) of this Article; / App 13d para 1 (b)
- (2) the register of shareholders of overseas listed foreign shares maintained in the place of the stock exchange where the shares are listed overseas;
- (3) the register of shareholders maintained at such other places as the Board may consider necessary for the listing of the shares of the Company.

Article 46      Each part of the register of shareholders shall not overlap.      Article 37 of the Mandatory Provisions  
No transfer of any share registered in any part of the register shall, during the continuance of such registration, be registered in any other part of the register.

All the fully paid-up overseas listed foreign shares are freely transferrable in accordance with these Articles and shall not be restricted by any lien. However, the Board may refuse to recognise any instrument of transfer without giving any reason, unless:      Article 12 of Zheng Jian Hai Han / App 3 para 1(1), (2)

- (1) a fee of HK\$2.5 or any higher fee as agreed by the Hong Kong Stock Exchange has been paid to the Company for registration of any instrument of transfer or other document(s) which is related to or will affect title of the shares;
- (2) the instrument of transfer only involves overseas listed foreign shares;
- (3) the stamp duty chargeable on the instrument of transfer has been paid;
- (4) the relevant share certificate and, upon the reasonable request by the Board, any evidence in relation to the right of the transferor(s) to transfer the shares have been submitted;
- (5) if it is intended to transfer the shares to joint holders, the maximum number of joint holders shall not exceed 4; and
- (6) relevant shares do not carry any lien of the Company.

The alteration or rectification of each part of the register of shareholders shall be conducted in accordance with the laws of the place(s) where such part of

the register is maintained. If the Company refuses the registration of transfer of shares, it shall provide a written notice to the relevant transferor(s) and transferee(s) of the refusal of registration of the transfer within two months from the date of formal application for such transfer.

Article 47 No changes in the register of shareholders due to the transfer of shares shall be made within 30 days before the date of a general meeting or within 5 days before the record date for the Company's distribution of dividends. The aforesaid provision shall be applicable to the shareholders of overseas listed foreign shares listed on the Hong Kong Stock Exchange. Changes of registration in the register of shareholders of A shares shall be subject to the relevant PRC laws and regulations. The period between the share registration date of shareholders of A shares and the date of the relevant general meeting shall not be more than 7 working days. No changes shall be made to the share registration date once it is confirmed.

Article 38 of the Mandatory Provisions / Article 18 of the Rules for Shareholders' Meeting / Article 54 of the Guidelines for Articles

Article 48 Where the Company decides to convene a general meeting, distribute dividends, liquidate and carry out other activities which would require the determination of shareholdings, the Board shall fix the record date (the share registration date). The shareholders whose names are registered in the share register after the closing of the record date (the share registration date) shall enjoy the respective rights.

Article 39 of the Mandatory Provisions / Article 31 of the Guidelines for Articles

Article 49 Any person dissenting and claiming to be entitled to have his name entered into or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

Article 40 of the Mandatory Provisions

Article 50 Any person who is a registered shareholder or who requests to have his name entered into the register of shareholders may, if his share certificate (the “Original Certificate”) is lost, apply to the Company for an issue of replacement certificate(s) in respect of such shares (the “Relevant Shares”). Article 41 of the Mandatory Provisions

If a shareholder of A shares loses his share certificate(s) and applies to the Company for a replacement certificate, it shall be dealt with in accordance with Article 144 of the Company Law. Changes in the terms of the Company Law

If a shareholder of overseas listed foreign shares loses his share certificate(s) and applies to the Company for a replacement certificate, it may be dealt with in accordance with the laws of the place where the original register of holders of overseas listed foreign shares is maintained, rules of the stock exchanges or other relevant regulations.

If a shareholder of overseas listed foreign shares loses his share certificate(s), the issue of a replacement certificate shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and the evidence of the loss, and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.
- (2) Before the Company decides to issue the replacement certificates, no statement made by any person other than the applicant declaring that his name shall be entered in the register of shareholders in respect of such shares has been received.

App3 para 7(1)

- (3) The Company shall, if it intends to issue a replacement certificate, publish an announcement of its intention in such newspapers and magazines as prescribed by the Board which shall include the newspapers and magazines as prescribed by the stock exchange on which the Company’s shares are listed (the number of the newspapers and magazines adopted by the Company shall comply with the requirements of such stock exchanges). The period of announcement shall be 90 days, and such announcement shall be published at least once every

30 days after the first publication.

(4) The Company shall have, prior to the announcement of its intention to issue a replacement certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published, and may publish the announcement upon receiving confirmation from such stock exchanges that the announcement has been exhibited in the premises of the said stock exchanges. Such announcement shall be exhibited in the premises of the said stock exchanges for a period of 90 days.

In the case of an application made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such shareholder a copy of the announcement to be published.

(5) If, by the expiration of the 90-day period referred to in clauses (3) and (4) of this Article, the Company has not received from any person notice of any disagreement to such application, the Company may issue a replacement certificate to the applicant accordingly.

(6) Where the Company issues a replacement certificate under this Article, it shall forthwith cancel the Original Certificate and enter the cancellation and issue in the register of shareholders accordingly.

(7) All expenses relating to the cancellation of Original Certificate and the issue of a replacement certificate by the Company shall be borne by the applicant and the Company is entitled to refuse to take any action until a reasonable guarantee is provided by the applicant.

If the Company exercises the right to issue warrants to the holders, unless the Company is satisfied that the original warrants have been destroyed, the Company shall not issue any new warrants to replace the lost warrants. App3 para2(2)

Article 51 Where the Company issues a replacement certificate pursuant to these Articles, the name of a bona fide purchaser gaining possession of such new share certificate or the person who is subsequently entered in the register of shareholders as holder of such shares (if he is a bona fide purchaser) shall not be removed from the register of shareholders. Article 42 of the Mandatory Provisions

Article 52 The Company shall not be liable for any damage sustained by any person by reason of the cancellation of the Original Certificate or the issue of Article 43 of the Mandatory Provisions



the new share certificate, unless such claimant proves that the Company has acted deceitfully.

## **Chapter 7 THE RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

Article 53 A shareholder of the Company is a person who lawfully holds shares in the Company and whose name is entered in the register of shareholders. Article 44 of the Mandatory Provisions

A shareholder shall enjoy rights and assume obligations according to the class and proportion of the shares held by him. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

For the shareholders of overseas listed foreign shares, when two or more persons are registered as joint shareholders of any share, they shall be deemed as the joint owner of the Relevant Shares, and shall be subject to the following provisions: App 3 para 1(3)

(1) The Company shall not register more than four persons as joint shareholders of any share;

(2) All joint shareholders of any share shall severally and jointly assume liabilities for all monies payable for the Relevant Shares;

(3) In the case of the death of one of the joint shareholders, the surviving joint shareholders shall be deemed as the persons owning the titles of the Relevant Shares by the Company. However, the Board is entitled to request appropriate death certificates;

(4) With respect to joint shareholders of any share, only the joint shareholder whose name appears first in the register of shareholder will be entitled to receive the share certificates for the Relevant Shares, or to receive the notice from the Company, or to attend or to exercise the voting rights in the general meeting of the Company or to receive the dividends. Any notice delivered to the aforesaid person shall be deemed to have been delivered to all joint shareholders.

When a shareholder of the Company is a corporate entity, it shall be represented by his legal representative or agent of his legal representative or (if the shareholder is a recognised clearing house (or other persons appointed) (“Recognised Clearing House”)) representative or attorney of the Recognised Clearing House in exercising the rights on his behalf.

No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company. App 3 para 12

Article 54 Shareholders of the Company's ordinary shares are entitled to the following rights: Article 45 of the Mandatory Provisions

(1) receive dividends and other forms of interest distributions according to the proportion of shares held by them; Article 32 of the Guidelines for

(2) request, call, host, participate in a general meeting or appoint their proxies to attend such meeting pursuant to the law, and exercise their voting rights according to the proportion of shares held by them; Articles

(3) supervise and manage the business and operating activities of the Company, make recommendations and raise queries;

(4) transfer, give as gift(s) or pledge their shares pursuant to the provisions of the laws, administrative regulations, departmental rules and these Articles; in the event that the Company's promoter shareholders transfer part or all of their A shares in the Company, if the proposed transaction will result in the number of A shares held by them to be lower than the number of shares they obtained as a promoter when the Company was established (including additional shares converted from the common reserve fund or bonus shares issued from undistributed profit, hereinafter referred to as "Promoter Shares"), Weichai Group Holdings Limited shall have pre-emptive right in respect of the number of shares representing the difference between the number of shares to be sold and the number of Promoter Shares (ie. the Promoter Shares proposed to be sold) and the relevant promoter shareholders shall notify Weichai Group Holdings Limited in writing in advance regarding the transfer of such Promoter Shares and consult Weichai Group Holdings Limited whether it would exercise its pre-emptive right under the same conditions. The transferor shall specify in the notice given to Weichai Group Holdings Limited all the conditions of the transaction, the business scope of the transferee, along with details of the controlling shareholders and the ultimate shareholders. The above provisions will not apply to the transfer of shares that are transacted through the stock exchange system if it is neither a substantial transaction nor a transaction pursuant to an agreement with the transferee in any manner; Article 32 of the Guidelines for Articles

(5) receive the relevant information pursuant to the provisions in these Articles, including:

1. receive the Articles of Association upon payment of the costs;
2. have the right to inspect and, upon payment of a reasonable fee, take copies of the following:

- (i) the registers of all classes of shareholders;
- (ii) the personal particulars of the Directors, supervisors, general manager and other senior management officers of the Company, including:

- A. present and former names and alias;
- B. principal addresses (residential);
- C. nationalities;
- D. occupations and other part-time jobs and positions;
- E. identification documents and numbers.

- (iii) the status of share capital of the Company;

- (iv) the total nominal values, quantities, the highest and lowest prices of each class of shares repurchased by the Company since the previous accounting year, and a report of the fee paid by the Company in connection therewith;

Article 98 of the  
Company Law

- (v) minutes of general meetings and resolutions of Board meetings and meetings of the supervisory committee;

- (vi) the counterfoils of the Company's bonds, financial and accounting reports.

(6) in the event of the cessation or liquidation of the Company, participate in the distribution of the Company's residual assets according to the proportion of their shares;

(7) bring an action to the People's Court pursuant to the Company Law or other laws, administrative regulations against any act that impairs the interests of the Company or infringes the lawful interests of the shareholders, and claims the relevant rights;

Article 32 of the  
Guidelines for  
Articles

(8) other rights under the laws, administrative regulations and these Articles.

Article 22, Article 152  
of the Company Law

Article 55 If a shareholder makes a request for inspecting the relevant information or seek any material set out in the preceding Article, such

Article 33 of the  
Guidelines for

shareholder should provide written documents to prove the class and quantity of the Company's shares held by him. The Company will provide the relevant information and materials as requested by such shareholder upon verification of his identity .

Article 34 of the  
Guidelines for  
Articles

Article 56 If any resolution passed by general meetings and Board meetings are in breach of laws or administrative regulations, the shareholders are entitled to seek confirmations from the People's Court that such resolutions are invalid.

In respect of any procedure of convening of general meetings or Board meetings or voting methods in breach of laws or administrative regulations or these Articles, or any resolution in breach of these Articles, the shareholders shall have the right to seek a revocation of the same at the People's Court within 60 days from the date of the resolution.

Article 35 of the  
Guidelines for  
Articles

Article 57 If the directors, general manager or other senior management officers violate the provisions of the laws, administrative regulations or these Articles in the course of performing their duties, and such violation results in losses to the Company, the shareholders who are holding more than 1% of the Company's shares, either individually or collectively, for a period of over 180 days continuously have the right to make a written request demanding the supervisory committee to bring an action to the People's Court. If the supervisory committee violates the provisions of the laws, administrative regulations or these Articles in the course of performing its duties, and such violation results in losses to the Company, the shareholders have the right to make a written request demanding the Board to bring an action to the People's Court.

In the event that the supervisory committee and the Board of Directors refuse to bring an action after receipt of a written request from the shareholders in accordance with provisions set out in the previous paragraph, or fail to bring an action within 30 days from the receipt of such request, or in an emergency situation where failure to bring an action immediately shall result in harm beyond remedy to the Company's interests, shareholders stipulated in the previous paragraph shall have the right to directly bring an action to the People's Court in their own names for the benefit of the Company.

If the Company's lawful interests are infringed by other people that result in losses to the Company, the shareholders mentioned in clause 1 of this Article may bring an action to the People's Court pursuant to the two preceding paragraphs of this Article.

Article 58 Shareholders may commence legal actions against the directors, general manager or other senior management officers who are in breach of the provisions of laws, administrative regulations or these Articles or acting against the interest of the shareholders.

Article 59 Shareholders of the ordinary shares of the Company shall perform the following obligations:

Article 36 of the  
Guidelines for  
Articles / Article 20 of  
the Company Law

- (1) To comply with these Articles;
- (2) To make payment according to the number of shares subscribed for and the mode of participation;

- (3) Not to cease to be a shareholder unless otherwise provided by laws and regulations;

- (4) Not to impair the interests of the Company or other shareholders by abusing their rights as a shareholder; not to impair the interests of the Company's creditors by abusing the Company's status as an independent legal person or the shareholders' limited liabilities. If the Company or other shareholders suffer losses as a result of the abuse of shareholders rights by a shareholder of the Company, such shareholder shall be liable to indemnify the Company or other shareholders for such losses pursuant to the laws. If the Company's shareholders evade debts by abusing the Company's status as an independent legal person and the shareholders' limited liabilities, and such acts severely affect the interests of the Company's creditors, such shareholders shall be severally liable for the Company's debts.

Article 36 of the  
Guidelines for  
Articles

- (5) other obligations liable as prescribed under the provisions of the laws, administrative regulations and these Articles.

Save with the terms agreed upon by the subscribers at the time of subscription for shares, the shareholders shall not be liable for any subsequent request for providing additional share capital.

Article 38 of the  
Guidelines for

Article 60 If a shareholder who holds 5% or more of the voting shares in Articles  
the Company creates a charge on its shares, he shall report to the Company in  
writing on the date of such incident.

## **Chapter 8 OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS OWED TO OTHER SHAREHOLDERS**

Article 61 The Company's controlling shareholders and de facto Article 39 of the  
controllers may not impair the Company's interests by virtue of their connected Guidelines for  
relationship. In the event of any loss to the Company arising from the violation of Articles  
the provisions, they shall be liable for compensation.

The Company's controlling shareholders and de facto controllers owe  
fiduciary duties to the Company and holders of the Company's public shares. The  
controlling shareholders shall strictly exercise their rights as capital contributors  
in accordance with laws, and shall not impair the lawful interests of the Company  
and shareholders of public shares by way of profit distributions, asset  
reorganisation, foreign investment, appropriation of funds, provision of  
guarantee for loans etc. They shall not impair the lawful interests of the Company  
and shareholders of public shares by virtue of their controlling status.

Article 62 In addition to the obligations imposed by laws,  
administrative regulations or required by the listing rules of the stock exchange Article 47 of the  
on which shares of the Company are listed, a controlling shareholder shall not Mandatory Provisions  
exercise his voting rights in respect of the following matters in a manner  
prejudicial to the interests of all or part of the shareholders of the Company:

- (1) to relieve a director, supervisor of his duty to act honestly in the  
best interests of the Company;
- (2) to approve the exploitation by a director, supervisor (for his own  
or others' benefit), by any means, of the Company's assets, including, but  
not limited to, opportunities beneficial to the Company;
- (3) to approve the exploitation by a director, supervisor (for his own  
or others' benefit) of the individual rights of other shareholders,  
including, but not limited to, rights to distributions and voting rights save  
pursuant to a restructuring submitted to the general meeting for approval

in accordance with these Articles.

Article 63      The Company and its controlling shareholders and their de facto controller(s) shall be audited independently and assume their respective liabilities and risks. The controlling shareholders may exercise the right of a shareholder through the lawful procedures at the general meeting. The authorities of the Company, in particular the Board of Directors, management level, departments of finance or marketing and sales, shall be independent from the controlled entities. In-house authorities of the controlled entities are neither superior nor inferior to corresponding departments of the Company. The controlling shareholders and their controllers shall not affect the independence of the Company's authorities by way of approving the documents. Article 1 of the Opinions

Any material policy shall be determined by shareholders at the general meeting and the Board of Directors in accordance with laws. The controlling shareholders of the Company or his controller(s) shall not, either directly or indirectly, interfere with policies and the lawful and normal operation of the Company and impair interests of the Company and other shareholders unless allowed by law.

