

# **HANGZHOU TIGERMED CONSULTING CO., LTD.**

## **ARTICLES OF ASSOCIATION**

(considered at the 12th meeting of the fourth session of the board of directors of the Company on March 30, 2021 and approved at the 2020 annual general meeting on May 21, 2021)

*The English version is for reference only. Should there be any inconsistency between the English and Chinese versions, the latter shall prevail.*

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## CHAPTER I GENERAL

**Article 1** The articles of association are formulated in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Securities Law of the People's Republic of China (hereinafter referred to as the "Securities Law"), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as the "Special Regulations"), the Mandatory Provisions for Articles of Association of Companies Listing Overseas (the "Mandatory Provisions"), the Letter of Opinions on Supplements and Amendments to the Articles of Association of Companies Listed in Hong Kong (Zheng Jian Hai Han [1995] No. 1) (hereinafter referred to as the "Zheng Jian Hai Han"), the Reply of the State Council on Adjusting the Notice Period for the General Meeting of Shareholders and Other Matters Applicable to Companies Listed Abroad (Guo Han [2019] No. 97, hereinafter referred to as the "Reply on Adjusting the Notice Period"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Listing Rules"), the Guidelines for the Articles of Association of Listed Companies and other relevant provisions in order to protect the legal interest of Hangzhou Tigermed Consulting Co., Ltd. (hereinafter referred to as the "Company"), the shareholders and creditors and standardize the organization and activities of the Company.

**Article 2** The Company was incorporated as a joint stock limited company according to the Company Law, other PRC laws and administrative regulations through the overall change of Hangzhou Tigermed Limited. The Company was approved by Hangzhou Foreign Trade and Economic Cooperation Bureau by the Administrative License Decision of Change of Hangzhou Tigermed Limited (Hang Zhou Jing Mao Wai Fu Xu [2010] No. 276) and established with the way of sponsor, as well as registered with and has received the business license of the Company from the Administration for Industry and Commerce of Shanghai on November 4, 2010. The Unified Social Credit Number is 9133000076823762XE.

**Article 3** The Company was approved by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") with Zheng Jian Xu Ke [2012] No. 896 on July 3, 2012. After the initial public offering of its 13.40 million RMB ordinary shares, the Company's shares listed in the Shenzhen Stock Exchange on August 17, 2012. English abbreviation: "Tigermed". Stock code "300347".

After approval by the CSRC on June 22, 2020, the Company issued 107,065,100 overseas listed foreign shares (hereinafter referred to as the "H Shares"). H Shares listed on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange") on August 7, 2020.

**Article 4** Chinese registered name of the Company: 杭州泰格醫藥科技股份有限公司  
English registered name of the Company: Hangzhou Tigermed Consulting Co., Ltd.

**Article 5** Company address: Room 2001-2010, 20/F, Block 8, No. 19 Jugong Road,  
Xixing Sub-District, Binjiang District, Hangzhou  
Postal code: 310051  
Telephone no.: +86-571-28887227  
Fax no.: +86-571-88211196

**Article 6** The registered capital of the Company is RMB872.466954 million.

**Article 7** The Company is a joint stock limited company with permanent existence.

**Article 8** The Company's legal representative is the general manager of the Company.

**Article 9** The Company is an independent legal person with independent legal person properties and enjoys the right to legal person property. The total capital of the Company is divided into equal shares. A shareholder shall be liable for the debts of the Company to the extent of the shares it has subscribed to, whereas the Company shall be liable for its debts with all of its assets.

**Article 10** The articles of association have been considered and approved at the general meeting of the Company and shall become effective as of the date on which the H Shares issued by the Company are listed and traded on the Hong Kong Stock Exchange.

The original articles of association of the Company shall be invalidated automatically on the effective date of the articles of association.

From the date on which the articles of association come into effect, they shall constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations as between the Company and its shareholders and among the shareholders.

The articles of association are legally binding on the shareholders, directors, supervisors and members of the senior management of the Company, and the above-mentioned persons shall be entitled to make claims on matters relating to the Company in accordance with the articles of association. Pursuant to the articles of association, a shareholder can sue the Company, the Company can sue its shareholders, a shareholder can sue another shareholder or other shareholders, and a shareholder can sue directors, supervisors and other members of the senior management of the Company.

The term "sue" as mentioned in the preceding paragraph shall include the initiation of proceedings in a court or application to an arbitration organization for arbitration.

**Article 11** The term "members of the other senior management" as mentioned in this articles of associations refer to the vice general manager, the chief financial officer and the secretary to the board of directors of the Company.

**Article 12** The Company may invest in other limited liability companies and joint stock limited companies and undertake liabilities for the invested company as limited to the capital contribution made by it. Unless otherwise provided by laws and administrative regulations, the Company shall not become an investor that is jointly and severally liable for the liabilities owed by the invested company.

## CHAPTER II OBJECTIVES AND SCOPE OF BUSINESS

**Article 13** The operation objectives of the Company are: to combine all parties' advantages in technical management, operations and marketing and conduct business in the approved business scope of the Company, in order to obtain better economic effectiveness and investment return satisfactory to every party.

As registered according to laws, the Company's scope of business: services: technical development, technical consultation, results transfer of medical relevant industries and products, management and statistical analysis of clinical trial data, translation, engaging information technology such as data processing and business process outsourcing service through undertaking service outsourcing, adult non-certificate labor vocational skill training, adult non-cultural education and training, gathering, sorting out, storing and releasing talent demand and supply information, conducting job referral and conducting talent information consultation. (Businesses subject to approvals under laws shall be carried out upon approval by relevant authorities)

**Article 14** The Company may adjust its scope of business according to the domestic and international market directions and the needs of operational development and its own capabilities, and such registration procedures shall be conducted accordingly.

## CHAPTER III SHARES

### Section 1 Issue of Shares

**Article 15** There must, at all times, be ordinary shares in the Company; subject to the approval of departments authorized by the State Council, the Company may, according to its requirements, create other classes of shares.

The Company's shares shall be in the form of share certificates.

**Article 16** The issue of shares by the Company shall adhere to the principle of openness, equality and fairness. Shares of the same class shall have the same rights. Shares issued at the same time in the same class shall be equal in price and shall be subject to the same conditions. The price paid by any organization or individual for each share shall be the same.

**Article 17** All the shares issued by the Company shall have a par value; with par values stated in RMB and its par value shall be RMB1 for each share.

**Article 18** Subject to the approval or registration of the securities regulatory authorities of the State Council or departments authorized by the State Council, the Company may issue shares to domestic investors or foreign investors. Foreign Investors referred to in the preceding paragraph mean those investors who have subscribed for the Company's shares and are residents in Hong Kong, Macau, Taiwan or other foreign countries. Domestic Investors mean those investors who have subscribed for the Company's shares and are residents in the People's Republic of China excluding the above-mentioned regions.

**Article 19** The shares issued by the Company to the PRC investors and other qualified investors for subscription in RMB shall be referred to as domestic shares. The shares issued by the Company to overseas investors for subscription in foreign currencies shall be referred to as foreign shares. The foreign shares that are listed overseas shall be referred to as overseas-listed foreign shares.

Shares listed on overseas stock exchange with the approval of the relevant securities regulatory authority under the State Council and overseas securities regulatory authorities are collectively referred to as overseas listed shares. The overseas listed foreign shares issued by the Company listed on the Hong Kong Stock Exchange shall be known as H shares. H Shares was approved for listing by the Hong Kong Stock Exchange, with nominal values denominated in RMB, and subscribed and traded in Hong Kong dollars.

The term “foreign currencies” as mentioned in the preceding paragraph shall refer to the lawful currencies in other countries or regions (other than RMB), which are recognized by State’s foreign exchange authority and acceptable to pay for the shares to the Company.

A holder of domestic shares and a holder of foreign shares are both holders of ordinary shares and shall have the same rights in the distribution of dividend or distribution in any other form, and assume the same obligations.

**Article 20** Domestic listed domestic shares issued by the Company shall be held in central custody at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited; whereas H Shares issued by the Company shall be held in custody mainly at the authorized depository companies under the Hong Kong Securities Clearing Company Limited.

**Article 21** Sponsors, numbers of subscribed shares, method of shareholding and way of contribution upon the establishment of the Company are as follows:

<b>No.</b>	<b>Name of sponsor</b>	<b>Method of contribution</b>	<b>No. of subscribed share (ten thousand shares)</b>	<b>Percentage of shareholding (%)</b>
A	Ye Xiaoping	Shares converted from net assets	1488.8960	37.2224
B	Cao Xiaochun	Shares converted from net assets	517.0080	12.9252
C	Shi Xiaoli	Shares converted from net assets	206.6680	5.1667
D	Xu Jialian	Shares converted from net assets	204.9800	5.1245
E	Gong Yunjie	Shares converted from net assets	103.3360	2.5834
F	QM8 Limited	Shares converted from net assets	695.6480	17.3912

No.	Name of sponsor	Method of contribution	No. of subscribed share (ten thousand shares)	Percentage of shareholding (%)
G	Shihezi Taimo Investment (formerly known as Hangzhou Taimo Investment Management Limited)	Shares converted from net assets	192.4840	4.8121
H	Shihezi Taidi Investment (formerly known as Hangzhou Taidi Investment Management Limited)	Shares converted from net assets	94.5560	2.3639
I	Wen Chen	Shares converted from net assets	50.6560	1.2664
J	Hongqiao Zhang	Shares converted from net assets	33.7680	0.8442
K	Zhuan Yin	Shares converted from net assets	225.6000	5.6400
L	Bing Zhang	Shares converted from net assets	106.8000	2.6700
M	Minzhi Liu	Shares converted from net assets	27.6000	0.6900
N	Ruiqin Investment Consulting Co., Limited	Shares converted from net assets	52.0000	1.3000
Total			4000.0000	100.0000

**Article 22** The Company was approved by the CSRC on July 3, 2012 to conduct initial public offering of 13.40 million RMB ordinary shares (hereinafter referred to as the “A Shares”).