If the behaviours of the controlling shareholders are in breach of this Article and Article 64, other shareholders, the Board of Directors or directors of the Company may hold such behaviours as invalid.

Article 64      The Company shall not be administratively subordinated under the governmental departments, controlling shareholders and their de facto controller(s) and shall terminate any relationship with the aforesaid parties in assets, financial affairs and personnel management. The governmental departments, controlling shareholders and its controller(s) shall not interfere with the operation and management of production of the Company nor pay or collect administration fee or supervisory fee in any manner to or from the Company. Article 11 of the Opinions

The shareholder representative appointed by the controlled entities holding the state-owned corporate shares of the Company shall attend the general meeting in accordance with the procedures required by laws and exercise his right according to laws. Any shareholder entity, controller and representative appointed shall not interfere with the operation and management of the production of the Company nor appoint or remove senior management officer of

the Company beyond the powers of the general meeting and shall not resolve the election of personnel at the general meeting and approve the formalities in relation to the appointment of personnel of the Board of Directors.

In the event that Weichai Group Holdings Limited, being a promoter shareholder, directly or indirectly transfers its Promoter Shares, it shall notify the Company and other promoter shareholders prior to reaching agreement with the transferee or two days before resolving to sell its Promoter Shares through the securities trading system. Indirect transfer aforementioned shall include, but not limited to, the controlling right (or contribution) of the controlling shareholders (or contributors) of Weichai Group Holdings Limited, being transferred directly or indirectly (with or without consideration), or its controlling shareholders (or contributors) to be merged by absorption by other persons, etc.

In the event that the aforementioned situation occurs in respect of Weichai Group Holdings Limited and after the change, the shareholders (or controlling shareholders) of the Company or the controlling shareholders (or contributors) of Weichai Group Holdings Limited (including the connected persons, as defined by the relevant laws and regulations of the PRC, of the aforementioned persons) have any business that competes with that of the Company and/or its subsidiaries (regardless the proportion of such business in the Company and/or its subsidiaries) and the solutions to such competitive business fail to satisfy the independent judgment of the Company's other promoter shareholders, the other promoter shareholders shall have the right to demand the shareholders or relevant controlling shareholders (or contributors) to acquire all or part of the Promoter Shares after such transfer (the actual number shall be decided individually by the relevant transferor) at a price of 150% of the average daily trading price of the A-share market, the average daily trading price of the H shares market of a period within the 30 trading days immediately preceding the receipt of the notice, or of the Company's latest audited net asset value (whichever the highest price among the three).

Article 65 For the purpose of the foregoing Article, a "controlling

shareholder" refers to a person who satisfies any one of the following conditions:

- (1) he, alone or acting in concert with others, has the power to elect more than half of the directors;



- (2) he, alone or acting in concert with others, has the power to exercise or to control the exercise of 30% or more of the voting rights in the Company; Article 48 of the Mandatory Provisions
- (3) he, alone or acting in concert with others, holds 30% or more of the issued and outstanding shares of the Company; App3 para6(1)
- (4) he, alone or acting in concert with others, is in de facto control of the Company by any other means.

## **Chapter 9 GENERAL MEETING**

Article 66 The general meeting shall be the source of authority of the Company and shall exercise its powers according to the laws. Article 49 of the Mandatory Provisions

Article 67 General meetings shall exercise the following functions and powers: Article 50 of the Mandatory Provisions

- (1) to decide on the operational policies and investment plans of the Company;
- (2) to elect and replace directors and decide on matters relating to their remuneration;
- (3) to elect and replace the supervisors appointed by shareholders representatives and decide on matters relating to their remuneration;
- (4) to examine and approve reports of the Board of Directors;
- (5) to examine and approve reports of the supervisory committee;
- (6) to examine and approve the Company's annual financial budget and final account proposals;
- (7) to examine and approve the Company's plans for profit distribution and making up of losses;
- (8) to pass resolutions on the increase or reduction of the Company's registered capital;
- (9) to pass resolutions on merger, demerger, dissolution, liquidation or conversion of form of the Company;
- (10) to pass resolutions on the issuance of bonds by the Company;
- (11) to pass resolutions on the appointment, dismissal or non-reappointment of accounting firms of the Company;
- (12) to amend these Articles;

(13) to examine motions raised by the shareholders representing more than 3% of the Company's share either individually or collectively; Article 40 of the Guidelines for

(14) to pass resolutions on transactions in respect of the acquisition and disposition of significant assets with amounts exceeding 30% of the latest total audited assets of the Company within one year; Articles

(15) to pass resolutions on external guarantees which, according to the laws, regulations and the Articles of Association, shall be approved by the general meetings; Notice of Guarantees

(16) to examine and approve changes in the use of funds raised;

(17) to examine share option incentive scheme;

Any other matters which, according to the laws, administrative regulations, departmental rules and these Articles, shall be approved by the general meetings.

Article 68 The provision of guarantee by the Company to an outside party shall be considered and approved by the Board. The following guarantees shall be considered by the Board and submitted to a general meeting for approval: Notice of Guarantees / Article 41 of the Guidelines for

(1) any external guarantee provided by the Company and its controlled subsidiaries, the amount of which reaches or exceeds 50% of the latest audited net assets; Articles

(2) the provision of guarantee to the target of guarantee whose asset to liability ratio exceeds 70%;

(3) the provision of any single guarantee, the amount of which exceeds 10% of the latest audited net assets;

(4) the guarantee provided to shareholders, de facto controller(s) and their associates;

(5) any external guarantee provided by the Company to outside parties, the amount of which reaches or exceeds 30% of the latest audited total assets;

(6) other guarantees to be submitted to a general meeting for approval under the laws, regulations and the Articles of Association.

If the directors, general manager and other senior management officers are in breach of the provisions of the laws, administrative regulations or the Articles of Association governing the limits of examination and approval authority and the examination procedures for providing guarantee to outside parties, and such breach causes damage to the Company, such parties are liable for compensation.

The Company may also bring an action against such parties pursuant to the laws.

Article 69 For any matter to be determined at a general meeting under the laws, administrative regulations and the Articles of Association, such matters shall be considered at the general meeting in order to protect the right of decision-making of the Company's shareholders on these matters. Where necessary and reasonable, if specific decisions on any relevant resolution could not be made at a general meeting immediately, the general meeting may authorise the Board to make a decision within the scope authorised by the general meeting.

Article 104 of the Company Law / Article 7 of the Code of Corporate Governance

If the authority granted to the Board by the general meeting relates to matters requiring ordinary resolution, the resolution shall be passed by over one-half of the shareholders (including their proxies) who are present at a meeting and are entitled to vote. If it relates to matters requiring special resolution, the resolution shall be passed by two-thirds of the shareholders (including their proxies) who are present at a meeting and are entitled to vote. The scope of authority shall be clear and specific.

Article 70 Except in special circumstances such as when the Company is in a situation of crisis, unless approved by special resolution at the general meeting, the Company shall not enter into any contract with persons other than the directors, supervisors, managers and other senior management officers in relation to the giving of the management of all or important business of the Company to such person.

Article 51 of the Mandatory Provisions / Article 81 of the Guidelines for Articles

Article 71 General meetings are divided into annual general meetings and extraordinary general meetings. An annual meeting shall be held once every year which should be held within six months after the end of the previous accounting year. The Company's general meeting shall be held at the Company's residence or any other place designated by the Board of Directors. A general meeting will be held at a place with the physical presence of the shareholders. Where necessary, the Company may also hold general meetings through the internet or by other means to facilitate the participation of shareholders. The shareholders are deemed to have attended the general meeting if they participated in such meetings effectively through the above means.

Article 52 of the Mandatory Provisions / Article 44 of the Guidelines for Articles

In the event of any of the following, the Board should convene an extraordinary general meeting within two months:

- (1) the number of directors is less than the number prescribed by the Company Law or less than two-thirds as required under these Articles;
- (2) when the Company has not recovered losses equivalent to one-third of its total paid-up capital;; Article 43 of the Guidelines for Articles / Article 101 of the Company Law
- (3) at the request of the shareholders who are holding more than 10% of the Company's shares, either individually or collectively;
- (4) where the Board considers necessary;
- (5) or when proposed by the supervisory committee;
- (6) other circumstances prescribed by the laws, administrative regulations, departmental rules or these Articles.

Article 72 In the event of convening a general meeting, the Company shall appoint a lawyer to provide legal opinion on the following issues and make an announcement:

- (1) whether the calling or convening of a meeting complies with the laws, administrative regulations, these Articles; Article 45 of the Guidelines for Articles
- (2) the validity of the qualifications of personnel who are present at a meeting, and the convener;
- (3) the validity of the voting procedure and results at the meeting;
- (4) the issue of legal opinion on any other matters at the Company's request.

Article 73 Written notices of a general meeting shall be given 45 days before the date of the meeting to notify all of the shareholders in the share register of the matters to be considered, the date and the place of the meeting. A shareholder of H shares who intends to attend the general meeting shall deliver his written reply concerning attendance at the general meeting to the Company 20 days before the date of the meeting. When calculating the time for the issuance of notices, neither the intended date of the meeting, nor the date the relevant notice was issued shall be included. For the purpose of the notice to be issued to the shareholders of overseas listed foreign shares under this Article, the issuance date thereof shall be the date on which the Company or the share registrars appointed by the Company has delivered the notice to the postal office

Article 53 of the  
Mandatory Provisions  
/App 3 para 7(3)

for posting.

Should the regulatory rules in the PRC and the rules of procedures of the Company's general meetings have otherwise specified the share registration date and due date for serving written reply regarding the attendance of an annual general meeting for shareholders of A shares who attend the annual general meeting, those clauses shall prevail.

Article 18 of the Rules for Shareholders' Meeting / Article 54 of the Guidelines for Articles

Notice of the general meeting shall include the following:

Article 55 of the Guidelines for Articles

(1) time, place and duration of the meeting;

(2) matters and proposals to be submitted to the meetings for consideration;

(3) an explanation in conspicuous words : all shareholders are entitled to attend the general meeting, and may in writing appoint a proxy to attend and vote at such meeting, such proxy may not necessarily be a shareholder of the Company;

(4) share registration date for shareholders who are entitled to attend the meeting;

(5) name and telephone number of the contact person for general meetings.

Article 74 The Board of Directors, the supervisory committee or shareholders who hold, individually or collectively, more than 3% of the Company's shares shall have the right to propose a motion to the Company for consideration at the general meeting of the Company.

Article 103 of the Company Law / Article 54 of the Mandatory Provisions

Shareholders who hold, individually or collectively, more than 3% of the Company's shares may propose a provisional motion in writing to the Board of Directors 16 days prior to the general meeting. Within 2 days upon the receipt of the proposed motion, the Board of Directors shall issue a supplementary notice of the general meeting to announce the content of the provisional motion.

/ Article 53 of the Guidelines for Articles

Except for the situation provided in the previous clause, the Board of Directors shall not amend any proposed motion specified in the notice of the general meeting or add any new motion after the issue of the notice of the general meeting.

The Board of Directors shall review the provisional motion proposed by the shareholders to decide whether the content of the motion falls into the scope of the general meeting, has a precise agenda and there are substantial matters to be

resolved, and complies with the provisions of laws, administrative rules and these Articles. Should the motion does not conform with the aforementioned principles, the Board of Directors may not submit the shareholders' motion to the general meeting for approval, but the relevant reasons and explanations should be given at such general meeting. During the recess period of the meeting of the Board, the Company's chairman shall form a provisional audit committee with no less than two other directors to review the shareholders' provisional motion. Should the matter related to the provisional motion be deemed significant to the provisional audit committee, an extraordinary Board meeting may be convened and directors may be notified of such meeting in less than two days prior to the meeting.

In the event that the shareholder who has proposed an extraordinary motion does not agree with the proposed motion being excluded from the agenda of the general meeting by the Board of Directors, an extraordinary general meeting may be convened in accordance with the relevant procedures and requirements stipulated in these Articles.

Article 75      The Company shall, based on the written replies received 20 days before the date of the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches more than one-half of the Company's total voting shares, the Company may convene the general meeting; if not, the Company shall within 5 days notify the shareholders again by public announcement of the matters to be considered, and the date and place for the meeting. The Company may convene the general meeting after such announcement. The previous provision shall only apply to shareholders of H shares.

Article 55 of the  
Mandatory Provisions

Article 76      The matters discussed and determined at a general meeting shall be determined according to the provisions of the Company Law and the Articles of Association. The general meeting may decide any matter stipulated in the Articles of Association.

Article 103 of the  
Company Law /  
Article 53 of the  
Guidelines for

The shareholders may not vote or pass any resolution in respect of any matter not set out in the notice issued pursuant to Articles 73 and 74 or any motion inconsistent with the provision of Article 74 in these Articles.

Articles

Article 77        The motions of a general meeting are specific proposals on matters to be discussed at a general meeting. Any motion at a general meeting shall meet the following requirements: Article 52 of the Guidelines for Articles

(1) the contents thereof are not inconsistent with the provisions of the laws, administrative regulations and the Articles of Association, and relate to the business scope of the Company and the scope of duties of general meetings;

(2) there is a clear agenda for discussion with specific resolution;

(3) it should be submitted or sent to the convener in writing.

Article 78        A notice of general meeting shall:

(1) be in writing;

(2) specify the place, the date and time of the meeting;

(3) state the matters to be considered at the meeting;

Article 56 of the  
Mandatory Provisions

(4) provide such information and explanation as are necessary for the shareholders to make an informed decision on the motions put before them. Such principles include, but not limited to, where a proposal is made to merge the Company with another entity, to repurchase shares, to reorganise the share capital, or to restructure the Company in any other way, the specific terms of the proposed transaction must be provided in detail together with the contract, if any, and the cause and effect of such proposal must be properly explained;

(5) contain a disclosure of the nature and extent of any material interests of any director, supervisor, general manager or other senior management officer in the proposed matter and the effect of the proposed matter 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) contain the full text of any special resolution to be proposed at the meeting;

(7) contain a conspicuous statement that a shareholder entitled to attend and vote shall have the right to appoint one or more proxies to attend and vote at the meeting on his behalf and that a proxy need not be a shareholder;

(8) specify the time and place for lodging proxy forms for the relevant meeting;

(9) include the name and telephone number of the contact person of the meeting.

Article 79 Notice of general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), by hand or by prepaid mail to their addresses as shown in the register of shareholders. Article 57 of the Mandatory Provisions / App 3 para 7 (3)

For the shareholders of A shares, the notice of general meeting may also be published by way of public announcement. The public announcement referred to in the preceding paragraph shall be published in one or more newspapers and magazines designated by relevant administrative authorities for securities under the State Council within the interval between 45 days and 50 days before the date of the meeting; upon issue of such announcement, the shareholders of A shares shall be deemed to have received the notice of the relevant general meeting.

Article 80 Unless there is a justifiable reason, any general meeting shall not be adjourned or cancelled after the issue of notice of the general meeting and the motions stated in the notice of the general meeting shall not be cancelled. In the circumstances of the adjournment or cancellation of the meeting, the convenor shall issue an announcement of the relevant reasons at least 2 business days before the original date of meeting. Article 57 of the Guidelines for Articles

Article 81 Any shareholder entitled to attend and vote at a general meeting shall have the right to appoint one or more other persons (whether a shareholder or not) as his proxies to attend and vote on his behalf. Such proxy shall be entitled to exercise the following rights pursuant to the assignment from such shareholder: Article 59 of the Mandatory Provisions

- (1) the shareholder's right to speak at the meeting;
- (2) the right to demand or join in demanding a poll;
- (3) the right to vote by shows of hands or on a poll, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

Article 82 The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporate entity, either under corporate seal or under the hand of a Article 60 of the Mandatory Provisions / App 3 para 11(2)



director or attorney duly authorised. If the appointer is a Recognised Clearing House, either under corporate seal or signed by its director or another employee internally authorised with the relevant power or a duly authorised attorney.

Article 83      The instrument appointing a voting proxy shall be deposited at the residence of the Company or at such other place as specified for that purpose in the notice convening the meeting, not less than 24 hours before the time for holding the meeting at which the proxy proposes to vote or the time appointed for the passing of the resolution. If such instrument is signed by a person on behalf of the appointer, the power of attorney or other authorisation documents thereof shall be notarized, and such notarized power of attorney or other documents shall be deposited at the residence of the Company or at such other place as specified for that purpose in the notice convening the meeting together with the instrument appointing a voting proxy.

Article 61 of the  
Mandatory Provisions

If the appointer is a corporate entity, its legal representative or such person as authorised by resolution of its Board or other governing bodies may attend at the general meetings of the Company as a representative of the appointer. In respect of shareholders of overseas listed foreign shares, where the relevant shareholder is a Recognised Clearing House, such Shareholder may authorise one or more persons as it thinks fit to act on its behalf at any general meeting or any other class meetings; whereas one or more person are so authorised, the power of attorney shall specify the number and class of shares of each of such persons so authorised. Such persons so authorised may exercise the rights on behalf of the Recognised Clearing House as if such person was a shareholder of the Company.

Article 84      Individual shareholders participating in the meeting in person shall present their identification cards or other valid documents or evidence or stock account cards which can show their identities; the proxies attending the meeting shall present their identification documents and instruments of proxy of the shareholders.

Article 60 of the Guidelines  
for Articles

Corporate shareholders shall be represented by their legal representatives or their proxies when attending the meeting. The legal representatives attending the meeting shall present their identification cards and valid evidence proving their qualifications as legal representative; the proxies attending the meeting shall

present their identification cards and the written instruments of proxy of such corporate shareholders in accordance with the law.

Article 85 The instruments of proxy of shareholders appointing other persons to attend general meetings and the proxy forms issued by the Board of Directors to the shareholders for their appointment of other persons to attend the general meetings shall set out the following information:

Article 62 of the  
Mandatory Provisions  
/ Article 61 of the  
Guidelines for  
Articles

- (1) name of the proxy;
- (2) whether or not it has voting rights;
- (3) instructions to vote for, against or abstain from voting on each matter to be included in the agenda for consideration at the general meeting;
- (4) date of issue of the instrument of proxy and the valid period;
- (5) the signature (or seal) of the appointer. In the case of a corporate shareholder, the instrument of proxy must be affixed with the corporate seal.

The instrument of proxy must state that failure to indicate any voting instruction shall entitle the proxy to cast the vote in his/her discretion.

Article 62 of the  
Guidelines for  
Articles

Article 86 The Company shall be responsible for the preparation of the register of personnel attending of the general meeting. Such register shall set out the names of the attending individuals (or names of the entities), identification card numbers, addresses of residence, number of shares with voting rights held or represented and names of the individuals or entities represented by proxies, etc.

Article 64 of the  
Guidelines for Articles

Article 87 A vote given in accordance with the decisions of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company did not receive any written notice in respect of any such matter prior to the commencement of the relevant meeting.

Article 63 of the  
Mandatory Provisions

Article 88 When matters about connected transactions are discussed at a general meeting, the connected shareholders should not participate in the voting of the resolution, and the shares with voting rights of such shareholders will not be counted as valid votes. The announcement of a resolution passed at a

Article 79 of the  
Guidelines for  
Articles

general meeting should disclose sufficient details of voting by non-connected shareholders.

The above connected shareholders refer to the following shareholders: connected party, or (if not a connected party) individuals or their associates who have substantial interests in the transaction to be voted pursuant to the listing rules as may be amended from time to time.

Article 89 If an individual shareholder attends a meeting in person, he/she should produce his/her identity card or valid identification document or share account card that could prove his/her identity. If a shareholder appoints a proxy to attend a meeting on his/her behalf, the proxy should produce his/her valid identity card and a proxy form issued by the relevant shareholder. Article 60 of the Guidelines for Articles

A corporate shareholder should appoint its legal representative or its proxy to attend a meeting. If the legal representative attends the meeting, he/she should produce his/her identity card or valid identification document that could prove his/her identity as a legal representative. If the legal representative appoints a proxy to attend the meeting, the proxy should produce his/her valid identity card and a written authorization issued by the legal representative of the corporate shareholder pursuant to laws.

Article 90 The Board, independent directors and those shareholders who have met the relevant requirements (to be determined by the standards issued by the competent supervisory authority from time to time) may collect their voting rights at the general meeting from the Company's shareholders. If the collector openly collects the voting rights of the Company's shareholders, the collector shall comply with the requirements of the relevant supervisory authority and the stock exchange on which the Company's shares are listed. Article 1(3) of the Certain Provisions

Article 91 Resolutions of general meetings shall be categorised into ordinary resolutions and special resolutions. Article 64 of the Mandatory Provisions

An ordinary resolution shall be passed by over one-half of the voting rights of the shareholders (including their proxies) present at the general meeting. / Article 104 of the Company Law

Unless otherwise specified in these Articles, a special resolution shall be passed by more than two-thirds of the voting rights of the shareholders (including their proxies) present at the general meeting.

Article 92 When the shareholders (including proxies) vote at a general meeting, they shall exercise their voting rights based on the number of voting shares held by them. Save with the provision of Article 122 concerning the adoption of a cumulative voting system for electing directors, each share carries one vote. The shares held by the Company itself do not attach any voting rights, and such shares are not counted as part of the voting shares of those shareholders who attend the meeting.

Article 65 of the  
Mandatory Provisions  
/ Article 78 of the  
Guidelines for  
Articles

If any shareholders are required to abstain from voting any resolution pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, or are restricted by such requirements to the extent that they could only vote for or against the resolution, for the purposes of determining whether the necessary quorum is present or whether sufficient votes are obtained to pass the resolution, any vote that is in breach of the above provisions or restrictions will not be counted. In the course of voting, any privilege or restriction attached to the voting right of any class of shares for the time being should be complied with. In addition, the provisions of laws, regulations and these Articles should be complied with.

App 3 para 14

Article 93 Unless a poll is required under the relevant listing regulations or if demanded by the following persons before or after voting by the show of hands, voting at a general meeting shall be conducted by a show of hands:

Article 66 of the  
Mandatory Provisions  
/ Article 86 of the  
Guidelines for  
Articles

- (1) chairman of the meeting;
- (2) at least two shareholders with voting rights or their proxies;
- (3) one or more shareholders (including their proxies) individually or collectively holding more than 10% of the shares carrying voting rights present at the meeting.

Unless a poll is required under the relevant listing regulations or is demanded, a declaration by the chairman of the meeting of the situation of the passing of a resolution according to the voting results by a show of hands, and an entry to that effect in the minutes of the meeting, shall be conclusive evidence of the same without proof of the number or proportion of the votes for or against such resolutions at the meeting.

The demand for a poll may be withdrawn by the person who makes such

demand.

Article 94 Where a poll demanded on the election of chairman of the meeting, or on termination of the meeting, the voting shall be conducted forthwith. Where a poll demanded on any other matters, the voting shall be taken at such time as the chairman directs, and the meeting may be proceeded with for discussion on other businesses. The voting results shall be deemed to be resolution passed at such meeting.

Article 67 of the  
Mandatory Provisions

Article 95 On a poll taken at a meeting, a shareholder (including his proxy) entitled to two or more votes need not cast all his votes in the same way.

Article 68 of the  
Mandatory Provisions

Article 96 In the case of an equality of votes, whether by a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote.

Article 69 of the  
Mandatory Provisions

Article 97 Motions shall not be amended when being considered at the general meeting. Otherwise, the relevant amended motion shall be deemed to be a new motion which shall not be put forward to be voted in the same shareholders' meeting.

Article 84 of the Guidelines  
or Articles

Article 98 Only one of the following means of voting: at the meeting venue, through the internet or by other means, shall be chosen for the same vote. In the event that repeated votes are cast for the same voting share, the first vote shall prevail.

Article 85 of the  
Guidelines for Articles

Article 99 Prior to the voting on any motion at the general meeting, two representatives of the shareholders shall be appointed to participate in the vote counting and scrutinizing. Shareholders and their proxies shall not participate in the vote counting and scrutinizing if they have an interest in the matters to be considered.

Article 87 of the  
Guidelines for Articles

During the voting on any motion in the general meeting, a lawyer, the shareholder representatives, supervisor representatives and representatives designated by the stock exchange on which the Company's shares are listed (or as required by its listing rules) shall be jointly responsible for vote counting and scrutinizing and the voting results shall be declared at the meeting. The voting

results shall be entered in the minutes of the meeting.

Shareholders or their proxies who vote through the internet or by other means shall have the right to check their voting result through the relevant voting system.

Article 100 The ending time of the general meeting at the meeting venue shall not be earlier than that of the meeting through the internet or by other means. The chairman of the meeting shall declare the voting situation and results of each motion, and announce whether the motion is approved according to the voting results. Article 88 of the Guidelines for Articles

Before the formal announcement of the voting results, the Company, vote counters, scrutineers, substantial shareholders, suppliers of the internet services and other related parties involved in the meeting venue, voting through the internet or by other means, shall have the duty of confidentiality in respect of the voting results.

Article 101 Shareholders attending the general meeting shall express one of the following opinions as to the motions put forward for voting: for, against or abstain. Article 89 of the Guidelines for Articles

Votes in respect of ballots which are not filled or wrongly filled, or contain unidentifiable handwriting, and ballots which are not put into the vote box, shall be deemed to be abstained from voting, and the number of shares representing such votes shall be regarded as “abstained from voting”.

Article 102 The following matters shall be resolved by an ordinary resolution at the general meeting: Article 70 of the Mandatory Provisions

- (1) Work reports of the Board and the supervisory committee;
- (2) Plans formulated by the Board for profits distribution and for recovery of losses;
- (3) Removal of the members of the Board and of the supervisory committee, their remuneration and method(s) of payment;
- (4) Annual financial budget and final reports, balance sheets, profit and loss statements and other financial statements of the Company;
- (5) Matters other than those specified by laws, administrative regulations or these Articles to be resolved by special resolutions.

Article 103      The following matters shall be resolved by a special resolution at the general meeting: Article 71 of the Mandatory Provisions

- (1) the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities of the Company;
- (2) the issue of bonds of the Company;
- (3) the demerger, merger, dissolution, liquidation or change in type of the Company;
- (4) the amendments to these Articles;
- (5) any purchase or sale of material assets or guarantee by the Company in an aggregate amount in a year of over 30% of the latest audited total assets of the Company; Article 77 of the Guidelines for Articles
- (6) Share options incentive scheme;
- (7) Any other matters to be considered by the general meeting by way of an ordinary resolution to be of a nature which may have a material impact on the Company and shall be adopted by a special resolution.

In addition, any resolution involving the amendment to this Article and Articles 120, 122 and 129, shall be passed by over three-fourths of the voting rights of the shareholders (including their proxies) present at the general meeting.

Article 104      Independent directors, the supervisory committee or shareholders holding more than 10% of the shares of the Company either individually or collectively requesting the convening of an extraordinary general meeting or a class meeting shall proceed in accordance with the procedures set forth below: Article 72 of the Mandatory Provisions / Rules for Shareholders' Meeting / Section 3 of

(1) sign one or more written requests of identical form and contents requesting the Board of Directors to convene an extraordinary general meeting or a class meeting and stating the agenda of the meeting. The Board of Directors shall make a written response of agreeing or disagreeing to convene the extraordinary general meeting within 10 days upon receipt of the abovementioned written request. Chapter 4 in the Guideline for Articles

(2) Where the Board of Directors agrees to convene an extraordinary general meeting, a notice of the general meeting shall be despatched within 5 days after the resolution of the Board of Directors. Any change to the original

motion stated in the notice shall be agreed by the original proposer.

(3) Where the Board of Directors disagrees with the motion of the independent directors to convene an extraordinary general meeting, it should state its reasons and make an announcement.

(4) Where the Board of Directors disagrees with the motion of the supervisory committee to convene an extraordinary general meeting, or fails to make a response within 10 days after the receipt of the request, the Board of Directors shall be considered as being unable to or failing to perform its duties of convening a general meeting and the supervisory committee shall convene and preside over such meeting. The procedures for convening shall be identical, to the extent possible, to those procedures adopted by the Board of Directors in convening a general meeting.

(5) Where the Board of Directors disagrees with the motion of shareholders to convene an extraordinary general meeting, shareholders should request the supervisory committee in writing to convene an extraordinary general meeting.

Where the supervisory committee agrees to convene an extraordinary general meeting, a notice of the general meeting shall be despatched within five days upon receipt of the request. Any change to the original motion stated in the notice shall be agreed by the original proposer.

Where the supervisory committee fails to despatch the notice of the general meeting within the stipulated period, it shall be considered that the supervisory committee will not convene or preside over the general meeting, and after 90 consecutive days, shareholders holding more than 10% of the shares of the Company either individually or collectively may convene and preside over the general meeting. Prior to the announcement of the resolutions of a general meeting, the shareholding percentage of the requisitioning shareholders shall not be less than 10%. The procedures for convening shall be identical, to the extent possible, to those procedures adopted by the Board of Directors in convening a general meeting.

Where the general meeting is convened and held by the supervisory committee or the shareholders in accordance with the previous paragraph, the Board of Directors should be duly informed in writing and the filing procedures in accordance with the applicable requirements be made with the relevant competent authorities. The Board of Directors and the secretary to the Board



should cooperate with the meeting and the Board of Directors shall provide the register of shareholders. Reasonable expenses incurred by the meeting shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent directors.

Article 105 A general meeting shall be convened and presided over by the chairman of the Board. Where the chairman of the Board is unable to or fails to perform his duties, a majority of the directors may jointly designate a director to preside over the meeting as chairman. Where no chairman is designated, the shareholders attending the meeting may elect one person as chairman. If for any reason the shareholders are unable to elect a chairman, the shareholder holding the largest number of voting shares and attending the meeting (whether in person or by proxy) shall be the chairman of the meeting.

Article 73 of the  
Mandatory Provisions  
/ Article 67 of the  
Guidelines for  
Articles

The chairman of the supervisory committee shall preside over a general meeting convened by the supervisory committee. Where the chairman of the supervisory committee is unable to or fails to perform his duties, a simple majority of the supervisors may jointly designate a supervisor to preside over the meeting as chairman.

The convenor shall elect a representative to preside over a general meeting convened by the shareholders.

Where a general meeting is unable to continue due to the breach of the rules of proceedings by the chairman, the general meeting may elect a person to preside over and continue the meeting with the agreement of a majority of the shareholders with voting rights present at the general meeting.

Article 106 The chairman of the meeting shall be responsible for determining whether a resolution thereat is passed. His decision, which is final and conclusive, shall be announced at the meeting and entered in the minutes of meeting.

Article 74 of the  
Mandatory Provisions

Article 107 If the chairman of the meeting has any doubt as to the result of a resolution put to the vote at the meeting, he may have the votes counted. If the chairman of the meeting fails to have the votes counted, any shareholder present in person or by proxy and who objects to the result announced by the chairman of the meeting shall have the right to demand that the votes be counted

Article 75 of the  
Mandatory Provisions

immediately after the declaration of the result, and the chairman of the meeting shall have the votes counted promptly.

Article 108 If votes are counted at a general meeting, the result of the counting shall be entered in the minutes of the meeting. Article 76 of the Mandatory Provisions

The minutes of meeting shall be signed by the chairman of the meeting and / Article 108 of the directors, supervisors, secretary to the Board, convenor or his representative Company Law attending the meeting.

Resolutions passed at the general meeting shall be the summary of the meeting. Minutes and summaries of the meeting shall be recorded in Chinese. Article 73 of the Guidelines for The minutes of the meeting and the attendance records signed by the attending Articles shareholders and the proxy forms of proxies shall be kept at the Company's residence for not less than 10 years.

Article 109 Minutes of the meeting shall contain the following contents: Article 72 of the

- (1) The time, place, agenda and name of the convenor of the meeting; Guidelines for
- (2) the chairman of the meeting and the names of directors, supervisors, Articles general manager and other senior management officers appearing in or attending at the meeting;
- (3) the number of shareholders and their proxies attending the meeting, the total number of shares with voting rights held by them and as a percentage to the total number of shares in the Company;
- (4) the total number of shares with voting rights held by respective shareholders of A shares (including their proxies) and of overseas listed foreign shares (including their proxies) attending the meeting, and their respective percentages to the total number of shares in the Company;
- (5) the process of discussion, main points of speakers and result of voting of each motion and details of the voting by shareholders of A shares and of domestic listed foreign shares of each resolution;
- (6) details of the queries or recommendations of the shareholders and the related responses and explanations;
- (7) the names of the lawyers, vote counters and scrutineers;
- (8) other contents which shall be entered in the minutes of the meeting in accordance with the provisions of these Articles.