The total number of shares of the Company is 872.466954 million, all being ordinary shares, including 749,342,154 shares held by shareholders of domestic listed domestic shares (A Shares), accounting for about 85.89% of the total share capital of the Company; 123,124,800 shares held by overseas listed foreign shares (H Shares) shareholders, accounting for approximately 14.11% of the total share capital of the Company.

**Article 23** The Company’s board of directors may arrange for a separate issuance of the overseas listed foreign shares (H Shares) and domestic listed domestic shares (A Shares) under the authorization at the general meeting after the proposals for the same have been approved by or registered with the securities regulatory authorities under the State Council or departments authorized by the State Council.



**Article 24** The Company may implement its proposals to issue overseas listed foreign shares (H Shares) and domestic listed domestic shares (A Shares) pursuant to the preceding paragraph within fifteen months from the date of approval by or registered with the securities regulatory authorities under the State Council or departments authorized by the State Council or the valid period prescribed in its authorization document.

**Article 25** Where the Company separately issues overseas listed foreign shares (H Shares) and domestic listed foreign shares (A Shares), and the total number of shares to be issued is within the sum of shares stipulated in the issuance proposals, the shares shall be fully allotted in one issuance respectively. If this is not possible due to special circumstances, the shares may, subject to the approval of and registration with the securities regulatory authorities under the State Council or departments authorized by the State Council, be issued on separate occasions.

## **Section 2 Increase, Reduction and Repurchase of Shares**

**Article 26** Based on the needs of operation and development, the Company may increase capital by the following means in accordance with the provisions of laws and regulations upon resolution of the shareholders' meeting:

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) placing shares to existing shareholders;
- (IV) distributing bonus shares to existing shareholders;
- (V) conversion of provident fund into share capital;
- (VI) other methods approved by laws, administrative regulations and the relevant regulatory authorities. After the Company's capital increase to issue new shares is approved according to the provisions of the articles of association, it shall be handled according to the relevant laws, administrative regulations, departmental rules and normative documents of the place where the stocks of the Company are listed, and the procedures specified in the listing rules of the stock exchange. The Company may reduce the registered capital. The Company's reduction of registered capital shall be handled in accordance with the Company Law, other relevant regulations and the procedures stipulated in the articles of association.

**Article 27** The Company may acquire shares of the Company in accordance with laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association in the following circumstances:

- (I) to decrease the registered capital of the Company;
- (II) to merge with another company holding shares of the Company;
- (III) to issue shares under employee stock ownership plan or as share incentives;
- (IV) it is requested by any shareholder to purchase his shares because this shareholder raises objection to the company's resolution on merger or split-up made at a general meeting of shareholders;
- (V) to satisfy the conversion of those corporate bonds convertible into shares issued by the Company with shares;
- (VI) to safeguard corporate value and the interests of the shareholders as the Company deems necessary;
- (VII) other circumstances permitted in laws or administrative regulations.

Except for the above, the Company does not carry out activities to buy or sell shares of the Company.

**Article 28** The Company may choose one of the following ways to acquire the shares upon approval of relevant competent national authority:

- (I) to repurchase on the stock exchange by means of open trading;
- (II) to issue a repurchase offer to all shareholders at a same ratio;
- (III) to repurchase outside stock exchange in form of agreement;
- (IV) other methods specified in laws and regulations and accepted by the relevant competent departments.

**Article 29** When the Company acquires its own shares, it may conduct by way of open and concentrated transactions, and shall be conducted in compliance with laws and regulations, the CSRC and the relevant regulations under the securities regulatory authorities where the Company's shares are listed.

Where the Company acquires its own shares under circumstances as mentioned in items (III), (V) or (VI) under the first paragraph of Article 27, it shall be conducted by way of open and concentrated transactions, and shall be conducted in compliance with laws and regulations, the CSRC and the relevant regulations under the securities regulatory authorities where the Company's shares are listed.

Where the Company repurchases its shares through an over-the-counter agreement, prior approval of the general meeting shall be obtained in accordance with the Articles of Association. Upon prior approval of the general meeting obtained in the same manner, the Company may rescind or change contracts concluded in the manner set forth above or waive any of its rights thereunder.

The contract for share repurchase as referred to in the preceding paragraph includes (but not limited to), an agreement whereby the repurchase obligation is undertaken and repurchase right is acquired.

The Company shall not assign a contract for repurchase its shares or any of its rights thereunder.

**Article 30** Where the Company acquires its shares for purposes set out in items (I) and (II) of Article 27 of the Articles of Association, it shall be subject to approval by the general meeting; where the Company acquires its shares pursuant to items (III), (V) and (VI) of Article 27, it can be carried out upon resolution by more than two-thirds of the directors present at a board meeting.

If the Company repurchases its own shares in accordance with the requirements under Article 27 under the circumstance set out in clause (I), the shares so repurchased shall be cancelled within ten days from the date of acquisition; In the event of the circumstances set out in items (II) and (IV), the shares so repurchased shall be transferred or cancelled within 6 months; In the event of the circumstances set out in items (III), (V) and (VI), the total shares held by the Company shall not exceed 10% of the total shares issued by the Company, and the shares so repurchased shall be transferred or cancelled within 3 years.

After the Company cancels such part of shares, it shall apply to the original company registration authority for registration of alteration of the registered capital. The amount of the Company's registered capital shall be reduced by the aggregate par value of those cancelled shares.

**Article 31** The Company has the right to repurchase redeemable shares, but the price may not exceed a specific maximum price unless it repurchases them from the market or by means of bidding; if bidding is adopted, the bidding must be issued to all shareholders without discrimination.

**Article 32** Unless the Company has entered a stage of liquidation, the Company shall comply with the following provisions when repurchasing the shares it has issued externally:

- (I) where the Company repurchases shares at a price of par value, the fund shall be deducted from the book balance of distributable profit of the Company and the proceeds of new shares issued in order to repurchase old shares;
- (II) where the Company repurchases shares at a price higher than par value, the part equivalent to par value shall be deducted from the book balance of distributable profit of the Company and the proceeds of new shares issued in order to repurchase old shares; the part higher than par value shall be handled according to the following method:
  1. where the repurchased shares were issued at a price of par value, the part shall be deducted from the balance of distributable profit of the Company;
  2. where the repurchased shares were issued at a price higher than par value, the part shall be deducted from the balance of distributable profit of the Company and the proceeds of new shares issued in order to repurchase old shares, but the amount deducted from the proceeds of new shares issued may not exceed the total amount of premium of repurchased old shares obtained at the time of issuance, or exceed the amount in the premium account or capital reserve account of the Company at the time of repurchase (including the amount of premium from issuance of new shares);
- (III) The fund the Company pays for the following purposes shall be disbursed from the distributable profit of the Company:
  1. to acquire the repurchase right for repurchase of its shares;
  2. to modify the share repurchase contract;
  3. to cancel its obligation in the repurchase contract.
- (IV) After the total par value of the cancelled shares is reduced from the registered capital of the Company according to relevant provisions, the amount deducted from distributable profit for the par value of repurchased shares shall be included in the capital reserve account of the Company.

Where laws, regulations and relevant requirements of the securities regulatory authorities in the place where the shares of the Company are listed have any other provisions in respect of the financial arrangement related to the aforementioned share buy-back, such provisions shall prevail.

### Section 3 Transfer of Shares

**Article 33** Unless otherwise specified in laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed, the shares of the Company are freely transferable and are not subject to any lien. The transfer of H Shares shall be registered in the local stock registration institution in Hong Kong authorized by the Company.

**Article 34** All the H Shares with paid-up share capital may be freely transferred in accordance with the Articles of Association; but unless the following conditions are met, the Board may refuse to admit any transfer document without stating any reason:

- (I) any transfer document and other documents that are relevant with the ownership of H Shares or will influence the ownership of H Shares must be registered. A fee for the registration must be paid to the Company according to a charge standard specified in Hong Kong Listing Rules. The fee shall not exceed the maximum rate specified in Hong Kong Listing Rules;
- (II) the instrument of transfer involves H Shares only;
- (III) the stamp duty payable by the laws of Hong Kong on the instrument of transfer has been paid;
- (IV) the relevant share certificates and evidence reasonably required by the board of directors and proving that the transferor has the right to transfer shares shall be provided;
- (V) if the shares are to be transferred to joint shareholders, the number of jointly registered shareholders shall not exceed four;
- (VI) the Company does not have any lien over the shares.

If the Board refuses to register share transfer, the Company shall issue a notice of refusal of share transfer to the transferor and transferees within two months from the official filing date of transfer application.

**Article 35** All the transfers of H Shares shall adopt written transfer instruments in a general or ordinary format or any other format accepted by the board of directors (including standard transfer format or ownership transfer form specified by the Hong Kong Stock Exchange from time to time); such transfer instruments may only adopt manual signing or be affixed with a valid seal of the Company (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house defined in relevant regulations that are validated from time to time in accordance with Hong Kong law (hereinafter referred to as “recognized clearing house”) or its agent, the transfer instruments may be signed in form of manual signing or machine printing.

All the transfer instruments shall be kept at the legal address of the Company or an address designated by the Board from time to time.

**Article 36** The Company does not accept the shares of the Company as the subject of pledge rights.

**Article 37** The shares of the Company held by the sponsors shall not be transferred within one year from the date of establishment of the Company. The shares issued before the Company's public offering of shares shall not be transferred within one year from the date of the Company's shares listing on the stock exchange. The directors, supervisors and members of the senior management of the Company shall report to the Company the corporate shares they held and the changes thereof, and the shares transferred each year during the term of office shall not exceed 25% of the total number of shares of the same class they held in the Company; the shares they held shall not be transferred within one year from the date of the listing of the Company's shares.

The directors, supervisors and members of the senior management shall not transfer the shares of the Company they held within half a year after leaving the Company.

**Article 38** If the directors, supervisors, senior management of the Company and shareholders holding more than 5% of the Company's shares sell the shares of the Company they held within six months after the purchase, or purchase again within six months after sale, the proceeds thereon shall be owned by the Company and the Board of the Company will recover the proceeds. However, if a securities company holds more than 5% of the shares after purchasing the remaining shares upon public offering due to underwriting, the sale of the shares shall not be subject to a six-month time limit.

If the board of directors of the Company does not comply with the provisions of the preceding paragraph, the shareholders shall have the right to request the Board to execute within thirty days. If the board of directors of the Company fails to execute within the above-mentioned time limit, the shareholders shall have the right to file a lawsuit directly with the people's court in their own name for the benefit of the Company.

If the board of directors of the Company does not comply with the provisions of the first paragraph, the responsible directors shall bear joint and several liability according to the law.

#### **Section 4 Financial Assistance for the Acquisition of Shares of the Company**

**Article 39** The Company and its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who acquires or intends to acquire shares of the Company. The said acquirer of shares of the Company includes a person who directly or indirectly assumes any obligations due to the acquisition of shares of the Company.

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

This provision does not apply to the circumstances stated in Article 41 of this section.

**Article 40** The financial assistance referred to in this section includes, but not limited to the following means:

- (I) gift;
- (II) guarantee (including the assumption of liability or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation in respect of the Company's own default), release or waive of any rights;
- (III) provision of loan or entering into contract under which the obligations of the Company are to be fulfilled before the obligations of other parties, or change in the parties to, or the assignment of rights arising under such loan or agreement;
- (IV) 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.

The expression assuming an obligation referred to in this section includes the assuming of obligations by the changing of the obligor's financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether assumes on its own account or with any other persons), or by any other means.

**Article 41** The following shall not be deemed to be behaviors as prohibited in Article 39 of this section:

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



## Section 5 Share Certificates and Register of Members

**Article 42** The shares of the Company shall be in registered form.

The share certificates of the Company shall contain the followings:

- (I) name of the Company;
- (II) date of incorporation of the Company;
- (III) class of shares, par value thereof and the number of shares represented;
- (IV) serial number of the share certificate;
- (V) other matters as required to be specified by laws and regulation such as the Company Law, the Special Regulations and the stock exchange of the place where the shares of the Company are listed.

If the share capital of the Company includes the shares without voting rights, such shares shall be titled the wording “without voting rights”. If the share capital includes the share carrying different voting rights, the shares of each class (except for the shares carrying the most favorable voting rights) shall be titled the wording “restricted voting rights” or “restrictive voting rights”.

The H Shares issued by the Company may be in the form of overseas depository receipts or other derivative forms of shares in accordance with the Hong Kong laws, the requirements of the Hong Kong Stock Exchange and practices for securities registration and depository of the place where the shares of the Company are listed.

**Article 43** During the period when H shares are listed on the Hong Kong Stock Exchange, the Company shall ensure all securities listing documents, listing on the Hong Kong Stock Exchange contain the below declarations and shall also instruct and procure its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such particular holder delivers to such share registrar a signed form for such shares containing the declarations below:

- (I) The subscriber of shares agrees with the Company and its shareholders, and the Company agrees with each shareholder, to observe and comply with the requirements of laws and regulations such as the Company Law, the Special Regulations and the requirements under the articles of association.
- (II) The subscriber of shares agrees with the Company and its shareholders, directors, supervisors, the general manager and other senior management officers, and the Company (for itself and on behalf of its directors, supervisors, the general manager and other senior management officers) agrees with its shareholders to refer all disputes and claims arising from the articles of association or any right or obligation conferred or imposed by the Company Law or other relevant laws, administrative regulations concerning the affairs of the Company to arbitration in accordance with the articles of association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award. Such arbitration shall be final and conclusive.



- (III) The subscriber of shares agrees with the Company and its shareholders that the Company's shares are freely transferable by the holder thereof.
- (IV) The subscriber of shares authorizes the Company to enter into a contract on his behalf with each director and senior management whereby such director and senior management undertake to observe and comply with their obligations to shareholders stipulated in the articles of association.

**Article 44** The share certificates shall be signed by the chairman of the board of directors. Where the signatures of other members of the senior management of the Company are required by the stock exchange on which the shares of the Company are listed, the share certificates shall also be signed by such other relevant senior management officers. The share certificates shall take effect after the Company seal is affixed thereto or printed thereon. The share certificates shall only be affixed with the Company's seal under the authorization of the board of directors. The signatures of the chairman of the board of directors of the Company or other relevant senior management officers on the share certificates may also be in printed form.

Under the condition that the Shares of the Company are issued and traded without paper, the applicable provisions of the securities regulatory authority and stock exchanges where the Company's shares are listed shall apply separately.

**Article 45** The Company shall keep a register of members, which shall contain the following particulars:

- (I) the name, address (domicile), occupation or nature of each shareholder;
- (II) the class and number of shares held by each shareholder;
- (III) the amount paid or payable in respect of shares held by each shareholder;
- (IV) the serial numbers of the shares held by each shareholder;
- (V) the date on which a person registers as a shareholder;
- (VI) the date on which a person ceases to be a shareholder.

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

Subject to compliance with the articles of association and other applicable regulations, once the shares of the Company are transferred, the names of the share transferees will be included as holders of these shares in the register of members.

The transfer or assignment of stocks must be registered in the domestic or foreign stock ownership transfer registry authorized by the Company, and shall be recorded in the register of members.

If two or more persons are registered as the joint holders of any shares, they shall be deemed to be the joint holders of relevant shares, subject to the following provisions:

- (I) the Company shall register no more than four persons as the joint holders of any shares;
- (II) all joint holders of any shares shall jointly and severally assume the liability to pay for all amounts payable for the relevant shares;
- (III) if one of the joint holders is deceased or cancelled, only the other surviving joint holders shall be deemed as the persons who have the ownership of the relevant shares, however, the board of directors has the power to require for provision of such supporting documents as it considers appropriate which can prove death or cancellation of the relevant shareholder for the purpose of modifying the relevant register of members;
- (IV) in respect of any of the joint holders of any shares, only the joint shareholder ranking first in the register of members has the right to accept share certificates of the relevant shares from the Company, receive notices or other documents of the Company. Any notices delivered to the aforesaid persons shall be deemed to have been delivered to all the joint holders of the relevant shares. Any joint holder may sign a form of proxy. If more than one joint holder are present in person or by proxy, the vote made by the preferred joint holder, whether in person or by proxy, shall be accepted as the sole vote for the remaining joint holders. In this regard, the priority of shareholders must be determined by the ranking of joint holders in the Company's register of members in relation to the relevant shares; and
- (V) any receipts issued by any joint holders in respect of any dividends, bonuses or capital returns payable to such joint holders shall be deemed to be the effective receipts issued by such joint holders to the Company.

**Article 46** The Company may, in accordance with an understanding and agreement between the securities regulatory authority under the State Council and overseas securities regulatory authority, keep outside the People's Republic of China the register of members of overseas listed foreign shares and appoint overseas agent(s) for management. The original of the register of members of overseas listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall keep the duplicate of the register of members of overseas listed foreign shares in the domicile of the Company; the authorized overseas agency shall guarantee the consistence between the original and duplicate of the register of members of overseas listed foreign shares all the time.

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

**Article 47** The Company shall keep a complete register of members.

The register of members shall include the following:

- (I) the register of members maintained at the Company's domicile other than those as described in Items (II) and (III) of this article;
- (II) the register of members of overseas listed foreign shares maintained at the place where the overseas stock exchange is domiciled;
- (III) the register of members maintained at such other place as the board of directors may consider necessary for the purpose of listing of the shares of the Company.

**Article 48** Different parts of the register of members shall not overlap one another. No transfer of the shares registered in any other part of the register shall, during the existence of registration of such shares, be registered in any other part of the register.

Changes or corrections to each part of the register of members shall be made in accordance with laws of the places where each part of the register of members is maintained.

**Article 49** Where the relevant laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed stipulate on occasions when no change of registration of the register of shareholders shall be conducted prior to a general meeting or the reference date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

**Article 50** Any person who objects to the register of members and requests to have his name entered in or removed from the register of members may apply to a competent court for corrections of the register.

**Article 51** Any shareholder who is registered in, or any person who requests to have his name entered in, the register of members may (if his share certificate (the "original share certificate") is lost) apply to the Company for replacement of the share certificate in respect of such shares (the "relevant shares").

If a holder of the domestic shares and loses his share certificate and applies for replacement, it shall be dealt with in accordance with the requirements prescribed in article 143 of the Company Law.

If a holder of overseas listed foreign shares loses his share certificate and applies for replacement, it may be dealt with in accordance with relevant laws, regulations, rules of the stock exchange or other relevant regulations of the place where the original register of members of overseas listed foreign shares is maintained.

Any replacement of share certificates to any shareholders of H Shares who have lost their share certificates and applied for replacement shall comply with the following requirements:

- (I) the applicant shall submit an application to the Company in prescribed form accompanied by a notarial certificate or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as statement that no other person shall be entitled to request to be registered as the shareholder in respect of the relevant shares.
- (II) before the Company decides to reissue new stocks, it does not receive a declaration on requiring being registered as a shareholder of the shares from anyone except the applicant.
- (III) before the Company decides to reissue new stocks to the applicant, it shall publish an announcement on intention for reissuance of new stocks on the newspapers and periodicals designated by the board of directors; the period of announcement is 90 days, and the announcement shall be republished at least once every 30 days.
- (IV) before the Company publishes an announcement on intention for reissuance of new stocks, it shall submit a duplicate of the announcement to be published to the stock exchange where it is listed. After receiving the reply of the stock exchange and confirming that the announcement has been displayed in the stock exchange, the Company may publish the announcement. The period of display of the announcement in the stock exchange is ninety days.

If the application for stock reissuance is not agreed by the registered shareholders of relevant shares, the Company shall mail the photocopies of the announcement to be published to the shareholders.

- (V) after the ninety-day period of announcement and display specified in items (III) and (IV) of this article expires, if the Company does not receive objection to stock reissuance from anybody, it may reissue new stocks according to the application of the applicant.
- (VI) when the Company reissues new stocks according to the provisions of this article, it shall immediately cancel the original stocks and register the cancellation and reissuance in the register of members.
- (VII) the applicant shall bear all the expenses of the Company on cancellation of original stocks and reissuance of new stocks. Before the applicant provides reasonable guarantee, the Company shall have the right to refuse to take any action.