Article 110 The shareholders may have free access to the minutes of Article 77 of the general meetings during office hours of the Company. When any shareholder requests for a copy of the relevant minutes, the Company shall within 7 days after the receipt of a reasonable fee deliver the same to such shareholder. Mandatory Provisions

## **Chapter 10 SPECIAL PROCEDURES FOR VOTING BY A CLASS OF SHAREHOLDERS**

Article 111 Shareholders holding different classes of shares are Article 78 of the shareholders of different classes. Mandatory Provisions

A class of shareholders shall, in accordance with laws, administrative regulations and these Articles, enjoy rights and assume obligations.

Article 112 Rights conferred on any class of shareholders in the Article 79 of the capacity of shareholders may not be varied or abrogated unless approved by a Mandatory Provisions special resolution at the general meeting and by holders of shares of that class at a separate meeting conducted in accordance with Article 114 to 118.

Article 113 The following circumstances shall be deemed to be Article 80 of the variations or abrogation of the rights of a class of shareholders: Mandatory Provisions

- (1) To increase or reduce the number of shares of such class, or to increase or reduce the number of shares of a class having voting rights or rights of distribution or other privileges equal or superior to those of the shares of such class;
- (2) To effect an exchange of all or part of the shares of such class into shares of another class, or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;
- (3) To remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
- (4) To reduce or remove a dividend preference attached to shares of such class, to receive dividends or to the distribution of assets in the event of the Company is liquidated;
- (5) To add, remove or reduce conversion privileges, options, voting

rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of such class;

(6) To remove or reduce rights attached to shares of such class to receive payment payable by the Company in particular currencies;

(7) To create a new class of shares having voting or equity rights or other privileges equal or superior to those of the shares of such class;

(8) To restrict the transfer or title of the shares of such class or add to such restriction;

(9) To issue rights to subscribe for, or convert into, shares of such class or another class;

(10) To increase the rights and privileges of shares of other classes;

(11) To restructure the Company in such way so as to result in the disproportionate distribution of obligations between the various classes of shareholders;

(12) To vary or abrogate the provisions of this Chapter.

Article 114 Shareholders of the affected class, whether or not Article 81 of the otherwise having the voting right at general meetings, shall nevertheless have the Mandatory Provisions right to vote at class meetings in respect of matters concerning Clauses (2) to (8), (11) to (12) of the preceding Article, but interested shareholder(s) shall not be entitled to vote at class meetings.

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

(1) in the case of a repurchase of shares by offers to all shareholders on a pro rata basis or public dealing on a stock exchange under Article 30, a “controlling shareholder” shall have the meaning as ascribed to it under Article 65;

(2) in the case of a repurchase of share by an off-market agreement under Article 30, a shareholder to which the proposed agreement relates;

(3) in the case of a restructuring of the Company, a shareholder within a class who bears a relatively lower proportion of obligation than the obligations imposed on the shareholders of that class and those having an interest different from the general interest of shareholders of that class.

Article 115 Resolutions of a class of shareholders shall be passed by Article 82 of the

votes representing more than two-thirds of the voting rights of shareholders of that class who, according to Article 114, are entitled to vote at class meetings.

Mandatory Provisions  
App 3 para 14

According to the applicable listing rules as amended from time to time, any shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution at the class meeting, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Article 116 Written notice of a class meeting shall be given 45 days before the date of the class meeting to notify all of the shareholders in the share register of such class of the matters to be considered, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply concerning attendance at the class meeting to the Company 20 days before the date of the class meeting.

Article 83 of the  
Mandatory Provisions

The Company shall calculate the number of voting shares held by the shareholders intended to attend the meeting based on the written replies 20 days prior to the date of the meeting. If such number of shares reaches more than one-half of the voting shares at the class meeting, the Company may hold the class meeting; if not, the Company shall within 5 days notify the shareholders again by public announcement of the matters to be considered, the date and the place of the class meeting. The Company may hold the class meeting after such announcement.

Article 117 Notice of class meetings needs to be served only on shareholders entitled to vote thereat.

Article 84 of the  
Mandatory Provisions

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

Article 118 Apart from the shareholders of other classes, the shareholders of A shares and of overseas listed foreign shares shall be deemed to be different classes of shareholders. The special procedures for voting at a class meeting shall not apply to the following circumstances:

Article 85 of the  
Mandatory Provisions  
/ App 13d para 1(f)  
Article 3 of Zheng

- (1) where the Company issues, upon approval by a special
- Jian Hai Han

resolution at a general meeting, A shares and overseas listed foreign shares once every 12 months, either separately or concurrently, and the number of A shares and overseas listed foreign shares proposed to be issued does not exceed 20% of each of the issued shares of relevant classes respectively;

(2) where the Company's plan to issue A shares and overseas listed foreign shares at the time of its incorporation shall be carried out within 15 months from the date of obtaining approval from CSRC.

## **Chapter 11 BOARD OF DIRECTORS**

Article 119 The Company shall establish a Board of Directors, and the Board shall comprise no more than 18 directors, one of whom shall be the chairman.

Article 86 of the  
Mandatory Provisions

No less than half of the members of the Board of the Company shall be external directors (directors not holding office in the Company). External directors shall have sufficient time and necessary knowledge and ability to perform their duties. External directors shall be provided with necessary information by the Company in performing their duties. External directors shall include independent directors of not less than one-third of the total number of directors, and at least one of the independent directors must possess appropriate professional qualifications or accounting or related financial management expertise (independent directors shall mean directors who are independent of the shareholders of the Company and do not hold any internal office in the Company and the same shall apply to these Articles below).

Article 6 of the  
Opinions  
Rule 1(3) of the  
Guiding Opinions  
for Independent  
Directorship

Article 120 Directors are elected by the general meeting. The term of office for each session shall be 3 years. Upon the expiration of his term, a director is eligible for re-election. However, no independent director shall serve for consecutive terms of exceeding 6 years.

Article 87 of the  
Mandatory Provisions  
/ Rule 4(4) of the  
Guiding Opinions for

The period for service of notices in writing by shareholders to the Company of the intention to propose a candidate for election as a director in accordance with these Articles and of such candidate's consent to be elected shall be at least 7 days, which shall commence from the day after the dispatch of the notice convening the general meeting for the election of directors and shall end on the date which is 16 days prior to the date of such general meeting.

Independent  
Directorship  
Article 4 of Zheng  
Jian Hai Han / App 3  
para 4(4), (5)

Any shareholder who, by itself or jointly, holding shares representing more than 3% of the voting rights of the Company for 180 days or more consecutively shall have the right to nominate a candidate of director, the number of directors in each nomination shall not exceed one-fifth of the total number of directors and the total number of nominees. The number of shares directly or indirectly held by each shareholder cannot be further subdivided in order to propose a motion by himself or jointly with other persons.

The number of the Company's new directors in each year shall not exceed one-third of the number of members in the Company's Board of Directors unless in the event that the term of the Board or of the relevant directors expires or the relevant directors resign or as required by laws and regulations or the rules of the place where the Company is listed.

The Board of Directors shall have the right to examine the qualifications of directors and resolutions in respect of the qualifications of directors shall be passed by over one-half of the Board.

The chairman of the Board are elected and removed by two-thirds of the total number of directors. The chairman of the Board shall serve for a term of three years and is eligible for re-election.

Unless otherwise stipulated in the relevant laws, regulations and these Articles, subject to the provisions of the relevant laws and administrative regulations, the general meeting shall have the power by ordinary resolution to remove any director before the expiration of his term of office (but without prejudice to any claim for damages under any contract).

Any removal of the chairman of the Board and directors in breach of Article 64 of these Articles shall be invalid.

A director may concurrently act as a general manager or senior management officer other than a supervisor. A director needs not to hold any share in the Company.

Article 121	Listed companies shall disclose detailed information on candidates for election as directors prior to the convening of the general meeting to ensure that shareholders are sufficiently informed about the candidates upon voting.	Article 29, Article 30 of the Code of Corporate Governance
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Candidates for election as directors shall give an undertaking in writing prior to the convening of the general meeting which states their consent to accept

nomination, warrants that the information of candidates for election as directors disclosed to the public is true and complete, and assures diligent performance of the duties of directors after being elected.

Article 122      Accumulative voting shall apply to the election of directors at general meetings of the Company. In the election of more than two directors, the number of votes of each shareholder shall equal the multiple of the number of shares he holds and the number of directors he is entitled to appoint. Each shareholder shall be entitled to cast all his votes for a single nominee or distribute his votes at his discretion or cast all his votes for two or more nominees. The nominee with the highest number of votes shall be elected.

Article 123      For motions of election for directors and supervisors passed by the general meeting, the appointment of new directors and supervisors shall be effective on the date of election.

Article 93 of the  
Guidelines for Articles

Article 124      The directors shall have the duty to act in good faith and diligently to the Company and the shareholders as a whole. The directors shall exercise their duties in accordance with the relevant laws, regulations and these Articles, earnestly perform their duties and act in the interest of the Company as a whole, with particular concern in the protection of the lawful rights of the minority shareholders of the Company.

Article 31 of the Code  
of                  Corporate  
Governance

Directors shall perform their duties independently, not being prejudiced by the substantial shareholders, de facto controllers of the Company or other units or individuals who have relationships of interests with the Company.

Article 125      In the absence of special reasons, the directors and chairman of the Board shall not change their positions randomly and shall maintain relatively stable as required by the Articles of Association. Any position changes shall proceed in accordance with the statutory formalities and procedures shall be disclosed to the public and filed with CSRC.

Article 5 of the  
Opinions

The directors may resign prior to the expiration of their term of office. A resigning director shall submit a written report of resignation to the Board. Should other directors think the resignation of such director prior to the



expiration of his term of office prejudices the interests of the Company, the Board may conduct a vote regarding whether to consent to the resignation and the resigning director shall abstain from voting. In case that the Board dissents his resignation, such director shall continue to perform his duties until the expiration of his term of office. In the event that such director leaves the position without permission, the Company shall have the right to take legal action against him.

Article 100 of the  
Guidelines for Articles

Article 126 The Board of Directors shall be accountable to the general meeting and shall exercise the following functions and powers:

- (1) to be responsible for convening general meetings and reporting its work in general meetings;
  - (2) to implement resolutions passed by general meetings;
  - (3) to determine operational plans and investment proposals of the Company;
  - (4) to formulate annual financial budget and final accounts proposals of the Company;
  - (5) to formulate proposals for profit distribution and for recovery of losses of the Company;
  - (6) to formulate proposals for increase or reduction of registered capital of the Company and issue of bonds;
  - (7) to draw up proposals for merger, demerger, dissolution or conversion in respect of the Company;
  - (8) to determine other external guarantees, other than those which require approvals of general meetings, in accordance with the provisions of laws, administrative regulations and the Articles of Association;
  - (9) to determine external investments, acquisitions and disposals of assets, charges on assets, entrustment of financial management and connected transactions of the Company within the scope authorised by general meetings;
  - (10) to determine the establishment of internal management authority of the Company;
  - (11) to appoint or remove general manager and secretary to the Board; and to appoint or remove deputy general managers, financial controllers and other senior management officers of the Company, based on the nominations of the general managers, and to decide on their remunerations and methods of
- Article 107 of the  
Guidelines for Articles

payment;

(12) to formulate the basic management system of the Company;

Article 107 of the  
Guidelines for  
Articles

(13) to formulate proposals for amendments to these Articles;

(14) to draft proposals for acquisitions or disposals of major assets;

(15) to exercise the power to raise fund and borrow money and determine the mortgage, leasing, subcontracting and transfer of the assets of the Company, subject to the relevant laws, regulations, these Articles and the relevant rules;

(16) to implement other functions and powers conferred by laws, administrative regulations, departmental rules, general meetings and these Articles.

Resolutions by the Board of Directors on matters referred to in the preceding paragraph may be passed by the affirmative vote of more than one-half of the directors with the exception of resolutions on matters referred to in clauses (6), (7) and (13), which shall require the affirmative vote of more than two-thirds of the directors.

Article 88 of the  
Mandatory Provisions  
Article 125 of the  
Company Law

The director of the Company connected with the enterprise involved in the resolutions of the Board meeting shall not exercise his own, or represent other directors to exercise voting right on such resolutions. Such Board meeting may be held if more than half of the unconnected directors to be present. The resolution made by the Board of Directors shall be passed by more than half of all such directors. The aforesaid matters requiring the affirmative vote of more than two-thirds of the directors shall be passed by more than two-thirds of all such directors. Where there are fewer than three unconnected directors present at the Board meeting, the relevant matters shall be forwarded to a general meeting of the Company for consideration.

Resolutions by the Board of Directors on connected transactions of the Company shall be signed by the independent directors before becoming effective.

The Board of Directors may exercise any power not stipulated in these Articles to be exercised by general meetings. The Board of Directors should comply with the provisions of the Articles and the requirements set by general meetings from time to time. However, the requirements set by general meetings of the Company shall not render any prior valid action made by the Board of Directors invalid.

Article 127      When the Board of Directors disposes of fixed assets and the sum of the expected value of the proposed disposal and the value of the disposal of fixed assets made in the 4 months immediately preceding such proposed disposal exceeds 33% of the value of the fixed assets of the Company shown in the latest audited balance sheet placed before the general meeting, the Board of Directors shall not dispose of or agree to dispose of such fixed assets without the prior approval of the general meeting. Article 89 of the Mandatory Provisions

For the purpose of this Article, “disposal of fixed assets” shall include the assignment of certain interests in assets other than the provision of guarantees by way of fixed assets.

The validity of transactions whereby the Company disposes of fixed assets shall not be affected by the breach of the first paragraph hereof.

Where the Board of Directors is making decisions in respect of market development, mergers and acquisitions, and investments in new sectors, and the value of investment project or the mergers and acquisition project exceeds a certain percentage (which percentage shall be decided by general meeting) of the total assets of the Company, it should engage consultative organisations in providing professional opinions as key basis of the decision of the Board of Directors. Article 4 of the Opinions

Article 128      Unless otherwise required by applicable laws, regulations and/or relevant listing rules, the Board of Directors shall have the right to make decision on any investment (including risk investment) or acquisition project within the scope authorised by shareholders. Where the material investment or acquisition project exceeds the limit approved by the Board of Directors, it should organise assessment and examination by relevant experts and professionals and submit to the general meetings for approval. Article 111 of the Guidelines for Articles

Article 129      When the Company is being acquired in accordance with the provision of Article 184, for the protection of the stable development of the Company and the interest of the shareholders as a whole, the directors of the Company shall engage professional organisations including independent financial adviser to analyse the financial condition of the Company and make recommendations on matters such as the fairness and reasonableness of the

conditions of the acquisition and the impact of the acquisition on the Company and to issue the relevant announcement. When the acquisition is confirmed by the Board to be a hostile takeover, the directors may, in accordance with the recommendations of the professional organisations, issue an offer to the acquiring party, and/or implement reasonable measures to counter the takeover in accordance with the authorisation by the general meeting.

The directors may report to the relevant competent authority or bring an action against the acquiring party to the Court when the acquiring party is in breach of the relevant obligations of disclosure provided in the Administrative Rules for Listed Companies Acquisition (《上市公司收購管理辦法》) or other provisions of the relevant laws and regulations.

When the Company is being acquired and merged or any material adjustment is being made by the acquirer to the Company's management, the Board of Directors of the Company shall seek and take advice from the labour union and the staff representatives meeting of the Company.

Article 130 The chairman of the Board shall exercise the following functions and powers:

- (1) To preside over the general meetings, and to convene and preside over the Board meetings;
- (2) To review and supervise the implementation of the Board's resolutions;
- (3) To sign the securities issued by the Company;
- (4) To preside the daily operation of the Board during the recess period of the Board;
- (5) To exercise other powers vested by the Board.

Article 90 of the  
Mandatory Provisions

When the chairman of the Board is unable to or fails to perform his duties, the members of the Board may appoint a director by a simple majority of votes to perform the duties of the chairman.

Article 113 of the  
Guidelines for  
Articles

Article 131 The Board of Directors may, in accordance with its needs, authorise the chairman of the Board to exercise part of the functions and powers of the Board during its recess period.

Article 132 Board meetings shall be held at least twice a year (regular meetings). Such meetings shall be convened by the chairman of the Board by giving notice in writing to all Directors and supervisors 10 days before the convening of the meetings.

Article 91 of the  
Mandatory Provisions  
/ Article 114 of the  
Guidelines for

Extraordinary Board meetings should be convened by the chairman of the Board under any one of the following circumstances within 10 days and not subject to the aforesaid limitation on the notice period of meetings:

Articles  
Article 111 of the  
Company Law / Rule  
5(1) of the Guiding  
Opinions for  
Independent  
Directorship

- (1) proposed by shareholders representing more than 10% of the voting rights;
- (2) proposed by more than one-third of the directors;
- (3) proposed by the supervisory committee.

Article 133 The notification method, notification period and form of meeting of the Board of Directors (including the extraordinary Board meetings) shall satisfy the requirements as follows:

Article 92 of the  
Mandatory Provisions

(1) If the time and location of regular Board meetings have been specified by the Board in advance, no notice shall be required. If the time and location of regular Board meetings has not been specified by the Board in advance, the chairman of the Board shall order the secretary to the Board to notify all directors and supervisors the time and location of the meeting by way of telex, telegraph, fax, express post, registered mail or by hand no less than 14 days prior to such meeting, unless otherwise provided in the aforementioned clauses of these Articles.

Article 111 of the  
Company Law

(2) When convening an extraordinary Board meeting, the chairman shall authorise the secretary to the Board to notify all directors and supervisors the time and location of the meeting by way of telex, telegraph, fax, express post, registered mail or by hand with no less than 2 days prior to the extraordinary Board meeting.

(3) Directors may participate in regular Board meetings or extraordinary meetings by telephone or other communication equipment. If all participants are able to hear others' speeches clearly, communicate and exchange views with each other through the aforementioned equipment, such Directors shall be deemed to be attending such meeting in person.

(4) Except for regular Board meetings, the Company's Board meetings may also be convened by way of written resolutions whereby a resolution may

be passed through delivering or circulating a pending resolution separately. A director shall indicate clearly his approval of, abstaining from or objection to the resolution. Such written resolution may consist of several documents. A resolution which is signed by one or more directors or their proxies, by the number of directors required for passing a resolution according to these Articles, shall be deemed legal and effective. A resolution signed by a director or his proxy and delivered by way of telex, telegraph or fax shall be deemed to be signed by such director.

As the Board of Directors review matters specified in clauses (3), (4), (5) and (7) of Article 126 of these Articles stipulating the functions and powers of the Board, directors shall not utilize telephone or other communication equipment to participate in the meeting.

Article 134 All executive directors and external directors must be informed of any significant matter decided by the Board of Directors within the time stipulated in Article 132 and be provided with sufficient information at the same time in strict compliance with the stipulated procedures. Directors may request for the provision of supplementary information. Where one-fourth of the directors or more than two external directors are of the opinion that the information is inadequate or the argument is uncertain, they may jointly request for an adjournment in convening the Board meeting or that part of the agenda of the Board meeting and the Board of Directors shall accept the request.

A notice of meeting shall be deemed to have been despatched to a director who has attended the meeting and did not propose a dissent regarding the non-receipt of the notice of the meeting prior to or at the meeting.

Board meetings may be held only if attended by more than one-half of the directors (including directors who have appointed in writing other directors to attend the Board meeting on his behalf under Article 128). Each director shall be entitled to one vote. Resolutions of the Board of Directors must be passed by the affirmative vote of more than one-half of all directors. In the equality of votes, the chairman of the Board shall have a casting vote.

Article 135 Directors shall attend any Board meeting in person. Article 94 of the  
Where a director is unable to attend, he may, by way of a written power of attorney, Mandatory Provisions  
authorise another director to attend the Board meeting on his behalf. The power of / Article 121 of the  
attorney shall state the name of the attorney, the subject matter, scope and duration Guidelines for  
of validity. Articles

A director failing to attend in person and appointing other directors to attend Article 99 of the  
Board meetings for two consecutive times shall be deemed to be unable to Guidelines for  
perform his/her duties. The Board shall propose to the general meeting to remove Articles  
such director.

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

In the event that certain director has interests in the matters to be resolved at  
the Board meeting (such interests include, but not limited to, the relationship of  
interests with the shareholder unit of the previous employment or shareholder  
unit providing employment after the proposed resignation or its controller), such  
director shall abstain from voting on such matters (including whether the Board  
agrees to his resignation or not). In case that more than one-half of all directors  
shall abstain from voting whereby resolutions cannot be made according to  
Article 112 of the Company Law, directors abstaining from voting may  
participate in the vote after making a fairness statement which shall be entered in  
the resolutions of the Board. The aforesaid matters, if otherwise required by laws  
and regulations, shall be implemented according to such requirements.

Article 136 Reasonable expenses incurred by the directors in  
attending Board meetings shall be borne by the Company. Such expenses include  
travelling expenses from the location of the directors to the places of the meetings  
(if different from the location of the director), food and lodging expenses during  
the duration of the meetings, rental of the premises of meetings and local travelling  
expenses.

Article 137 The Board of Directors shall keep minutes of decisions on Article 95 of the  
matters considered at their meetings, opinions of independent directors and Mandatory Provisions  
resolutions in writing , which shall be signed by the directors attending the meeting Article 6 of the

and the person preparing the minutes. Minutes of each Board meeting should be available for review by all directors as soon as possible. Any director who wishes to make amendments to the minutes should submit his amendments to the chairman of the Board within one week after receipt of the minutes. Minutes of the Board meetings shall be kept at the Company's residence in China with a full copy being issued to each director as soon as possible. Minutes of the Board meeting shall be kept for not less than 10 years.

Opinions  
Article 122 of the  
Guidelines for  
Articles

Article 138 The directors shall be responsible for resolutions of the Board of Directors. Where a resolution of the Board is in breach of laws, administrative regulations or these Articles, thereby causing serious losses to the Company, those directors who voted for the resolution shall bear direct responsibility. Provided that, if a director is proven to have dissented at the voting of such resolution and such dissension was noted in the minutes of the meeting, then the director may be relieved from such liability. Those directors who abstained from voting or were absent but did not entrust another director to attend on his behalf may not be relieved from such liability. Those directors who dissented in the discussion but did not vote against the resolution may not be relieved from such liability.

Article 3 of the  
Opinions  
Article 113 of the  
Company Law /  
Article 95 of the  
Mandatory Provisions

Article 139 Directors may resign prior to the expiration of their term of office. A resigning director shall submit a written notice of resignation to the Board of Directors. An independent director shall also provide an explanation of the circumstances which are relevant to his resignation and which in his opinion are necessary to bring to the attention of shareholders and creditors of the Company.

Where the resignation of a director results in the Board of Directors having less than the statutory minimum number of directors required by laws, his notice of resignation shall not take effect until a replacement director fills the causal vacancy created by the resignation. The continuing directors shall convene an extraordinary general meeting to elect a replacement director for the causal vacancy. Prior to a resolution on the election of a director being passed by the general meeting, the functions and powers of the resigning director and the continuing directors shall be reasonably restricted.

Article 100 of the  
Guidelines for  
Articles

Rule 4(6) of the  
Guiding Opinions for

Where the resignation of an independent director results in the Board of



Directors having less than the minimum proportion of independent directors required by the relevant regulatory authorities, his notice of resignation shall not take effect until a replacement independent director fills his causal vacancy.

Independent  
Directorship

Save for the aforesaid circumstances, the resignation of a director shall take effect from the date on which the notice of resignation is submitted to the Board of Directors.

Article 100 of the  
Guidelines for  
Articles

## **Chapter 12 SECRETARY TO THE BOARD OF THE COMPANY**

Article 140 The Company shall have a secretary to the Board, who is a senior management officer of the Company.

Article 96 of the  
Mandatory Provisions

Article 141 The secretary to the Board of the Company shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board. The primary responsibilities of the secretary to the Board are:

Article 97 of the  
Mandatory Provisions

(1) to ensure that Company has maintained complete constitution documents and records;

(2) to ensure that the Company prepares and delivers in accordance with laws those reports and documents required by relevant authorities entitled thereto;

(3) to ensure that the registers of shareholders of the Company are properly maintained, and that persons entitled to obtain the relevant records and documents of the Company are furnished with such records and documents without delay.

Article 142 The primary duties of the secretary to the Board of Directors are:

Chapter 1 of the  
Practice Guidelines

(1) to assist directors in performing the daily functions of the Board, continuously provide, remind and ensure that directors understand the rules, policies and requirements of local and overseas regulatory bodies on the Company's operations, assist directors and manager to exercise their powers in accordance with the local and overseas laws and regulations, the Articles of Association and other relevant regulations;

for Secretaries

(2) to be responsible for organising and preparing documents for

Board meetings and general meeting, preparing minutes, ensuring that resolutions are passed in accordance with procedures required by laws and to be informed about the implementation of the Board resolutions;

(3) to be responsible for organising and coordinating the disclosure of information, maintaining relations with investors and enhancing the transparency of the Company;

(4) to participate and coordinate fund raising activities in the capital markets;

(5) to maintain relationships with market intermediaries, regulatory bodies, media and maintaining public relations.

The secretary to the Board of Directors of the Company shall, in principle, serve full-time at his office. If the post is concurrently assumed by a director or other senior management officer of the Company, such person shall ensure that he has enough energy and time to assume the duties of the secretary to the Board. The general manager(s) (excluding the deputy ones) and financial controllers shall not concurrently hold the post of the secretary to the Board.

Article 143 The duties of the secretary to the Board includes the following: Chapter 2 of the Practice Guidelines

(1) to coordinate and organise Board meetings and general meetings, for Secretaries prepare the relevant materials for the meetings, arrange matters relating to the meetings, be responsible for preparing minutes and ensuring the accuracy of the minutes, keeping documents and minutes of the meetings, actively mastering the implementation of relevant resolutions, reporting and providing recommendations to the Board on material matters that are being implemented;

(2) to ensure that material decisions of the Board are performed strictly in accordance with the relevant requirements. Upon the request of the Board, participate in the consultation and analysis of the matters before the Board and offer his opinions and make recommendations accordingly, be authorised to perform the daily functions of the Board and its committees;

(3) to act as the Company's contact person with securities regulatory bodies, be responsible for organising, preparing and submitting documents required by such regulatory bodies in time and accepting, organising and

completing tasks delegated by such regulatory bodies;

(4) to be responsible for coordinating and organising the information disclosure of the Company, establishing a sound and appropriate disclosure mechanism, participating in all meetings relating to information disclosure, be made aware of the material decisions of the Company's operation and all related information;

(5) to be responsible for keeping in confidence any price sensitive information of the Company, and implement effective systems and measures for maintaining confidentiality of information. Where price sensitive information of the Company has been revealed to the public, take all necessary actions to rectify, explain and clarify and notify the overseas securities regulatory body of the place in which the Company's shares are listed and CSRC in time;

(6) to be responsible for coordinating market publicity, reception of visitors, managing relations with investors, maintaining relationships with investors, market intermediaries and mass media, ensuring that enquiries of the public are addressed, ensuring that investors receive information disclosed by the Company on a timely basis; to organise and prepare publicity campaigns of the Company locally and overseas, prepare reports summarising market publicity and material visits and arrange to report any related matter to CSRC;

(7) to be responsible for maintaining and keeping the register of shareholders, register of directors, information relating to shareholdings of substantial shareholders and directors, and a list of holders of bonds issued by the Company;

(8) to assist directors and managers to exercise their powers in accordance with local and overseas laws, regulations, the Articles of Association and other relevant regulations. When the secretary is aware that the Company has made or may possibly pass the resolutions that are in breach of the relevant requirements, he has an obligation to make reminders and has the right to report such breach to CSRC and other regulatory bodies in a timely manner;

(9) to coordinate the provision of necessary information to the Company's supervisory committee and other audit authorities to perform their supervisory functions, and to assist the investigation of the integrity of the

Company's financial controller, directors and managers;  
(10) to perform other duties delegated by the Board and required by overseas regions.

Article 144      A director or other senior management officer of the Company may hold the office of the secretary to the Board concurrently. However, any accountant from the accounting firm appointed by the Company shall not act as the secretary to the Board concurrently. Article 98 of the Mandatory Provisions

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

In the event that the shares of the Company are listed on the Hong Kong Stock Exchange, the Company may have a company secretary qualified under the requirements of the Hong Kong Stock Exchange to handle the relevant matters.

### **Chapter 13    MANAGER OF THE COMPANY**

Article 145      The Company shall have a general manager, who shall be employed or dismissed by the Board of Directors; the Company shall also have deputy general manager(s) and financial controller(s) who shall be nominated by a general manager and employed or dismissed by the Board of Directors. The term of office of any general manager, deputy general manager and financial controller shall be the same as that of the Board of Directors. Any general manager, deputy general manager and financial controller shall have such professional ethics and standards to perform his duties. Article 99 of the Mandatory Provisions

General manager, deputy general manager and financial controller shall be the senior management officers of the Company.

A director may hold the position of a general manager, deputy general manager or other senior management officers, but the number of directors holding such positions shall not exceed one-half of the total number of directors of the Company. Article 96 of the Guidelines for Articles

Article 146            The term of office of the general manager shall be 3 years and may be re-appointed.            Article 127 of the Guidelines for Articles

Article 147            The general manager shall be accountable to the Board and exercise the following functions and powers:

- (1) To preside over the Company's production, operation and management and to organise the implementation of the resolutions of the Board;            Article 100 of the Mandatory Provisions
- (2) To organise the implementation of the Company's annual business plans and investment proposals;
- (3) To draft proposals for the establishment of the Company's internal management structure;
- (4) To establish the Company's basic management system;
- (5) To propose the appointment, dismissal or redesignation of the Company's deputy general manager(s) and financial controller(s) to the Board;
- (6) To appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;
- (7) To convene and preside over the office meeting of general manager;
- (8) To determine the awards and punishments, promotion and demotion, increase or reduction of salaries, appointment, employment, dismissal, and discharge of the staff and workers of the Company with the authorisation of the Board or within the scope required by the Company;
- (9) To exercise the right of security, leasing or subcontracting of the Company's assets with the authorisation of the Board or within the scope required by the Company;
- (10) Other powers conferred by these Articles and the Board.

The deputy general manager shall assist the work of the general manager.

Article 148            The general manager shall report to the Board of Directors and the supervisory committee at their request on the signing and implementation of material contracts, the application of funds and loss of the Company. The general manager shall ensure the truthfulness of his report.            Article 130 of the Guidelines for Articles

Article 149            The general manager may be present at Board meetings. The            Article 101 of the

general manager has no voting rights at the Board meetings unless he is also a director. Mandatory Provisions

Article 150 The general manager and deputy general managers shall, in exercising their functions and powers, act honestly and diligently in accordance with laws, administrative regulations and these Articles. Article 102 of the Mandatory Provisions

Article 151 The general manager, deputy general manager and other senior management officers shall give 3 months prior notice of resignation to the Board before the expiry of their terms of office, save as provided otherwise in the contract. The Board shall have the right to approve his resignation. In the event that such Director leaves the position without approval by the Board, the Company shall have the right to take legal action against him.

#### **Chapter 14 SUPERVISORY COMMITTEE**

Article 152 The Company shall have a supervisory committee. Article 103 of the Mandatory Provisions

Article 153 The supervisory committee shall consist of 3 supervisors, one of which shall be the chairman of the supervisory committee. The term of office of a supervisor shall be 3 years and they shall be eligible for re-election. The appointment or removal of the chairman of the supervisory committee shall be approved by more than two-thirds of the supervisors. Article 104 of the Mandatory Provisions / App 13d para 1 (d)(i) Article 5 of Zheng Jian Hai Han

Article 154 The members of the supervisory committee shall consist of 2 representatives of shareholders and 1 representative of staff and workers of the Company. The representatives of shareholders shall be elected and removed at the general meeting while the representative of staff and workers shall be elected and removed through democratic election by the staff and workers of the Company. Article 105 of the Mandatory Provisions

The supervisory committee of the Company shall have more than one-half of their members as external members (those members not holding office in the Company). Article 7 of the Opinions

Article 155 Directors, general manager, deputy general manager and Article 106 of the

financial controllers of the Company shall not act concurrently as supervisors. Mandatory Provisions

Article 156 Meetings of the supervisory committee shall be held at least once every six months and shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee is unable to or fails to perform his duties, a majority of the supervisors may jointly designate a supervisor to convene and preside over the meeting of the supervisory committee. Notice of the meeting of the supervisory committee shall be delivered to all supervisors 10 days prior to the meeting. The notice of meeting shall include the following contents: Article 120, Article 118 of the Company Law / Article 107 of the Mandatory Provisions / Article 148 of the Guidelines for Articles

- (1) the date, place and duration of the meeting;
- (2) the reasons for and the agenda of the meeting;
- (3) the date of the notice.