**Article 52** After the Company reissues stocks according to the provisions of the articles of association, the names of bona fide purchasers obtaining the aforesaid new stocks or the shareholders subsequently registered as owners of the shares (if they are bona fide purchasers) shall not be deleted from the register of members.

**Article 53** The Company has no obligation to indemnify any party who suffer loss from cancellation of original stocks or reissuance of new stocks, unless the party can prove the Company has fraudulent conduct.

If the Company issues warrants to bearer, no warrant thereof shall be issued to replace one that has been lost unless the Company is satisfied beyond reasonable doubt that the original warrant thereof has been destroyed.

## **CHAPTER IV SHAREHOLDERS AND GENERAL MEETING**

### **Section 1 Shareholders**

**Article 54** The shareholders of the Company are the people who hold shares of the Company according to law and their names are registered in the register of members. The Company shall make a register of members based on the vouchers provided by securities registries. The register of members shall be the sufficient evidence for the shareholders' shareholding in the Company. The shareholders enjoy rights and fulfill obligations as per the class and proportion of the shares they hold; the same class of shares represent the same rights and the same obligations.

**Article 55** When the Company convenes a general meeting, distributes dividends, undergoes liquidation and engages in other activities requiring the identification of shareholders, the Board or the convener of the general meeting shall decide the equity registration date. The interval between the shareholding record date and the date of the general meeting shall not be more than seven working days. Shareholders whose names appear on the register at the close of trading on the equity registration date shall be the shareholders enjoying relevant rights and interests.

**Article 56** The shareholders of ordinary shares of the Company shall have the following rights:

- (I) to receive dividends and profit distributions in any other form in proportion to the shares they hold;
- (II) to lawfully require, convene, preside over or attend general meetings either in person or by proxy and exercise the corresponding voting right;
- (III) to supervise, make recommendations or make inquiries about the operations of the Company;
- (IV) to transfer, gift or pledge their shares in accordance with laws, administrative regulations, departmental rules, normative documents and listing rules of the stock exchange in the place where the stocks of the Company are listed, and the articles of association;

(V) to acquire relevant information according to the provisions of the articles of association, including:

1. the articles of association obtained after paying the cost;
2. after paying reasonable fees, have the right to consult and reproduce:
  - (1) the whole and all parts of register of members;
  - (2) the personal data of the directors, supervisors, general manager and other members of the senior management of the Company, including: (a) present and past name and alias; (b) main address (domicile); (c) nationality; (d) full-time and all other part-time occupations and positions; (e) identity document and number.
  - (3) share capital situation of the Company;
  - (4) report on the numbers, par value, quantity, the highest price and the lowest price of every class of shares the Company has repurchased since the previous fiscal year, as well as all the expenses that the Company has paid for them (classified as domestic shares and foreign shares);
  - (5) stubs of corporate bonds;
  - (6) minutes of general meetings (for reference of shareholders only), special resolutions of the Company, resolutions of the board of directors meetings and resolutions of the supervisory committee meetings;
  - (7) the latest audited financial statements, reports of the board of directors, auditor and the supervisory committee of the Company;
  - (8) financial and accounting reports;
  - (9) duplicate of the latest annual inspection report that has been filed with the administration for industry and commerce of China and any other competent authorities;

The Company must prepare the documents in above items (1), (3), (4), (6), (7), (8), (9) and any other applicable documents at the Hong Kong address of the Company according to the requirements of Hong Kong Listing Rules, for free reference of the public and shareholders.

(VI) in the event of the termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the shares held by them;

(VII) to require the Company to buy their shares in the event of their objection to resolutions of the general meeting concerning merger or division of the Company;

- (VIII) shareholders individually or jointly holding 3% or more of the Company's shares can make a provisional motion in writing to the convener of Directors 10 working days before the date of general meeting;
- (IX) to enjoy other rights stipulated by laws, administrative regulations, departmental rules, normative documents and listing rules of the stock exchange in the place where the stocks of the Company are listed or the articles of association.

Where any person directly or indirectly owning rights and interests does disclose his/her rights and interests to the Company, the Company shall not therefore exercise any power to freeze or impair in other ways any rights attached to the shares held by the person.

**Article 57** If any shareholder proposes to inspect the relevant information mentioned in the preceding article or asks for information, the said shareholder shall provide the Company with written documents bearing evidence of the class and number of shares held by the said shareholder, and the Company will provide the information as required by the said shareholder upon verification of the said shareholder's identity.

**Article 58** If any resolution of the general meeting or the board of directors of the Company violates the laws or administrative regulations, the shareholders shall have the right to request the people's court to invalidate the resolution. If the convening procedure or voting method of the general meetings or board of directors meetings violates the laws, administrative regulations or the articles of association or the contents of a resolution run counter to the articles of association, the shareholders shall have the right to request the people's court to cancel such resolution within sixty days after passing the resolution.

**Article 59** Where the Company incurs losses as a result of violation by directors and members of the senior management of laws, administrative regulations or the articles of association in the course of performing their duties with the Company, the shareholders individually or in the aggregate holding 1% or more of the shares of the Company for more than 180 consecutive days shall be entitled to request in writing the board of supervisors to initiate proceedings to the People's Court; where the Company incurs losses as a result of violation by the board of supervisors of any provisions of laws, administrative regulations or the articles of association in the course of performing its duties with the Company, such shareholders may make a request in writing to the board of directors to initiate proceedings to the People's Court.

In the event that the board of supervisors or the board of directors refuses to initiate proceedings after receiving the written request of shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within 30 days from the date of receiving such request, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, the shareholders described in the preceding paragraph shall have the right to for the benefit of the Company initiate proceedings to the People's Court directly in their own names.

Where the Company incurs losses as a result of infringement upon the legitimate rights and interests of the Company by any other persons, the shareholders stated in item 1 of this article may initiate proceedings to the People's Court pursuant to the provisions of the first two paragraphs.



**Article 60** Shareholders may initiate proceedings to the People's Court in the event that a director or a senior management officer has violated laws, administrative regulations or the articles of association, damaging the interests of shareholders.

**Article 61** The shareholders of ordinary shares of the Company shall have the following obligations:

- (I) to observe laws, administrative regulations, departmental rules, normative documents and listing rules of the stock exchange in the place where the stocks of the Company are listed and the articles of association;
- (II) to pay capital contribution as per the shares subscribed for and the method of subscription;
- (III) not to withdraw shares unless in the circumstances stipulated by laws and administrative regulations;
- (IV) not to abuse shareholder's right to harm the interests of the Company or other shareholders; not to abuse the Company's position as an independent legal person or shareholder's limited liability protection to harm the interests of the creditors of the Company; If any shareholder of the Company abuses his/her shareholder's right, thereby causing any loss to the Company or other shareholders, the said shareholder shall be liable for compensation according to law. If any shareholder of the Company abuses the Company's position as an independent legal person or shareholder's limited liability protection for the purpose of evading repayment of debts, thereby seriously damaging the interests of the creditors of the Company, the said shareholder shall bear joint and several liabilities for the Company's debts.
- (V) to fulfil other obligations stipulated by laws, administrative regulations, departmental rules, normative documents and listing rules of the stock exchange in the place where the stocks of the Company are listed and the articles of association.

Except for the conditions the share subscribers agree to at the time of subscription, shareholders do not assume any subsequently added responsibility for share capital.

**Article 62** If any shareholder holding more than 5% voting shares of the Company pledges the said voting shares, the said shareholder shall submit a written report to the Company on the date on which the said pledge is executed.

**Article 63** Except the obligations required in laws, administrative regulations, departmental rules, normative documents and listing rules of the stock exchange in the place where the stocks of the Company are listed, when the controlling shareholder exercises its power of shareholder, it shall not make any decision detrimental to the interests of all or some of shareholders on the following issues in order to exercise its voting right:

- (I) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (II) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of other person(s)), in any manner, of the Company's assets, including (without limitation) any opportunity beneficial to the Company;



- (III) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of other person(s)) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights save for a restructuring of the Company submitted to the general meeting for approval in accordance with the articles of association.

**Article 64** The controlling shareholder(s) and de facto controller(s) of the Company shall not use the connected relations to the detriment of the interests of the Company, and shall not use its controlling status to expropriate the Company's assets; otherwise, they shall be liable for compensation for any loss incurred to the Company.

The controlling shareholder(s) and de facto controller(s) of the Company shall perform fiduciary duty to the Company and general public shareholders thereof. The controlling shareholder(s) shall exercise capital contributors' rights in strict accordance with laws, shall not damage the legitimate rights and interests of the Company and general public shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation, loan and guarantee and shall not abuse their controlling status to damage the interests of the Company and general public shareholders.

The Company shall not provide the shareholders or de facto controller(s) with funds, commodities, services or other assets gratis or on manifestly unfair terms; shall not provide funds, commodities, services or other assets to the shareholders or de facto controller(s) on manifestly unfair terms; shall not provide funds, commodities, services or other assets to the shareholders or de facto controller(s) who are noticeably unable to make repayment; shall not provide guarantee to the shareholders or de facto controller(s) who are noticeably unable to make repayment or provide guarantee to the shareholders or de facto controller(s) without justifiable reasons; and shall not, without justifiable reasons, relinquish creditor's rights against the shareholders or de facto controller(s) or assume debts of the shareholders or de facto controller(s). Such transactions as provision of funds, commodities, services or other assets between the Company and the controlling shareholders or de facto controller(s) shall be deliberated by the board of directors and the general meeting in strict accordance with the decision-making policies for connected transactions as set out in the articles of association, in order to prevent the controlling shareholder(s) or de facto controller(s) and its subsidiaries to expropriate the Company's assets.

If the Company finds that any of shareholder expropriates the Company's assets, the Company shall understand the reasons, timing and amounts for expropriating assets immediately, and issue a written notice to the shareholders who expropriate the Company's assets for requiring them to resolve within a specified time frame. The Company shall immediately apply for judicial freezing of the equity interest of the Company they held if the shareholders cannot resolve with a specified time frame, the misappropriated assets shall be compensated through realization of equity interests.