Article 157 Where a replacement supervisor is not elected timely upon expiration of the term of a supervisor or the resignation of a supervisor during his term resulting in the supervisory committee having less than the minimum number of supervisors required by laws, such supervisor must continue to perform his duties pursuant to the laws, administrative regulations and the provisions of the Articles of Association until the replacement supervisor takes office. Article 138 of the Guidelines for Articles

Article 158 The supervisory committee shall be accountable to general meetings and exercise the following functions and powers in accordance with the laws: Article 144 of the Guidelines for Articles

- (1) to review the periodic reports of the Company prepared by the Board of Directors and to submit their review opinions in writing; Article 7 of the Opinions
- (2) to monitor the Company's financial affairs;
- (3) to supervise the directors and senior management officers in carrying out duties of the Company and to propose the removal of directors and senior management officers who are in breach of any law, administrative regulation, the Articles of Association or the resolutions of general meetings;
- (4) to demand any director and senior management officer to rectify his act which is harmful to the Company's interests;
- (5) to propose the convening of extraordinary general meetings and to convene

and preside over general meetings when the Board of Directors fails to perform the duties of convening and presiding over general meetings as required by law;

(6) to propose motions to general meetings;

(7) to initiate legal actions against any director and senior management officer in accordance with the provisions of Article 152 of the Company Law;

(8) the supervisory committee may give recommendation on the appointment of the accounting firm engaged by the Company, and, when necessary, to appoint, in the name of the Company, another accounting firm to examine the Company's financial affairs independently and to report the relevant information directly to the relevant administrative authorities for securities under the State Council and other relevant departments;

(9) other functions and powers provided in these Articles.

External supervisors of the Company shall report on the integrity and diligence of the senior management officers of the Company independently to general meetings.

Supervisors shall attend Board meetings and make queries or recommendations in respect of resolutions of the Board of Directors.

Article 140 of the  
Guidelines for  
Articles

Article 159 The supervisory committee shall discuss business at meetings, which shall only be held with the attendance of not less than one-half of the supervisors.

Article 109 of the  
Mandatory Provisions  
/ App 13d para 1(d)(ii)

Resolutions of the supervisory committee shall be approved by more than two-thirds of its members.

Article 6 of Zheng  
Jian Hai Han

Article 160 The supervisory committee may request the Directors, general manager, deputy general managers and other senior management officers, internal and external auditing officers of the Company to attend the supervisory committee's meetings and answer the questions of its concern.

Article 67 of the Code  
of Corporate  
Governance

Article 161 The supervisory committee shall take minutes of the resolutions of the meetings. Supervisors attending the meeting and the person taking the minutes shall sign the minutes. Supervisors shall have the right to require explanatory statements of their speeches made during the meetings be

Article 147 of the  
Guidelines for  
Articles



recorded in the minutes. Minutes of the meetings of the supervisory committee shall be kept in the Company's files for at least over 10 years.

Article 162 Reasonable expenses incurred by the supervisory committee in the engagement of professionals such as lawyers, certified public accountants and practicing auditors in the exercise of its functions and powers shall be borne by the Company. The Company shall pay for reasonable expenses incurred by supervisors in attending meetings of the supervisory committee. Such expenses include travelling expenses from the location of the supervisor to the places of the meetings (if different from the location of the supervisor), food and lodging expenses during the duration of the meetings, rental of the premises of meetings and local travelling expenses. Article 110 of the Mandatory Provisions

Article 163 Supervisors are required to faithfully perform their supervisory duties in accordance with laws, administrative regulations and these Articles. Article 111 of the Mandatory Provisions

## **Chapter 15 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR MANAGEMENT OFFICERS OF THE COMPANY**

Article 164 A person shall not serve as a director, supervisor, general manager or other senior management officer upon the occurrence of any of the following events: Article 112 of the Mandatory Provisions

- (1) the person is without civil capacity or with restricted civil capacity;
- (2) the person has been convicted for offence(s) of corruption, bribery, taking of property, misappropriation of property or destruction of the social economic order, and has been sentenced to criminal punishment, where less than 5 years have elapsed since the date of completion of the sentence; or has been deprived of their political rights due to criminal offence, where less than 5 years have elapsed since the date of the completion of implementation of this deprivation;
- (3) the person is a former director, factory director or managers of a company or corporate entity which has become bankrupt and been

Article 147 of the

liquidated and be personally liable for the bankruptcy of such company or corporate entity, where less than 3 years have elapsed since the date of the completion of the bankruptcy and liquidation of such company or corporate entity;

(4) the person is a corporate representative of a company or corporate entity which had its business license revoked due to violation of the laws and be personally liable, where less than 3 years have elapsed since the date of the revocation of the business license of such company or corporate entity;

(5) the person has a large amount of debt due and outstanding;

(6) the person has been involved in criminal offences subject to investigation by judicial authorities and the case is yet to be concluded;

(7) the person is not eligible for acting in the leadership of a corporate entity according to laws or administrative regulations;

(8) the person is not a natural person;

(9) the person was adjudged by the relevant governing authority to be guilty of contravention of provisions of securities regulations involving fraud or dishonesty, where less than 5 years have elapsed since the date of judgment.

Article 95 of the

(10) any person confirmed by the relevant administrative authorities for securities under the State Council as forbidden to enter the market and such restriction have not been removed .

Guidelines for  
Articles

Article 165 No director may act in his own name on behalf of the Company or of the Board of Directors unless pursuant to the provisions of the Articles of Association or with the lawful authorisation of the Board of Directors. In the course of acting in his own name, a director shall state his position and identity insofar as a third party may reasonably believe that such director is acting on behalf of the Company or the Board of Directors.

Article 102 of the  
Guidelines for  
Articles

Article 166 The validity of an act of a director, general manager or other senior management officer of the Company on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

Article 113 of the  
Mandatory Provisions

Article 167 In addition to the obligations imposed by laws, Article 114 of the administrative regulations or required by the listing rules of the stock exchanges on which shares of the Company are listed, each of the directors, supervisors, general manager and other senior management officers of the Company owes a duty to each shareholder, in the exercise of the functions and powers entrusted to him by the Company: Mandatory Provisions

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

Article 168 Each of the directors, supervisors, general manager and other senior management officers of the Company owes a duty, in the exercise of his powers or discharge of his obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Article 115 of the Mandatory Provisions

Article 169 Each of the director, supervisor, general manager, deputy general manager and other senior management officer owes a duty, in the exercise of his powers, to observe his fiduciary obligations and not to place himself in a position where his duty and his interest may conflict. This principle includes, but not limited to, the following obligations; Article 116 of the Mandatory Provisions

- (1) to act honesty in the best interests of the Company;
- (2) to exercise the powers within his authority without abuse;
- (3) to exercise the discretion vested in him personally without the control of another person, and not to delegate the exercise of his discretion unless and to the extent permitted by laws, administrative regulations or the informed consent of shareholders in general meeting;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) unless otherwise stipulated in these Articles or the informed

consent of the general meeting is obtained, not to enter into any contract, transaction or arrangement with the Company;

(6) unless the informed consent of the general meeting is obtained, not to use the Company's property for his own benefit in any manner;

(7) not to accept bribes or obtain other illegal income by using his authority or to expropriate in any manner the Company's property, including, but not limited to, the opportunities beneficial to the Company;

(8) unless the informed consent of the general meeting is obtained, not to accept commission in connection with the Company's transactions;

(9) to abide by these Articles, faithfully execute his duties and protect the Company's interests, and not to exploit his position and power in the Company to advance his own interests;

(10) unless the informed consent of the general meeting is obtained, not to compete with the Company in any way;

(11) not to appropriate the Company's capital, or open a savings account in his personal name or other people's names in respect to the Company's assets, or lend the Company's capital to others or to grant a guarantee for others with the Company's assets without the informed consent of the general meeting or the Board meeting.

Article 149 of the

(12) unless the informed consent of the general meeting is obtained, not to disclose confidential information of the Company acquired by him during his term of office and not to use such information other than in furtherance of the interests of the Company, save and except that disclosure of such information to the court or other governmental authorities is permitted, if:

Company Law

1. disclosure is made under compulsion of laws;
2. there is a duty to the public to disclose;
3. such disclosure is necessary to protect the interests of such director, supervisor, manager and other senior management officer.

The income of the directors, general manager, deputy general manager and other senior management officers obtained from any contravention of these Articles shall be accounted for the Company and such directors, general manager, deputy general manager and other senior management officers shall be responsible for the compensation of the loss of the Company.

Article 97 of the  
Guidelines for  
Articles

Article 170 The directors, supervisors, general manager, deputy general manager and other senior management officers shall attend the general meetings as requested by the shareholders and give explanations and statements in respect of the shareholders' enquiries and recommendations.

Article 151 of the Company Law / Article 70 of the Guidelines for Articles

Article 171 As a requirement of their fiduciary duties, a director, supervisor, general manager and other senior management officer of the Company shall not cause the following personnel or organisation connected with him ("Relevant Person") to do what he is prohibited from doing:

Article 117 of the Mandatory Provisions

- (1) the spouse or minor child of the director, supervisor, general manager and other senior management officer of the Company;
- (2) a person acting in the capacity of trustee of the director, supervisor, general manager and other senior management officer of the Company or any person referred to in clause (1) of this Article above;
- (3) a person who is a partner of the director, supervisor, general manager and other senior management officer of the Company or any person referred to in clauses (1), (2) of this Article above;
- (4) a company in which the director, supervisor, general manager and other senior management officer of the Company, alone or jointly with one or more personnel referred to in clauses (1), (2), (3) of this Article above or other companies in which the directors, supervisors, general manager and other senior management officer of the Company, have de facto control;
- (5) a director, supervisor, general manager and other senior management officer of a company referred to in (4) of this Article above.

Article 172 The obligations in good faith of the directors, supervisors, general manager and other management officers may not terminate at the end of their term of office, such obligations in good faith owed to the Company and shareholders shall not be released when their resignation report has not become effective and during the reasonable period after it is void or during a reasonable period the duration of which shall be specified after termination of their term of office. Their obligations of confidentiality shall remain effective after termination of their term of office until such confidential information become public information. The period of continuance of the other obligations shall be decided in accordance with the principles of fairness and shall depend on the

Article 118 of the Mandatory Provisions / Article 101 of the Guidelines for Articles

length of the period between the departure and the happening of the relevant event, and the circumstances and terms under which their relationships with the Company are terminated.

Article 173 Any director, supervisor, general manager and other senior management officer of the Company who are in breach of laws, administrative regulations, departmental rules or the provisions of these Articles in carrying the duties of the Company and thereby causing losses to the Company, shall bear the responsibility for compensation. Any director, supervisor, general manager and other senior management officers of the Company whose term of office are not yet expired shall bear the responsibility for the compensation of the losses of the Company caused by his desertion of duties. Article 103, Article 134, Article 142 of the Guidelines for Articles

Article 174 Subject to the provisions in Article 62 hereto, the directors, supervisors, general manager and other senior management officers of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders in general meeting. Article 119 of the Mandatory Provisions

Article 175 Any director, supervisor, general manager and other senior management officer of the Company who is, whether directly or indirectly, materially interested in a contract, transaction or arrangement, or a proposed contract, transaction or arrangement (excluding the employment contracts between the Company and its directors, supervisors, general managers and other senior management officers), shall promptly disclose the nature and extent of his interest to the Board of Directors, whether or not the relevant matters require the approval of the Board of Directors under normal circumstances. Article 120 of the Mandatory Provisions / App 3 para 4(1)

Unless the interested Director, supervisor, general manager and other senior management officer has made the relevant disclosure to the Board of Directors in accordance with the first paragraph of this Article, and the Board of Directors has approved the relevant matter at a meeting at which the relevant director, supervisor, general manager and other senior management officer has not been counted in the quorum nor has he voted, the Company shall be entitled to revoke such contract, transaction or arrangement, except where the counterparty, in good faith, is not aware of the breach by the relevant director, supervisor, general manager and other senior management officer of his

obligation.

In the event that the Relevant Person (including, but not limited to, an associate of a director) of a director, supervisor, general manager and other senior management officer of the Company is interested in a contract, transaction or arrangement (including an arrangement relating to personnel), the relevant director, supervisor, general manager and other senior management officer shall also be deemed to be interested.

A director shall not vote nor shall he be counted in the quorum present at the relevant Board meeting in respect of any contract, arrangement or any other proposal in which he or any of his associate has a material interest.

“Associate” in this Article shall have the meaning set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).

Article 176	If, before the Company first considers the entering into of the relevant contract, transaction or arrangement, a director, supervisor, general manager and other senior management officers of the Company gives written notice to the Board, stating that by reasons of the facts specified in the notice, he is interested in contracts, transactions or arrangements subsequently to be made by the Company, such director, supervisor, general manager and other senior management officer shall be deemed to have made such disclosure as stipulated in the preceding Article of this Chapter to the extent as stated in the notice.	Article 121 of the Mandatory Provisions
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Article 177	The Company shall not in any manner pay taxes for a director, supervisor, general manager and other senior management officers.	Article 122 of the Mandatory Provisions
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Article 178	The Company shall not directly nor indirectly make a loan to or provide any guarantee in connection with the making of a loan to the director, supervisor, general manager and other senior management officer of the Company or of the Company’s holding company or the Relevant Person connected with any of them.	Article 123 of the Mandatory Provisions
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The following circumstances are not subject to such prohibition:

- (1) the provision of a loan or a guarantee in connection with the making of a loan by the Company to its subsidiaries;

(2) the provision of a loan or a guarantee in connection with the making of a loan or any other monies by the Company to any of its director, supervisor, general manager and other senior management officer of the Company to meet expenditure incurred by him for the purposes of the Company or for the purpose of performing his duties properly, in accordance with the service contract approved by the shareholders in general meeting;

(3) the Company may make a loan to or provide a guarantee in connection with a loan to any of its director, supervisor, general manager and other senior management officer or his Relevant Person in the ordinary course of its business on normal commercial terms, where the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

Article 179 A loan made by the Company in breach of the prohibition described above shall be repayable forthwith by the recipient of the loan regardless of the terms of the loan. Article 124 of the Mandatory Provisions

Article 180 A guarantee provided by the Company in breach of the prohibition described in the first clause in Article 138 shall be unenforceable against the Company, unless: Article 125 of the Mandatory Provisions

(1) the guarantee was provided in connection with a loan to the Relevant Person of the Director, supervisor, general manager and other senior management officer of the Company or its holding company and at the time the lender was not aware of the relevant circumstances;

(2) The security provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

Article 181 For the purpose of the foregoing provisions of this Chapter, a “guarantee” includes an undertaking or property provided to secure the performance of obligations by the obligor. Article 126 of the Mandatory Provisions

Article 182 In addition to any right and remedies provided by the laws and administrative regulations, where a director, supervisor, general manager and other senior management officer of the Company is in breach of his obligations to the Company, the Company has a right to: Article 127 of the Mandatory Provisions

(1) claim damages from such director, supervisor, general manager and



other senior management officer in compensation for losses sustained by the Company as a result of such breach;

- (2) revoke any contract or transaction entered into by the Company with such director, supervisor, general manager and other senior management officer or with a third party (where such third party knows or should know that there is such a breach of obligations by such director, supervisor, general manager and other senior management officer);
- (3) demand an account of the profits made by such director, supervisor, general manager and other senior management officer in breach of his obligations;
- (4) recover any money received by such director, supervisor, general manager and other senior management officer which should otherwise have been received by the Company, including, but not limited to, commissions;
- (5) request such director, supervisor, general manager and other senior management officer to return the interests accrued or may be accrued on the monies which should have been paid to the Company.