The directors, supervisors and members of the senior management of the Company have legal obligations to safeguard the capital of the Company. The Board shall immediately investigate if it finds that the directors and the members of the senior management of the Company assist and connive the controlling shareholders and its subsidiaries to expropriate the Company's assets, after confirmation the facts that the directors and the members of the senior management of the Company assist or connive the controlling shareholders and its subsidiaries to expropriate the Company's assets, the Company shall, depending on the seriousness of the case, give a notice and disciplinary warning to the person directly responsible, and propose to the general meeting to dismiss the directors who are seriously responsible.

## Section 2 General Provisions of General Meeting

**Article 65** The general meeting shall be the organ of authority of the Company and shall exercise the following functions and powers according to laws:

- (I) to decide on the Company's business policy and investment plans;
- (II) to elect and replace directors and supervisors who are not employee representatives, and determine the remunerations of directors and supervisors;
- (III) to consider and approve the reports of the board of directors;
- (IV) to consider and approve the reports of the supervisory committee;
- (V) to consider and approve the Company's annual financial budgets and final accounts and annual reports;
- (VI) to consider and approve the Company's profit distribution plan and loss recovery plan;
- (VII) to resolve on increase or decrease of the registered capital of the Company;
- (VIII) to resolve on issuance of corporate bonds and other securities and listing;
- (IX) to resolve on the merger, division, dissolution, liquidation or transformation of corporate form of the Company;
- (X) to amend the articles of association;
- (XI) to resolve on appointment, dismissal or no further appointment of the Company's accounting firm;
- (XII) to consider the proposals of shareholders severally or jointly holding above 3% of the shares of the Company with voting right;
- (XIII) to consider and approve guarantees stipulated in article 66;
- (XIV) to consider the Company's purchase or sale of major assets within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company;
- (XV) to consider and approve matters relating to the changes in the use of proceeds from share offerings;
- (XVI) to consider equity incentive plans;

(XVII) to consider and approve any related or connected transaction (excluding receipt by the Company of assets in cash and the provision of guarantee by the Company) between the Company and the related parties and connected persons, the amount of which is more than RMB10 million (including RMB10 million) and which accounts for more than 5% of the absolute value of the latest audited net assets of the Company, but any related transaction occurred between the Company and the directors, supervisors and members of the senior management and its spouse shall be submitted to the general meeting of the Company for consideration after consideration and approval by the board of directors;

(XVIII) to consider other matters which, in accordance with laws, administrative regulations, departmental rules, listing rules of the stock exchange where the stocks of the Company are listed or the articles of association, shall be approved by the general meeting.

**Article 66** The following external guarantees of the Company shall be considered and approved by the general meeting:

- (I) a single guarantee with the amount exceeding 10% of the latest audited net assets;
- (II) any guarantees provided by the Company and its holding subsidiaries after the total amount of external guarantees has reached or exceeded 50% of the latest audited net assets;
- (III) guarantee for guarantee objects whose liability-asset ratio exceeds 70%;
- (IV) any guarantee provided after the amount of guarantees exceeds 30% of the Company's audited total assets for the latest period for 12 consecutive months;
- (V) the amount of guarantees exceeds 50% of the Company's audited net assets and the absolute amounts is over RMB30 million for the latest period for 12 consecutive months;
- (VI) guarantee provided to shareholders, de facto controller(s) and their connected persons;
- (VII) other external guarantees that shall be submitted to the general meeting for consideration as required in laws, administrative regulations, departmental rules, regulatory documents and listing rules of the stock exchange in the place where the stocks of the Company are listed.

**Article 67** General meetings are classified into annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year within six months from the end of the previous fiscal year.

**Article 68** In any of the following circumstances, the Company shall convene an extraordinary general meeting within 2 months from the date of the occurrence of the circumstance:

- (I) when the number of directors falls short of the statutory minimum specified in the Company Law or is less than two thirds of the number specified in the articles of association;
- (II) when the unrecovered losses of the Company amount to one third of the total paid-up share capital;

- (III) when shareholders severally or jointly holding more than 10% shares of the Company request in writing to hold such meeting;
- (IV) when the board of directors deems it necessary;
- (V) when the supervisory committee proposes to hold such a meeting;
- (VI) other circumstances as stipulated in laws, administrative regulations, departmental rules, regulatory documents, listing rules of the stock exchange in the place where the stocks of the Company are listed or the articles of association.

**Article 69** The venue of the general meeting of the Company shall be: the domicile of the Company or other place specified in the notice of general meeting. General meetings shall be held onsite at the venue prepared in advance. The vote shall be made at the meeting. The Company will also provide online or other methods for its shareholders to conveniently participate in general meetings. Shareholders participating in a general meeting by the aforementioned means shall be deemed to have attended such meeting.

**Article 70** When holding a general meeting, the Company shall engage lawyers to give legal opinions and make an announcement on the following matters:

- (I) whether the procedures of convening and holding the meeting comply with laws, administrative regulations and the articles of association;
- (II) whether the qualifications of the attendees and the convener of the meeting are lawful and valid;
- (III) whether the voting procedure and results of the meeting are lawful and valid;
- (IV) legal opinions on other relevant matters upon request by the Company.

### **Section 3 Convening of General Meeting**

**Article 71** Independent directors shall have the right to propose to the board of directors to hold an extraordinary general meeting. The board of directors shall, pursuant to relevant laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the articles of association, give a written reply on whether or not it agrees to hold such an extraordinary general meeting within 10 days after receipt of the proposal of the independent director to hold such a meeting.

If the board of directors agrees to hold the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the board of directors. If the board of directors does not agree to hold the extraordinary general meeting, it shall give the reasons and publish an announcement in respect thereof.

This is subject to any other provisions of the securities regulatory authorities in the place where the shares are listed.

**Article 72** The supervisory committee shall have the right to propose to the board of directors to hold an extraordinary general meeting, and shall put forward such proposal to the board of directors in writing. The board of directors shall, pursuant to relevant laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the articles of association, give a written reply on whether or not it agrees to hold such an extraordinary general meeting within 10 days after receipt of the proposal.

If the board of directors agrees to hold the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the board of directors. Any change to the original proposal set forth in the notice shall be subject to approval by the supervisory committee. If the board of directors does not agree to hold the extraordinary general meeting or fails to give a written reply within 10 days after receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the extraordinary general meeting, and the supervisory committee may convene and preside over the meeting by itself.

**Article 73** Shareholder(s) severally or jointly holding more than 10% shares of the Company shall have the right to request the board of directors to hold an extraordinary general meeting or class meeting, and shall put forward such request to the board of directors in writing and state the topic of the meeting. The board of directors shall, pursuant to relevant laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the articles of association, give a written reply on whether or not it agrees to hold such an extraordinary general meeting or class meeting within 10 days after receipt of the request.

Where the board of directors agrees to hold the extraordinary general meeting or class meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the board of directors. Any change to the original request set forth in the notice shall be subject to approval by the relevant shareholders. If the board of directors does not agree to hold the extraordinary general meeting or class meeting or fails to give a written reply within 10 days after receipt of the request, shareholder(s) severally or jointly holding more than 10% shares of the Company shall be entitled to propose to the supervisory committee to hold an extraordinary general meeting or class meeting, and shall put forward such request to the supervisory committee in writing.

If the supervisory committee agrees to convene the extraordinary general meeting or class meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. In the event of any change to the original proposal set forth in the notice, the consent of relevant shareholder(s) shall be obtained. If the supervisory committee fails to serve the notice of general meeting or class meeting within the prescribed period, it shall be deemed as failing to convene and preside over the general meeting or class meeting. The shareholder(s) severally or jointly holding more than 10% shares of the Company for more than 90 consecutive days may convene and preside over the meeting by themselves.

**Article 74** Where the supervisory committee or shareholders decide to convene a general meeting by itself/themselves, it/they shall notify the Board in writing and file with the local office of the securities regulatory authority of the State Council in the locality of the Company and with the stock exchange in the place where the stocks of the Company are listed.

Prior to the announcement of the resolution of the general meeting, the shareholding of shareholders who convene the meeting shall not be less than 10%. The supervisory committee and the convening shareholders shall, upon issuing a notice of general meeting and announcing the resolution thereof, submit the relevant documentation to the local office of the securities regulatory authority of the State Council in the locality of the Company and to the stock exchange in the place where the stocks of the Company are listed

**Article 75** With regard to the general meeting convened by the supervisory committee or shareholders on its/their own initiative, the board of directors and its secretary shall offer cooperation. The board of directors shall provide a register of members as of the equity registration date. Where the board of directors does not provide a register of members, the convener may apply for obtaining it to the securities registration and clearing institution in the place where the stocks of the Company are listed by providing relevant announcement on convention of a general meeting. The register of members obtained by the convener may not be used for other purposes except convention of a general meeting.

**Article 76** If the supervisory committee or shareholders itself/themselves convene a general meeting, the expenses necessary for the meeting shall be borne by the Company and set off against sums owned by the Company to the defaulting directors.

#### **Section 4 Proposals and Notices of General Meeting**

**Article 77** The content of proposals shall fall within the scope of responsibility of the general meeting, shall contain clear subjects for discussion and specific matters to be resolved and shall comply with relevant provisions of the laws, administrative regulations, the listing rules of the place where the shares of the Company are listed and the articles of association.

**Article 78** When an annual general meeting is convened by the Company, the board of directors, the supervisory committee and shareholders who individually or collectively hold over 3% of the shares of the Company shall be entitled to put forward proposals to the Company.

Shareholders who individually or collectively hold over 3% of the shares of the Company may submit ad hoc proposals in writing to the convener of the general meeting 10 days before the convening of the general meeting. The convener shall issue a supplemental notice of general meeting within 2 days upon receipt of the proposals and announce the contents of the ad hoc proposals.

Save those specified in the preceding paragraph, the convener shall neither revise the proposals stated in the notice of general meetings nor add new proposals after issuing the announcement on the notice of general meeting.

No voting shall be carried out and no resolution shall be made over the proposals that are not specified in the notice of general meeting or not fulfill the proposal required in Article 77 of the articles of association.

**Article 79** The convener shall notify the shareholders 20 days prior to the convening of the annual general meetings in written form, 15 days prior to the convening of the extraordinary general meetings. Regarding the calculation of the notice period, the date of the meeting shall not be included, but the date on which the notice is given shall be included.



**Article 80** A notice of general meeting shall meet the following requirements:

- (I) given in writing;
- (II) specify the place, the date and the time of the meeting;
- (III) state the matters and motions to be discussed at the meeting;
- (IV) provide such information and explanations as are necessary for the shareholders to exercise a sensible judgment on the proposals. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganize the share capital or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;
- (V) contain a disclosure of the nature and extent, if any, of the material interests of any director, supervisor, our general manager or other member of senior management in the transaction proposed and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of the shareholders of the same class;
- (VI) contain the full text of any special resolution proposed to be voted at the meeting;
- (VII) contain conspicuously a statement that all shareholders are entitled to attend the general meeting and vote, and the shareholder may appoint a proxy in writing to attend the meeting and vote on his/her behalf and that a proxy need not be a shareholder of the Company;
- (VIII) specify the time and place for delivering proxy forms for the relevant meeting;
- (IX) specify the record date for determining the shareholders who are entitled to attend the shareholders' meeting; The period between the record date and the date for the meeting shall not be more than 7 working days. No changes shall be made once the record date is confirmed;
- (X) state the names and telephone numbers of the standing contact persons for the meeting.

If a general meeting is held online or otherwise, the designated time and procedure for voting online or through other means shall be expressly stated in the notice of such meeting.

Any notice and supplementary notice of general meetings shall sufficiently and completely disclose all contents of all motions in full and all such information or explanation as are necessary for the shareholders to make an informed judgment on the matters to be discussed in full. If any matter to be discussed requires opinions of the independent non-executive directors, the opinions and reasons of the independent non-executive directors shall be disclosed together with the issuance of such notice.

**Article 81** If the election of directors or supervisors is proposed to be discussed at a general meeting, the notice of such meeting shall adequately disclose the detailed information of the candidates for directors or supervisors, which information shall at least include:

- (I) personal particulars, including educational background, work experience, and part-time jobs;
- (II) whether one has any connected relations with the Company, its controlling shareholders and de facto controllers;
- (III) the number of shares of the Company one holds;
- (IV) whether one has been punished by the securities regulatory authority of the State Council or any other relevant authority or the reprimand of the stock exchange;
- (V) the information of the directors or supervisors appointed, or reappointed or transferred that must be disclosed according to the provisions of Hong Kong Listing Rules.

Unless a director or supervisor is elected via the cumulative voting system, each candidate for director or supervisor shall be proposed via a single proposal.

**Article 82** Unless otherwise specified in the laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed or the articles of association, the notice of a general meeting shall be sent out to shareholders (whether they have voting rights at the general meeting or not) by a specific person or by post-paid mail. The addresses of the recipients are subject to the addresses registered in the register of members.

For shareholders of domestic shares, the notice of a general meeting may also be sent out in form of announcement.

The announcement stated in the preceding paragraph shall be published on one or multiple periodicals designated by the securities regulatory authority of the State Council. Once the announcement is published, it shall be deemed that all the shareholders of domestic shares have received the notice of the general meeting.

Under the precondition of conforming to relevant provisions of laws and regulations, meeting the requirements of the listing rules of the stock exchange in the place where the stocks of the Company are listed and performing relevant procedures, the Company may also send the notice of a general meeting to H Shares shareholders by means of publishing the notice on the website of the Company and the websites designated by the Hong Kong Stock Exchange or in other ways permitted by Hong Kong Listing Rules and the articles of association, instead of sending the notice to H Share shareholders by a specific person or by post-paid mail.

**Article 83** After the notice of general meeting is issued, the same meeting shall not be postponed or cancelled and the proposals set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefore at least two workdays prior to the date on which the meeting is originally scheduled.



## Section 5 Holding of General Meetings

**Article 84** The board of directors of the Company or any other convener shall take necessary measures to ensure the proper order of the general meeting. The board of directors or any other convener shall take measures to stop any act disturbing the general meeting, seeking trouble or infringing upon the legitimate rights and interests of shareholders, and shall report such act to the relevant authority for investigation and treatment.

**Article 85** All shareholders or their proxies in the register of members on the equity registration date shall be entitled to attend the general meeting and exercise their voting rights according to relevant laws, administrative regulations, departmental rules, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the articles of association.

The shareholders that have the right to attend general meetings and exercise voting rights may attend and vote at general meetings either in person or by one or multiple proxies (the proxies may be not shareholders). The proxy may exercise the following rights according to the authorization of the shareholder:

- (I) the right of the shareholder to speak at the general meeting;
- (II) to require alone or together with others voting by ballot;
- (III) to exercise the voting right on a show of hands, but if more than one shareholder proxy is appointed, the shareholder proxies may exercise voting right only in form of ballot.

If the shareholder is a recognized clearing house defined by relevant laws or regulations of the place where the stocks of the Company are listed or an agent thereof, it may authorize one or more people it deems appropriate to act as its representatives at any general meeting or class meeting; but, if more than one person is authorized, the power of attorney shall state the number and class of shares involved by each of the authorized persons. The power of attorney shall be signed by a person authorized by the recognized clearing house. The authorized persons may attend meetings (without presenting proof of shareholding, notarized authorization and/or further evidence to prove they have obtained official authorization) and exercise rights on behalf of the recognized clearing house (or its agent), as if the persons are individual shareholders of the Company.

**Article 86** An individual shareholder attending a general meeting in person shall present his/her identity card or other valid identity certificates or share account card; a proxy attending a general meeting on behalf of an individual shareholder shall present his/her identity card and power of attorney of the shareholder. For a corporate shareholder, its legal representative or a proxy appointed thereby shall attend the meeting. The legal representative attending the meeting shall present his/her identity card or valid certificate bearing evidence of his/her qualifications as legal representative; a proxy attending the meeting on behalf of the legal representative shall present his/her identity card and the written power of attorney lawfully issued by the legal representative of the corporate shareholder.

**Article 87** A shareholder shall authorize a proxy in a written form, with the signature of the principal or the proxy authorized by it in a written form. If the principal is a legal person, the legal person seal or the signature of its director or officially authorized proxy shall be affixed.

The power of attorney issued by a shareholder to appoint a proxy to attend a general meeting shall specify:

- (I) the name of the proxy;
- (II) number of shares of the principal represented by the proxy;
- (III) whether or not the proxy has any voting right;
- (IV) directive to vote for or against or abstain from voting on each and every matter under consideration included in the agenda of the general meeting;
- (V) the date of issue and validity period of the power of attorney;
- (VI) signature (or seal) of the principal. If the principal is a corporate shareholder, the corporate seal shall be affixed.

**Article 88** Any format of power of attorney sent by the board of directors of the Company to shareholders for appointing shareholder proxies shall enable the shareholders to freely select instructing the shareholder proxies to cast affirmative or negative votes, and give instructions on the matters to be voted at every topic of the meeting. A power of attorney shall state clearly that the proxy shall be entitled to vote or not at his discretion in the absence of specific instructions from the shareholder.

**Article 89** The power of attorney for voting shall be prepared at the Company's domicile or at such other place as specified in the notice of the meeting at least 24 hours prior to the convention of the meeting at which the power of attorney authorizes to vote, or 24 hours prior to the designated voting time. If the power of attorney for voting by proxy is signed by the authorized person of the principal, the letter of authority for signing or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents shall, together with the power of attorney for voting, be deposited at the Company's domicile or at such other place as specified in the notice of the meeting.

Where the principal is a legal person, its legal representative or a person authorized by the board of directors or other decision making body shall attend the general meeting of the Company.

**Article 90** Where the principal is deceased, or loses capacity for act, or withdraws appointment, or withdraws the authorization to endorse appointment, or relevant shares have been transferred before voting, as long as the Company does not receive written notice on such matter before commencement of the meeting, the vote made by the shareholder proxy according to the power of attorney shall be still valid.

**Article 91** Attendees' register shall be prepared by the Company. The attendees' register shall state the names (or names of the corporations), identification card number and the address of the attendees, the number of voting shares held or represented, names of the principals (or names of the corporations) and so on.

**Article 92** The convener and the lawyer appointed by the Company shall jointly verify the validity of the shareholders' qualifications based on the register of members provided by the securities registration and clearing organization, and shall register the names of the shareholders as well as the number of their voting shares. The registration for a meeting shall be completed before the presider announces the number of shareholders and proxies that attend the meeting and the total number of their voting shares.

**Article 93** All directors, supervisors and secretary to the board of directors shall attend general meetings of the Company, and the general manager and other senior management officers shall be present at the meetings.

**Article 94** General meetings shall be convened by the board of directors. General meetings shall be presided over by the chairman. Where the chairman cannot or does not fulfil the duty thereof, more than half of the directors may jointly elect a director to preside over the meeting.

A general meeting convened by the supervisory committee itself shall be presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee cannot or does not fulfil the duty thereof, more than half of the supervisors may jointly elect a supervisor to preside over the meeting.

A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener. If for any reason, the shareholder is unable to elect a representative as a presider to preside over the meeting, the shareholder holding the most voting shares among the shareholders (including shareholder proxy (other than HKSCC Nominees)) shall act as the preside to preside over the meeting.

When a general meeting is held and the presider violates the articles of association or the rules of procedure for general meetings of the Company, which makes it difficult for the general meeting to continue, a person may be elected at the general meeting to act as the presider, subject to the approval of more than half of the attending shareholders with voting rights.

**Article 95** The Company shall formulate rules of procedure for general meetings defining in details the convening and voting procedure of general meetings, covering notification, registration, consideration of proposal, voting, counting of votes, announcement of voting result, formation of resolution, meeting minutes and signing thereof and announcement, and the principle and contents of authorization of the Board on general meetings. The rules of procedure for general meetings shall be appendix to the articles of association and shall be formulated by the board of directors and approved on the general meeting.

**Article 96** The board of directors and the supervisory committee shall report their work in the preceding year at the annual general meeting. Every independent director shall also make his work report.

**Article 97** Directors, supervisors and members of the senior management shall make explanations in relation to the inquiries and suggestions made by shareholders at general meetings.