Article 183      The Company shall, with the prior approval of general meeting, enter into a contract in writing with a director or supervisor of the Company wherein his emoluments are stipulated, including: Article 128 of the Mandatory Provisions

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

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a director or supervisor against the Company for interests due to him in respect of the above matters.

Article 184      The contract concerning the emoluments between the Company and its directors or supervisors should provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject Article 129 of the Mandatory Provisions

to the prior approval of the general meeting, have the right to receive compensation or other monies in respect of his loss of office or retirement. A “takeover of the Company” referred to in this paragraph means any of the following:

- (1) an offer made by any person to all shareholders;
- (2) an offer made by any person with a view to the offeror becoming a “controlling shareholder” within the meaning set out in Articles 65 in these Articles.

If the relevant director or supervisor does not comply with the above requirements, any sum so received by him shall belong to those persons who have sold their shares as a result of the said offer made. The expenses incurred in distributing such sum on pro rata amongst those persons shall be borne by the relevant director or supervisor and shall not be paid out of the sum distributed.

**Chapter 16 FINANCIAL AND ACCOUNTING SYSTEM**

Article 185 The Company shall formulate its own financial and accounting system in accordance with the relevant requirements of laws, administrative regulations and the PRC accounting standards formulated by the finance regulatory department of the State Council.

Article 130 of the  
Mandatory Provisions

Article 186 The Company shall prepare a financial report at the end of each financial year, which shall be reviewed and audited by an accounting firm according to laws.

Article 131 of the  
Mandatory Provisions

Article 187 The Board shall place before the shareholders at every annual general meeting such financial reports to be prepared by the Company as required by relevant laws, administrative regulations or directives promulgated by competent local and central governmental authorities.

Article 132 of the  
Mandatory Provisions

Article 188 The financial reports of the Company shall be made available at the Company for inspection by its shareholders not later than 20 days before the annual general meeting. The aforesaid financial reports shall include the report of the Board of Directors, balance sheet (including each document

Article 133 of the  
Mandatory Provisions  
Article 7 of Zheng  
Jian Hai Han / App 3

required to be attached in accordance with the applicable regulations), profit and loss account or income and expenditure account. Each shareholder of the Company shall be entitled to receive the financial reports referred to in this Chapter. para 5

The Company shall send by prepaid mail 21 days before the general meeting the above financial reports to each shareholder of overseas listed foreign shares. The service address shall be the address in the register of shareholders.

Article 189 The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations, and, in addition, may also be prepared according to the needs of the Company and at the same time in accordance with international accounting standards or the accounting standards of the place where the shares of the Company are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the notes of the financial statements. When the Company is to distribute its after-tax profits of relevant fiscal year, the lower of the after-tax profits as shown in the two financial statements shall be adopted. Article 134 of the Mandatory Provisions

Article 190 The interim results or financial information announced or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations, and, in addition, may also be prepared according to the needs of the Company and at the same time in accordance with international accounting standards or the accounting standards of the place where the shares of the Company are listed. Article 135 of the Mandatory Provisions

Article 191 The Company shall publish its financial reports twice every fiscal year, that is, the interim financial reports shall be published within 60 days after the end of the first 6 months of each fiscal year and annual financial reports shall be published within 120 days after the end of the fiscal year. Article 136 of the Mandatory Provisions

Article 192 The Company shall not keep financial accounts other than those required by laws. The lawful financial accounts of the Company shall be available for inspection by directors and supervisors. Article 137 of the Mandatory Provisions

Article 193 After the interim and annual financial report are made, such reports shall be announced and relevant formalities shall be accomplished in accordance with the PRC laws and regulations in relation to securities, and the rules of the stock exchange where the shares of the Company are listed.

## **Chapter 17 PROFIT DISTRIBUTION**

Article 194 The after-tax profits of the Company shall be distributed in the following order: Article 167 of the Company Law

- (1) making up for losses;
- (2) allocating to statutory common reserve fund;
- (3) allocating to discretionary common reserve fund;
- (4) paying dividends on ordinary shares.

The detailed distribution percentages in a certain year under clauses (3) to (4) of this Article shall be determined by the Board of Directors in accordance with the operational conditions and development needs of the Company and the resolution of general meeting.

Article 195 In distributing its after-tax profits, the Company shall allocate 10% of the profit to its statutory common reserve fund. Allocation to the Company's statutory common reserve fund may cease once the cumulative amount of reserves therein exceeds 50% of the company's registered capital. Article 167 of the Company Law / Article 152 of the Guidelines for

Where the statutory common reserve fund of the Company is insufficient to cover the Company's losses from prior years, the current year profit shall be used to cover such losses before allocation is made to the statutory common reserve fund pursuant to the preceding paragraph. Articles

Subsequent to the allocation of after-tax profits to the statutory common reserve fund by the Company, and a resolution of the general meeting, allocation may be made to the discretionary common reserve fund.

Subsequent to making up for losses and allocations to the common reserves fund, the residual profit shall be distributed to the shareholders in proportion to their shareholdings. Profit shall not be distributed in respect of the Company's shares held by the Company.

Article 196            The Company shall not distribute any dividends or make other distributions in the form of bonus before its deficit is balanced and the allocation of statutory common reserve fund has been made. No interest shall be payable by the Company to the shareholders in respect of dividends, other than in respect of due dividends that have yet to be paid by the Company.

Article 197            Capital common reserve fund includes the following:            Article 138 of the Mandatory Provisions

- (1)     Premium on shares issued at a premium price;
- (2)     Any other income designated for the capital common reserve fund by the regulations of the financial regulatory department of the State Council.

Article 198            The statutory common reserve fund of the Company shall only be applied for the following purposes:

- (1)     to recover the Company's losses;
- (2)     to expand the production operation of the Company; and
- (3)     to be converted into additional capital.

However, the Company must not apply the capital common reserve fund to cover its deficit. When the Company converts its statutory common reserve fund into its capital upon a resolution being adopted at a general meeting, the Company shall distribute new shares in proportion to the number of shares held by the shareholders. However, when the statutory common reserve fund is converted into capital, the balance of such common reserve fund must not fall below 25% of the registered capital.            Article 169 of the Company Law

Article 199 Profit distribution plan of the Company shall be drafted by the Board of Directors and submitted to the general meeting for consideration and approval. The independent directors shall give their opinions on the profit distribution plan. Opinions of the independent directors shall be disclosed when the Company makes an announcement on board resolutions or a notice convening the relevant general meeting. When the profit distribution plan is considered at the general meeting, a variety of channels shall be provided for communications and exchanges with shareholders (in particular, the minority shareholders), whose opinions and demands shall be fully heard.

Article 3 of the Notice of Cash Dividends Distribution/Article 154 of the Guidelines for Articles

Notwithstanding the aforesaid provisions, pursuant to the authorisation given by the shareholders of the Company to the Board of Directors at the general meeting of each year, the Board of Directors may, prior to the next annual general meeting, distribute the interim dividend, in the amount as they may think fit in view of the Company's earnings, to shareholders of the Company from time to time without prior approval from the general meeting.

Subsequent to the passing of the resolution in respect of a profit distribution plan by a general meeting, the Board of Directors of the Company shall complete the distribution of dividends (or shares) within two months from the date of the general meeting.

Article 154 of the Guidelines for Articles

Article 200 The Company may distribute dividend in cash or in specie (or both), and, provided that the conditions of distribution of dividend in cash as required under this provision are met, priority shall be given to distribution of dividend in cash.

Article 139 of the Mandatory Provisions/Article 2 of the Notice of Cash Dividends Distribution

The conditions of distribution of dividend in cash are: (1) the Company recording a profit for the year and the distributable profit (i.e. the after-tax profit of the Company after making up for losses, allocation to the common reserve fund) for the year is positive in value; (2) the Company having no major investment plan or significant cash expenditure (excluding fund-raising activities). Such major investment plan or significant cash expenditure refers to the proposed external investment by the Company with accumulated expenditure within the next twelve months amounting to or exceeding 50% of the latest audited net assets of the Company, or the proposed asset acquisition or facilities procurement by the Company with accumulated expenditure within the next twelve months amounting to or exceeding 30% of the latest audited total assets of the Company; and (3) the Company's funding needs for normal production and operation having been satisfied.

The conditions of distribution of dividend in specie are: provided that reasonable scale of share capital of the Company is ensured, the Company may distribute dividend in specie according to its accumulated distributable profit, common reserve fund and cash flow position.

The Company shall distribute profit at least once a year, and the accumulated profit distribution made in cash by the Company in the latest three years shall not be less than 30% of the average annual distributable profit realised in the latest three years.

Dividends or other distributions for ordinary shares shall be denominated in Renminbi. The profit distribution policy of the Company should focus on the reasonable investment return of the investors while ensuring the Company's sustainable development and maintaining sustainability and stability.

Dividends or other cash distributions for A shares shall be paid in Renminbi.

Dividends or other cash distributions for overseas listed foreign shares shall be paid in Hong Kong dollar in accordance with the requirements of the state administration of foreign exchange of the PRC. The exchange rate to be used for the conversion shall be the average closing exchange rate of Hong Kong dollars against Renminbi for each of the business days during the week prior to the declaration date as quoted by the People's Bank of China or other exchange rates required or permitted by others laws or regulations decided by the Board of Directors.

<p>Article 201 If, due to significant changes in the Company's operating conditions, investment planning and needs for long-term development, it is necessary to adjust the profit distribution policy as set out in these Articles, the Board of Directors of the Company shall submit a proposal for adjustment to the profit distribution policy based on actual circumstances. The adjusted profit distribution policy shall focus on protecting the interests of the shareholders and shall not violate the relevant requirements of the China Securities Regulatory Commission and the Stock Exchange. The independent directors shall give audit opinions on the adjusted profit distribution policy. Such adjustment is subject to consideration and approval by more than two-thirds of the voting rights represented by the shareholders present at the general meeting.</p>	<p>Article 4 of the Notice of Cash Dividends Distribution</p>
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Article 202 When distributing dividends to the shareholders, the Company shall withhold the tax payable on dividend income of the shareholders in accordance with the PRC tax law.

Article 203 The Company shall appoint a receiving agent for Article 140 of the shareholders of overseas listed foreign shares. The receiving agent shall, on Mandatory Provisions behalf of the relevant shareholders, receive the dividends distributed and other amounts payable to the shareholders in respect of overseas listed foreign shares.

The receiving agent appointed by the Company shall comply with the relevant requirements of the laws of the place where the Company's shares are listed or the relevant requirement of such stock exchange.

The receiving agent appointed by the Company for shareholders of Article 8 of Zheng overseas listed foreign shares listed in Hong Kong shall be a company registered Jian Hai Han as a trust company under the Trust Ordinance of Hong Kong. App 13d para 1(c)

The Company shall establish an internal audit system by employing Article 156 of the professional audit personnel, who shall conduct internal audit and supervision Guidelines for over the financial income and expenses and the economic activities of the Articles Company.

The Company's internal audit system and the responsibilities of the audit Article 157 of the personnel shall become effective after the approval of the Board of Directors. Guidelines for The person in charge of the audit shall be accountable and report to the Board of Articles Directors.

Subject to the relevant laws and regulations of the PRC, the Company may App 3 para 3(2) exercise its right of forfeiture over unclaimed dividends which shall be used for any purpose of the Company, but such right shall not be exercised prior to the expiration of the applicable statute of proceedings.

The Company shall have the right to terminate the despatch of dividend App 3 para 13(1), (2) warrants to holders of overseas listed foreign shares by mail, but such right shall only be exercised unless the dividend warrants are not cashed for two consecutive occasions. However, where the dividend warrant is undelivered to the recipient and returned, the Company may also exercise such right.

The Board of Directors may determine that any payment for shares prior to App 3 para 3(1) the calls on shares shall be entitled to interest. However, shareholders shall not be entitled to receive dividends declared subsequently in respect of the calls on shares.

## Chapter 18 APPOINTMENT OF ACCOUNTING FIRM

Article 204 The Company shall engage accounting firms with Article 141 of the  
“qualifications to practise in securities-related business” to conduct the auditing Mandatory Provisions  
of accounting statements, verification of net assets and other related consultation / Article 158 of the  
services. Guidelines for

Articles

Article 205 The appointment of the accounting firm by the Company Article 159 of the  
shall be resolved by the general meeting. The Board of Directors shall not engage Guidelines for  
any accounting firm prior to the decision of the general meeting. Articles

Article 206 The Company shall warrant to provide true and complete Article 160 of the  
accounting evidence, books, financial and accountant reports and other Guidelines for  
accounting information to the accounting firm it engaged and shall not refuse to Articles  
provide or hide such information or provide false information.

Article 207 The term of office of the accounting firm shall be one year Article 142 of the  
from the date of the conclusion of the annual general meeting to the conclusion of Mandatory Provisions  
the next annual general meeting, and may be re-engaged after the expiry of the / Article 158 of the  
term of office. Guidelines for

Articles

Article 208 The accounting firm appointed by the Company shall have Article 143 of the  
the following rights: Mandatory Provisions

- (1) to inspect the books, records or evidences of the Company at any time, to require the directors, manager, or other senior management officers of the Company to supply relevant information and explanation;
- (2) to require the Company to take all reasonable steps to obtain such information and explanation as necessary from its subsidiaries for the purpose of discharging its duties;
- (3) to attend general meetings and to receive all notices of, and other information relating to, any meeting at which any shareholder is entitled to receive, and to speak at any general meeting in relation to the matters concerning its role as the accounting firm of the Company.

Article 209 If there is a vacancy in the position of accounting firm of the Company, the Board may appoint accounting firms to fill such vacancy before the convening of the general meeting. Any other accounting firm which has been engaged by the Company may continue to act during such period when such a vacancy exists. Article 144 of the Mandatory Provisions

Article 210 Notwithstanding the terms in the contract between the accounting firm and the Company, the shareholders in general meeting may by ordinary resolution remove an accounting firm before the expiration of its term of office, but without prejudice to the accounting firm's right to claim, for damages in respect of such removal. Article 145 of the Mandatory Provisions

Article 211 The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined in general meeting. The remuneration of an accounting firm appointed by the Board shall be determined by the Board. Article 146 of the Mandatory Provisions

Article 212 The appointment, removal and non-reappointment of an accounting firm by the Company shall be resolved by shareholders in general meeting. The resolution of the general meeting shall be filed with the relevant administrative authorities for securities under the State Council. Article 147 of the Mandatory Provisions / Article 9 of Zheng

Where it is proposed that any resolution be passed at a general meeting concerning the appointment of an accounting firm other than the currently engaged accounting firm to fill any casual vacancy in the office of the accounting firm, re-appointment of a retiring accounting firm which was appointed by the Board to fill a casual vacancy, or removal of the accounting firm before the expiration of its term of office, the following provisions shall apply: Jian Hai Han

(1) A copy of the motion shall be sent, before notice of meeting is given to the shareholders, to the accounting firm proposed to be appointed or proposing to leave its post, or the accounting firm which has left its post in the relevant fiscal year (leaving includes leaving by removal, resignation and retirement). App 13d para 1(e)(i)

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

1. in any notice of the resolution given to shareholders, state the fact of the representations of the accounting firm leaving its office which have been made;

2. deliver a copy of the representations as an attachment to a notice to each shareholder in such manner specified in the Articles.

(3) If the accounting firm's representations are not sent in accordance with clause (2) above, the relevant accounting firm may (in addition to its right to be heard) require that the representations be read out at the meeting.

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

1. the general meeting at which its term of office would otherwise have expired;
2. any general meeting at which it is proposed to fill the vacancy caused by its removal;
3. any general meeting convened on its resignation.

An accounting firm which is leaving its post shall be entitled to receive all notices of, and other information relating to, any such meeting, and to speak at any such meeting in relation to matters concerning its role as the former accounting firm of the Company.

Article 213 Prior to the removal or the non-reappointment of the accounting firm, the Company shall give the accounting firm 10 days notice and such accounting firm shall be entitled to make representation at the general meeting. Where the accounting firm resigns its post, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

Article 148 of the Mandatory Provisions / Article 162 of the Guidelines for Articles

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

1. A statement to the effect that there is no circumstance connected with its resignation which it considers should be brought to the attention of the shareholders or creditors of the Company;
2. A statement of any such circumstance.

App 13d para 1(e)(ii),  
(iii), (iv)  
Article 10 of Zheng  
Jian Hai Han

(2) Where a written notice is deposited as mentioned in the clause (1) of this Article, the Company shall within 14 days send a copy of the notice to the relevant governing authority. If the notice contains a statement mentioned in

the two preceding sub-clauses, a copy of such statement shall be placed at the Company for the inspection by shareholders. The Company shall also send a copy of such statement by prepaid mail to every shareholder of overseas listed foreign shares at the address registered in the register of shareholders.

(3) Where the accounting firm's notice of resignation contains a statement of any circumstance to which attention should be brought, it may require the Board to convene an extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

## **Chapter 19 MERGER AND DEMERGER OF THE COMPANY**

Article 214 In the event of the merger or demerger of the Company, a proposal shall be presented by the Board and shall be approved in accordance with the procedures stipulated in these Articles before processing the relevant examining and approving formalities as required by laws. A shareholder who objects to the proposal of merger or demerger shall have the right to demand the Company or the shareholders who consent to the proposal of merger or demerger to acquire his shares at a fair price. The contents of the resolution of merger or demerger of the Company shall be made into special documents for inspection by shareholders. Article 149 of the Mandatory Provisions

The aforesaid documents shall also be sent by mail to shareholders of overseas listed foreign shares.

Article 215 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company. Article 150 of the Mandatory Provisions

In the event of a merger of the Company, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the resolution of the merger and issue an announcement on the China Securities Journal and/or other national newspapers and magazines designated by the relevant administrative authorities for securities under the State Council and other newspapers and magazines designated by the Board of Directors within 30 days from the date of the resolution. The creditors may require the Company to pay its debts or provide the corresponding guarantee within 30 days from the receipt of notice, or within 45 days from the date of announcement if it does not / Article 174 of the Company Law / Article 172 of the Guidelines for Articles

receive the notice.

After the merger of the Company, rights in relation to debts and liability of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

Article 216           Where there is a demerger of the Company, its assets shall be divided accordingly.           Article 151 of the Mandatory Provisions

In the event of a demerger of the Company, the parties to the demerger shall execute a demerger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors of the demerger resolution within 10 days from the date of the demerger resolution and make the relevant public announcements on the China Securities Journal and/or other national newspapers and magazines designated by the relevant administrative authorities for securities under the State Council and other newspapers and magazines designated by the Board of Directors within 30 days from the date of the demerger resolution.           / Article 176 of the Company Law / Article 174 of the Guidelines for Articles

The liabilities of the Company prior to the demerger shall be assumed on a joint and several basis by the companies subsequent to the demerger in accordance with the agreement of the parties, unless otherwise agreed in writing in respect of debt settlement by the Company prior to the demerger with the creditors.           Article 177 of the Company Law

Article 217   Changes in registration particulars of the Company caused by merger or demerger must be registered with the relevant administrative authorities for securities under the State Council in accordance with laws. Cancellation of a company shall be registered in accordance with the laws when a company is dissolved. Incorporation of a company shall be registered when a new company is incorporated in accordance with laws.           Article 152 of the Mandatory Provisions

## **Chapter 20   DISSOLUTION AND LIQUIDATION**

Article 218   The Company shall be dissolved and liquidated according to laws upon occurrence of any one of the following events:           Article 153 of the Mandatory Provisions

- (1) the term of operation prescribed by the Articles of Association has expired, or any other cause for dissolution prescribed by the Articles of Association;
- (2) a resolution for dissolution has been passed at a general meeting;

- (3) the dissolution is necessary as a result of merger or demerger of the Company; Article 181, Article 183 of the Company Law
- (4) the business license of the Company is revoked by laws, and the Company is ordered to close down or be cancelled;
- (5) there are serious difficulties in the operation and management of the company and the Company's continuance will definitely cause significant losses to shareholders' interests and cannot be solved through other channels. Shareholders holding more than 10% of the voting rights of all shareholders of the Company may request the People's Court to dissolve the Company.

Article 219 In the event of the clause (1) of the preceding Article, the Company shall continue to exist by amendment to these Articles. Article 154 of the Mandatory Provisions

The amendment to these Articles in accordance with the previous paragraph shall be passed by the shareholders present at the meeting representing more than two-thirds of the voting rights. / Article 180 of the Guidelines for Articles

Article 220 If the Company is dissolved pursuant to clauses (1), (2), (4), (5) of Article 218, a liquidation group shall be formed and liquidation shall commence within 15 days upon the occurrence of the event causing the dissolution. The liquidation group shall consist of personnel designated by the directors or general meeting. If the liquidation group is not formed at the expiry of the said period, the creditors may apply to the People's Court to designate the relevant personnel to form the liquidation group to conduct liquidation.

Article 221 Where the Board proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, it shall include a statement in its notice convening a general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation. Article 155 of the Mandatory Provisions

Upon the passing of the resolution by the general meeting for the liquidation, all functions and powers of the Board of the Company shall cease.

The liquidation group shall act in accordance with the instructions of the general meeting to make a report at least once every year to the general meeting

on the committee's receipts and payments, the business of the Company and the progress of the liquidation, and to present a final report to the general meeting on completion of the liquidation.

Article 222 The liquidation group shall notify the creditors within 10 days from its formation, and shall issue an announcement on China Securities Journal and/or other national newspapers and magazines designated by the relevant administrative authorities for securities under the State Council and other newspapers and magazines designated by the Board of Directors within 60 days.

Article 186 of the Company Law / Article 156 of the Mandatory Provisions / Article 182 of the Guidelines for Articles

Creditors shall declare their debts to the liquidation group within thirty days upon the receipt of the notice or, in case no notice has been received, within forty-five days upon the date of the first announcement.

Creditors shall explain matters relevant to the debts and provide evidences when declaring debts. The liquidation group shall arrange for registration of the debts.

During the period of declaration of debts, the liquidation group shall not pay any debt to the creditors.

Article 223 During the liquidation period, the liquidation group shall exercise the following functions and powers:

Article 157 of the Mandatory Provisions Article 185 of the Company Law Article 185 of the Company Law

- (1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to send notices to creditors or notify them by public announcement;
- (3) to dispose of and liquidate any relevant unfinished business of the Company;
- (4) to pay all outstanding taxes and pay all taxes incurred in the process of liquidation;
- (5) to settle debts and liabilities;
- (6) to deal with the assets remaining after the Company's debts have been repaid;
- (7) to represent the Company in any civil litigation proceeding.

Article 224 The liquidation group shall, after examining the assets and preparing the balance sheet and an inventory of assets of the Company, formulate

Article 158 of the Mandatory Provisions



a liquidation proposal and submit to the general meeting or relevant governing authority for confirmation.

Liquidation expenses, including remunerations for members and advisers of the liquidation group shall be paid out of the assets of the Company prior to the settlement of liabilities of other creditors.

Once the Company has made the decision on liquidation, no person shall dispose of the Company's assets without the approval of the liquidation group. During the course of liquidation, the Company shall not engage in any new activity.

Subsequent to the preference payment of liquidation expenses by the Company, the liquidation group shall distribute the assets of the Company in settlement in the following order:

- (1) wages owed to employees of the Company;
- (2) social insurance premium and statutory compensation fund;
- (3) taxed owed;
- (4) bank loans, bonds and other debts of the Company.

Article 187 of the  
Company Law

Subsequent to the settlement of the debts of the Company, the surplus assets shall be distributed to the shareholders according to the classes of shares held by them and the proportions of their shareholdings:

- (1) Distribution to preference shareholders shall be made in accordance with the nominal value of the preference shares. Where the nominal value of the preference shares are not paid in full, distribution shall be made in accordance with the proportions of their shareholdings;
- (2) Distribution to ordinary shareholders shall be made in accordance with the proportions of their shareholdings.

During the course of liquidation, the Company shall not conduct any business activity irrelevant to the liquidation.

Article 225        The members of the liquidation group shall devote themselves to their duties and perform their obligations of liquidation according to the laws.

No member of the liquidation group may take advantages of his position to accept bribes or other illegal proceeds, nor may he exploit assets of the Company. Where members of the liquidation group cause any loss to the Company or its creditor due to the deliberate acts or significant fault of such members, they shall

be liable to pay compensation.

Article 226	If after sorting out the Company's assets and preparing a balance sheet and an inventory of assets in connection with the liquidation of the Company resulting from dissolution, the liquidation group discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation group shall immediately apply to the People's Court for a declaration of bankrupt.	Article 159 of the Mandatory Provisions
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After the Company is declared insolvent by a ruling of the People's Court, the liquidation group shall hand over liquidation matters to the People's Court.

Article 227	Following the completion of liquidation, the liquidation group shall present a report on liquidation and prepare a statement of the receipts and payments during the period of liquidation and financial books and records which shall be certified by the PRC registered accountants and submitted to the general meeting or relevant governing authorities for confirmation.	Article 160 of the Mandatory Provisions
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The liquidation group shall within 30 days after such confirmation, submit the aforesaid documents to the relevant companies registration authorities and apply for cancellation of the Company's registration and publish a public announcement of the termination of the Company.

Article 228	If the Company announces bankrupt according to laws, it shall be liquidated in accordance with the relevant laws of enterprise bankrupt.	Article 187 of the Guidelines for Articles
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## **Chapter 21 PROCEDURES FOR AMENDMENTS TO THE ARTICLES**

Article 229	The Company may amend its Articles in accordance with the requirement of laws, administrative regulations and these Articles.	Article 161 of the Mandatory Provisions
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Article 230	The Directors shall amend these Articles in accordance with the resolution of general meeting in relation to the amendments to the Articles and the opinion for examining and approving of the relevant regulatory authorities.	Article 190 of the Guidelines for Articles
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Article 231	The Company shall amend the Articles under any of	Article 188 of the
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the following circumstances:	Guidelines	for
(1) Subsequent to the amendments to the Company Law or the relevant laws and administrative regulations, the matters provided for in the Articles of Association are in conflict with the provisions of the amended laws and administrative regulations;	Articles	
(2) Changes in the state of the Company are inconsistent with the matters provided for in the Articles;		
(3) The general meeting has decided to amend the Articles.		

Article 232	The amendment to these Articles involving the contents of the “Mandatory Provisions for Articles of Association of Companies to be Listed Overseas” (“Mandatory Provisions”) shall become effective upon obtaining approvals from the companies approving department authorised by the State Council and CSRC. If there is any change relating to the registration of the Company, an application shall be made for registration of the changes according to laws.	Article 162 of the Mandatory Provisions
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Article 233	The amendment to the Articles of Association as required by laws and administrative regulations shall be announced in accordance with the relevant provisions.	Article 191 of the Guidelines for Articles
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## Chapter 22 NOTICES AND ANNOUNCEMENTS

Article 234	Notices of the Company shall be issued by the following means:	Article 163 of the Guidelines for Articles
	(1) by hand;	
	(2) by post;	
	(3) by way of public announcement;	
	(4) other means provided for in the Articles of Association.	

Where a notice is given by way of public announcement, all relevant personnel shall be deemed to be served when the announcement is made.	App 3 para 7(2)(3)
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Article 235	Unless otherwise provided for in these Articles, all notices, information or written statements issued by the Company to the shareholders of overseas listed foreign shares must be served on each shareholder by delivery by
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hand or prepaid mail to the registered address of each shareholder. Article 168 of the Guidelines for

Article 236 If the notice of the Company is given by hand, the recipient shall sign (or seal) on the acknowledgement slip, which date shall be deemed to be the date of delivery; Articles

If the notice of the Company is issued by way of public announcement, the date of the first public announcement shall be deemed to be the date of delivery;

If the notice of the Company is sent by post, the third working day after delivery to the post office shall be deemed to be the date of delivery.

Article 237 The meeting and the resolutions resolved thereat shall not be invalidated by the accidental omission to give notice of the meeting to, or the failure of receiving such notice by, a person entitled to receive such notice. Article 58 of the Mandatory Provisions

Article 238 China Securities Journal and/or other national newspapers and magazines designated by the relevant administrative authorities for securities under the State Council and other newspapers and magazines designated by the Board of Directors shall be the media for publication of the Company's announcement and disclosure of other information. Article 170 of the Guidelines for Articles

## **Chapter 23 SETTLEMENT OF DISPUTES**

Article 239 The Company shall act according to following principles to settle disputes: Article 163 of the Mandatory Provisions

(1) Whenever any dispute or claim of rights arising between shareholders of overseas listed foreign shares and the Company, between shareholders of overseas listed foreign shares and the Company's directors, supervisors, general manager or other senior management officers, or between shareholders of overseas listed foreign shares and shareholders of A shares based on these Articles, any rights or obligations conferred by the Company Law and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims of rights shall be referred by the relevant parties to arbitration. Article 11 of Zheng Jian Hai Han

Where a dispute or claim of rights mentioned above is referred to arbitration, the entire claim of rights or dispute must be referred to arbitration, and all parties who have a cause of action based on the same

facts giving rise to the dispute or claim of rights or whose participation is necessary for the resolution of such dispute or claim shall abide by the arbitration, provided that such parties shall be the Company or the Company's shareholder, director, supervisor, manager or other senior management officer.

Disputes in relation to the definition of shareholders and the register of shareholders need not be resolved by arbitration.

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

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

(3) If any dispute or claim of rights are settled by way of arbitration in accordance with clause (1) above, the laws of the People's Republic of China shall apply, save as otherwise provided by laws and administrative regulations.

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

## **Chapter 24 INTERPRETATION**

Article 240 These Articles may have English version. If there is any inconsistency between the English version and that in Chinese, the Chinese version shall prevail.

Article 241 In these Articles, the following expressions shall have the following meanings unless the context otherwise requires:

“Articles”: Articles of the Company

“Board of Directors”: Board of Directors of the Company

“The chairman of the Board”: the chairman of the Board of the Company

“Directors”: Directors of the Company

“Legal address”: 197, Section A, Fu Shou East Street, High Technology Industrial Development Zone, Weifang City, Shandong Province, the PRC

“RMB”: the lawful currency of the People’s Republic of China

“The secretary to the Board”: the secretary to the Board appointed by the Board of Directors

“Hong Kong Stock Exchange”: The Stock Exchange of Hong Kong Limited

“Recognised Clearing House”: refer to the definition in Article 53 of these Articles

“The State”, “PRC”: the People’s Republic of China

Controlling shareholder: shareholders holding shares that account for more than 50% of the total share capital of the Company; shareholders whose shareholdings are entitled to voting rights that could have a material impact on resolutions of general meetings, even though such shareholdings account for less than 50%

De facto controller: persons who are not shareholders of the Company but who could effectively dominate the acts of the Company through investment relationships, agreements or other arrangements

Connected relationships: relationships between the controlling shareholders, de facto controllers, directors, supervisors, senior management officers and companies directly or indirectly controlled by them and other relationships that might result in the transferral of the Company’s interests, provided that companies controlled by the State shall not be deemed as connected to one another merely because they are subject to common control by the State.

Any notice issued in the form of “announcement” under the Articles, or any term which requires or designates the publish of announcement in newspapers and/or magazines, must comply with the rules of the stock exchange on which the shares of the Company are listed and the publication must be made in/on the designated newspapers.

Article 242 In these Articles, the meaning of an accounting firm shall be the same as that of “auditors”. Article 165 of the Mandatory Provisions

Article 243 The Board of Directors may formulate by-laws pursuant to the provisions of the Articles. Such by-laws shall not be in conflict with the Guidelines for Article 193 of the

provisions of the Articles.

Articles

Article 244 These Articles are drafted in Chinese. The latest Chinese version approved by the Shandong Province Commerce and Industry Administration Bureau shall prevail in the case of inconsistency between the version in Chinese and other languages or versions.

Article 194 of the  
Guidelines for  
Articles

Article 245 For the purposes of these Articles, the term “not less than”, “within”, “not more than” are all inclusive terms while “not exceeding”, “above”, “less than” and “more than” are exclusive terms.

Article 195 of the  
Guidelines for  
Articles

Article 246 The Board of Directors of the Company shall be responsible for the interpretation of these Articles.

Article 196 of the  
Guidelines for

Article 247 These Articles include the rules for proceedings for the general meetings, the Board meetings and the meetings of the supervisory committee.

Articles  
Article 197 of the  
Guidelines for  
Articles

(Important notice: This Articles of Association is published in Chinese and English version. In case of inconsistency, the Chinese version shall prevail.)