**Article 98** The presider shall, prior to voting, declare the number of attending shareholders and their proxies as well as the total number of their voting shares, and the number of attending shareholders and their proxies and the total number of their voting shares shall be as recorded in the meeting's register.

**Article 99** Minutes of a general meeting shall be kept by the secretary to the board of directors. The minutes of the meeting shall specify:

- (I) time, venue and agenda of the meeting, and the name of the convener;
- (II) the names of the presider, and the directors, supervisors, general manager and other senior management officers attending or present at the meeting;
- (III) the number of shares with voting rights held by the holders of domestic shares (including the share proxy) and holders of foreign shares (including the share proxy) attending the meeting, and their respective proportions in the total number of shares of the Company;
- (IV) the consideration process, summaries of speeches and voting result for each proposal; when the voting results are recorded, the voting status of the holders of domestic shares and holders of foreign shares on each matter subject to resolution;
- (V) inquiries or suggestions of the shareholders, and the corresponding responses or explanations;
- (VI) the names of the lawyer, counting officer and monitoring officer;
- (VII) other contents that shall be recorded in the minutes in accordance with the articles of association.

**Article 100** The convener shall ensure the minutes of the meeting are true, accurate and complete. The attending directors, supervisors, secretary to the Board, convener or representative thereof, and presider shall sign the minutes of the meeting. The minutes of the meeting, the signed attendance record of those shareholders on the spot and the power of attorney for attendance by proxy, and the valid information relating to the voting over network or other means shall be kept for 10 years.

**Article 101** Shareholders may consult the photocopies of minutes of meetings for free in the office hours of the Company. If any shareholder asks for the photocopy of relevant meeting minutes to the Company, the Company shall send the photocopy within seven days after receipt of reasonable fee.

**Article 102** The convener shall ensure that a general meeting is held continuously until final resolutions are arrived at. If the general meeting is terminated or fails to reach any resolution due to force majeure or for other special reasons, the convener shall take necessary measures to resume the general meeting as soon as possible or directly terminate the general meeting and make a responsive announcement. Meanwhile, the convener shall report to the local office of the securities regulatory authority of the State Council in the locality of the Company and the stock exchange in the place where the stocks of the Company are listed.

## Section 6 Voting and Resolutions of General Meetings

**Article 103** Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions shall be passed by votes representing more than half of the voting rights held by shareholders (including proxies thereof) attending the general meeting. Special resolutions shall be passed by votes representing more than two thirds of the voting rights held by shareholders (including proxies thereof) attending the general meeting.

**Article 104** The following matters shall be approved by ordinary resolutions at a general meeting:

- (I) work reports of the board of directors and the supervisory committee;
- (II) the Company's profit distribution plan and loss recovery plan;
- (III) appointment and dismissal of the members of the board of directors and the supervisory committee, their remunerations and the method of payment thereof;
- (IV) the Company's annual budgets, final accounts, balance sheets, income statements and other financial statements;
- (V) the Company's annual reports;
- (VI) external guarantees specified in Article 66 of the articles of association;
- (VII) consideration and approval of matters relating to the changes in the use of proceeds from share offerings;
- (VIII) resolution on appointment or dismissal of the Company's accounting firm;
- (IX) other matters than those that should be passed by special resolutions pursuant to laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed or the articles of association.

**Article 105** The following matters shall be approved by special resolutions at a general meeting:

- (I) increase or decrease of the registered capital of the Company and issuance of any class of stocks, stock warrants and other similar securities;
- (II) issuance of corporate bonds;
- (III) the division, merger, dissolution and liquidation of the Company;
- (IV) amendment to the articles of association;
- (V) the Company's purchase, sale of major assets or guarantee within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company;

(VI) equity incentive plans;

(VII) any other matter specified in the laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed or the articles of association and confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by special resolutions.

**Article 106** The votes casted by minority investors shall be separately counted when material matters affecting the interests of minority investors are being deliberated at the general meeting. The results of the separate vote-counting shall be publicly disclosed in a timely manner. The shares held by the Company itself shall have no voting rights and shall not be calculated into the total number of voting shares held by the attending shareholders. The board of directors, independent directors and shareholders who meet related provisions may solicit the voting rights of shareholders. Where the voting rights of a shareholder are being solicited, information such as the specific voting intention shall be fully disclosed to the shareholder. It is prohibited to solicit shareholders' voting rights in a covertly or overtly payable manner. The Company shall not impose restrictions on the minimum shareholding percentage for solicitation of voting rights.

**Article 107** When a connected transaction is considered at a general meeting, connected shareholders shall not vote, and the voting shares they represent shall not be counted in the total number of valid voting shares; the announcement of any resolution made at the general meeting shall adequately disclose information relating to voting by non-connected shareholders.

When a general meeting deliberates the connected transaction matter, the connected shareholder shall actively state the situation to the general meeting and explicitly indicate that he will not participate in the voting. In case such connected shareholder fails to actively state the connected relation, other shareholders may request him to state the situation and avoid the voting. Connected shareholder fails to state the connected relation and avoid the voting, the voting shares held by him/her shall not be calculated into the total number of voting shares present at the general meeting.

If, after the conclusion of the general meeting, other shareholders find out that the related shareholders have participated in the voting on the related party transactions, the shareholders shall be entitled to file a lawsuit with the people's courts in respect of the relevant resolutions according to the Company Law and the provisions of the articles of association.

**Article 108** The Company shall provide convenience for shareholders to attend general meetings by whatever means including the use of modern information technology means such as online voting platform, provided that the general meeting shall be held legally and validly.

**Article 109** Unless the Company is in a crisis or any special circumstance, the Company may not enter into any contract with anyone other than a director, general manager or other senior management officer to have all or significant part of the Company's business in the care of the said person, unless with the approval by special resolutions at a general meeting.



**Article 110** List of nominations for the candidates for directors or supervisors shall be proposed by way of proposal at general meetings for voting.

(I) Method and procedure for nominating candidates for directors and the independent directors

1. Shareholders individually or in aggregate holding more than 3% of the Company's shares may nominate and recommend candidates for directors to the board of directors in written form. After examination of qualifications of candidacy by the board of directors, a written proposal will be proposed to general meeting for election.
2. The board of directors may nominate and recommend candidates for directors and independent directors of the Company, and formulate a written proposal in the form of board of directors' resolution for proposing to the general meeting for election.
3. Shareholders individually or in aggregate holding more than 1% of the Company's Shares can nominate and recommend candidates for independent directors of the Company. After examination of qualifications of candidacy by the board of directors, a written proposal will be proposed to general meeting for election.
4. The supervisory committee may nominate and recommend candidates for independent directors of the Company. After examination of qualifications of candidacy by the supervisory committee, a written proposal will be proposed to general meeting for election.

(II) Method and procedure for nominating the candidates for supervisors

1. Shareholders individually or in aggregate holding more than 3% of the Company's shares may nominate and recommend candidates for supervisors to the supervisory committee in written form. After examination of qualifications of candidacy by the supervisory committee, a written proposal will be proposed to general meeting for election.
2. The supervisory committee may nominate and recommend candidates for supervisors of the Company, and formulate a written proposal in the form of the supervisory committee resolution for proposing to the general meeting for election.
3. The employee supervisor representatives of the supervisory committee shall be democratically elected by the Company's employees through employee representative meeting.

(III) Formulation of resolutions and submission method and procedure of election of directors and supervisors

1. For the nominated candidates for directors or of supervisors, the board of directors shall consult the nominees for the opinions of whether he/she agrees to be candidate of directors or supervisors.
2. The board of directors shall require the candidate who intend to serve as director or supervisor to make a written commitment before the convening of the general meeting, indicating that he/she agrees to accept the nomination and disclose their relevant information to public for ensuring the authenticity and completeness of the disclosed personal information, and guarantees that he/she can legally and effectively perform his/her duty as director or supervisor after being elected.
3. The board of directors shall, as soon as possible, verify and understand the resumes and basic information of the candidates for directors and supervisors, and announce the resumes and basic information of the candidates for directors and supervisors to shareholders.
4. The board of directors shall formulate a written proposal and propose it to the general meeting for election based on the verification and understanding the resumes and basic information of the candidates for directors and supervisors and the recommendation of the nominees.

**Article 111** When the shareholders in the general meeting vote in respect of the election of directors and supervisors, a cumulative voting system shall be implemented in accordance with the provisions of the articles of association or the resolutions of the general meeting.

The cumulative voting system as referred above means that when a director or supervisor is elected at the general meeting, each share shall carry the same number of voting rights as the number of directors or supervisors to be elected, the total number of votes cast by shareholders attending the general meeting shall be the number of shares held times the number of director's candidates. Each shareholder may cast all his votes to a single candidate or spread his votes among different candidates, provided that the cumulative votes cast shall not exceed the total number of votes held by that shareholder. The board of directors shall announce the resume and basic information of each candidate of directors and supervisors to the shareholders. The directors shall be elected according to the number of votes cast for them. The number of votes obtained by the director's candidates shall exceed half of the voting rights represented by the persons attending the general meeting. For the candidates for directors or supervisor who have obtained more than half of the effective voting rights held by shareholders attending the general meeting, the elected directors or supervisors shall be determined specifically according to the number of directors or supervisors scheduled for election and based on the votes in descending order.



**Article 112** The Company uses the cumulative voting system for the measures of voting in election of directors and supervisors:

- (I) When the directors (including independent directors) and supervisors are elected by way of voting at the general meeting of the Company, each shareholder has the right to vote equal to the number of shares held by the shareholders times the number of directors or supervisors to be elected; when the shareholders exercise voting rights, they have the right to determine whether to vote for a candidate of director or supervisor and the number of votes.
- (II) When filling in a ballot, a shareholder may either put all his/her votes to one candidate for director or supervisor or allocate his/her votes among different candidates for directors or supervisors, with indication of the number of votes underneath the name of each candidates for directors or supervisors he/she elected. For candidates for directors or supervisors that a shareholder is not willing to elect, zero votes shall be marked underneath their names.
- (III) A ballot shall be valid when number of votes indicated on ballots do not exceed the aggregate number of votes held by a shareholder. Votes by such shareholder shall be listed in valid voting results.
- (IV) A ballot shall be invalid if the number of votes exercised by a shareholder exceed the valid number of votes held by such shareholder. Votes by such shareholder shall not be listed in valid voting results.
- (V) After the voting, the scrutineer and the vote counting officer determined at the general meeting shall count the votes and announce the number of votes for each candidates for directors or supervisors. The elected directors or supervisors shall be determined based on the number of votes for each candidates for directors or supervisors.
- (VI) An elected director and supervisor shall obtain more than one-half of the valid and supporting votes held by shareholders attending the general meeting. For candidates for directors or supervisors obtained more than one-half of valid and supporting votes at the general meeting, the elected director or supervisor shall be determined based on the predetermined numbers of director or supervisor and the valid votes of each candidates for directors or supervisors and then the number of votes received ranking in descending.
- (VII) If the number of candidates for directors or supervisors who obtained more than one-half of the valid and supporting votes held by shareholders attending the general meeting exceed numbers scheduled for election, for those unelected candidates for directors or supervisors according to the number of votes received ranking in descending, shall be unelected.

- (VIII) If all or some of the candidates for director or supervisor have not obtained more than one-half of the effective and supporting votes held by shareholders attending the general meeting, resulting in the number of directors or supervisors so elected not reaching the predetermined quota for election, a second round of voting may be taken for the election of the candidates for director or supervisor not obtaining more than one-half of the effective votes held by shareholders attending the general meeting. If in the second round of voting, there are candidates for director or supervisor who obtain more than one-half of the valid and supporting votes held by shareholders attending the general meeting, the elected director or supervisor shall be determined based on the number of votes received ranking in descending order and dependent on the number of directors and supervisors need to be elected. If in the second round of voting, no candidate for director or supervisor obtains more than one-half of the valid and supporting votes held by shareholders attending the general meeting, or the number of candidates so elected does not meet the predetermined quota for election, no more election will be held at such general meeting, and such vacancies shall be elected at the next general meeting.
- (IX) When the shareholders with more than a half of the valid voting right attending the general meeting vote for candidates for directors or supervisors, which gives rise to the situation that such candidates obtain equal number of votes and that it exceeds the predetermined number of directors or supervisors to be elected, a second election shall be held in accordance with the related rules under the articles of association. If the scheduled election of directors or supervisors could not be completed after the second election, elections would not be held again in such general meeting and a by-election shall be held in the next general meeting.
- (X) No election will be held in such general meeting and election for next general meeting will be arranged when no director or supervisor of corresponding class and number required under the article of association have been elected after two elections held in a general meeting.

**Article 113** Except for the cumulative voting system, all resolutions shall be resolved on a case-by-case basis at the general meeting. Where different resolutions for the same issue are proposed, such resolutions shall be voted on and resolved in the order of time in which they are proposed. Unless the general meeting is terminated or no resolution can be made due to special reasons such as force majeure, voting of such proposals shall neither be put on hold nor voting by-passed at the general meeting.

**Article 114** When considering a resolution at a general meeting, no amendment shall be made thereto. Otherwise, any change made thereto shall be considered as a new resolution, of which the voting shall not proceed in that meeting.

**Article 115** The same voting right may only be exercised at either an on-site meeting, on the network or in another voting method. In the event that the same voting right is repeated, the result of the first vote shall prevail.

**Article 116** Unless otherwise required in the articles of association, at any general meeting, a resolution shall be decided on a show of hands, unless, before or after a vote is carried out by a show of hands, a poll demanded by the following persons or required by relevant regulations of the securities regulatory authority of the place where the shares of the Company are listed:

- (I) the chairman of the meeting;
- (II) at least two shareholders present in person or by proxy entitled to vote thereat; or
- (III) one or more shareholders (including proxies) holding, individually or in the aggregate, 10% or more of all shares carrying the right to vote at the meeting.

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

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

If a poll is demanded in accordance with the relevant regulations of the securities regulatory authority at the place where the shares of the Company are listed, the chairman of the meeting may make a decision in good faith to permit the resolution on the pure relevant procedures or administrative matters to be passed on a show of hands.

A poll demanded on the election of the chairman of the meeting, or the adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matter shall be taken as the chairman of the meeting directs, and the meeting may proceed with the discussion of other matters; the result of the ballot shall still be regarded as a resolution passed at the meeting.

**Article 117** On a poll taken in respect of shares at a meeting, a shareholder (including a proxy) entitled to two or more votes is not required to cast all his votes for or against any proposal on all his votes.

**Article 118** In the event of an equality of the number of votes for and against a resolution, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to one additional vote.

**Article 119** Voting at a general meeting shall be taken by way of poll of registered voters.

**Article 120** Before the proposals are being voted at shareholders' general meeting, two shareholder representatives shall be elected to participate in vote counting and monitoring. If these shareholders are interested in the matters to be examined, the relevant shareholders or their proxies shall not participate in the vote counting or monitoring.

When the proposals are being voted at the general meeting, lawyers, shareholders representatives and supervisors shall be jointly responsible for vote counting and scrutinizing and announcing the voting results onsite, while result of the vote would be recorded in the minutes of the meeting. The Company shall appoint its accounting firm, share registrar or an external auditor qualified as its accounting firm to be the scrutineer.

Shareholders of listed companies or their proxies voting through the internet shall have the right to check their own votes cast through the relevant voting system.

**Article 121** An on-site general meeting shall not end earlier than the one held through internet or by other methods. The chairman of the meeting shall decide whether the resolutions of the meeting have been passed according to the voting and result of each proposal and his/her decision shall be conclusive, announced at the meeting and be recorded in the minutes.

Before announcing the poll results officially, the listed companies, the vote-counter, the voting scrutineer, our major shareholders and the internet service providers involved in the voting at the shareholders' general meeting, through the internet or other method shall assume confidentiality obligations.

**Article 122** Shareholders present at the general meeting shall give one of the following comments to the proposals put forward for voting: for, against or abstention. If the voting slip has not been completed or has been completed incorrectly or that the writing is illegible or that the voting slip has not been cast, it shall be treated that the voter has renounced his/her voting rights and the voting result of the relevant number of shares held by him/her shall be counted as "abstain".

Where the Hong Kong Listing Rules requires an abstention in respect of a resolution by any shareholder, or imposes restrictions on any shareholder for voting for (or against) a resolution, the vote casted by such shareholders or their proxies shall not be counted in case of any violation of the said requirement or restrictions.

**Article 123** If the chairman of the meeting has any doubt on the poll results, he may arrange for vote counting. If the chairman of the meeting does not arrange for vote counting and the shareholders or their proxies attending the meeting object to the results announced by the chairman, they shall have the right to demand vote counting immediately after announcement of the voting results, and the chairman of the meeting shall arrange for vote counting immediately.

If counting of votes is held at a general meeting, the result of the counting shall be recorded in the minutes of the meeting. Minutes of meetings together with the signature book of the shareholders attending the meeting and proxy forms shall be kept at the registered office of the Company.

**Article 124** Public announcement of the voting results of a general meeting, containing the number of shareholders and proxies attending the meeting, the total number of voting shares held by them and its proportion to the total number of voting shares of the Company, the form of voting, result of each resolution and the detailed content of each resolution, shall be issued in time. Attendance and voting of holders of domestic shares and holders of foreign invested share shall be counted and published respectively.

**Article 125** If a proposal is not passed or a resolution passed at the previous general meeting is amended at such general meeting, it shall be set out as a special reminder in the announcement on resolutions of the general meeting.

**Article 126** Where a proposal on election of directors or supervisors is passed at the general meeting, saved as otherwise required by the general meeting, the term of office of a new director or supervisor shall commence on the date on which resolutions being approved by the general meeting until the date on which the term of the current board of directors or supervisory committee expire.

**Article 127** Where a proposal on cash dividends, bonus shares or increase of share capital by way of transfer from capital reserves, the Company shall implement the specific scheme within two months after conclusion of the general meeting.

### **Section 7 Special Procedures for Voting at Class Meeting**

**Article 128** Shareholders who hold different classes of shares shall be shareholders of different classes.

Shareholders of different classes shall enjoy rights and undertake obligations in accordance with the laws, administrative regulations and the articles of association. Apart from the holders of other classes of shares, holders of domestic shares and holders of holders of H Shares shall be considered as different classes of shareholders. The Company shall ensure adequate voting rights for the holders of preference shares under appropriate circumstances.

**Article 129** Rights of conferred on any class of shareholders in the capacity of shareholders may not be varied or abrogated unless approved by a special resolution of shareholders' general meeting and by holders of shares of that class at a separate meeting conducted in accordance with relevant requirements stipulated in this section of the Articles of Association.

**Article 130** The following circumstances shall be deemed to be variation or abrogation of the class rights of a class:

- (I) to increase or decrease the number of shares of such class, or increase or decrease the number of shares of class having voting or equity rights or privileges equal or superior to those of the shares of such class;
- (II) to effect an exchange of all or part of the shares of such class into shares of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;
- (III) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
- (IV) to reduce or remove a dividend preference or a liquidation preference attached to shares of such class;
- (V) to add, remove or reduce conversion privileges, options, voting rights, transfer, pre-emptive rights, or rights to acquire securities of the Company attached to shares of such class;
- (VI) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of such class;
- (VII) to create a new class having voting or equity right or privileges equal or superior to those of the shares of such class;
- (VIII) to restrict the transfer or ownership of the shares of such class or add to such restriction;

- (IX) to issue rights to subscribe for, or convert into, shares in the Company of such class or another class;
- (X) to increase the rights or privileges of shares of another class;
- (XI) to restructure the Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate burden of such proposed restructuring;
- (XII) to vary or abrogate provisions in the articles of association.

**Article 131** Shareholders of the affected class, whether or not otherwise having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matter concerning items (II) to (VIII), (XI) and (XII) of Article 130 in the articles of association, but interested shareholder (as defined below) shall not be entitled to vote at class meetings.

The meaning of “interested shareholder” in the preceding paragraph is:

- (I) in the case of a repurchase of shares by offers to all shareholders pro rata according to Article 28 under the articles of association or public dealing on a stock exchange, a “controlling shareholder” within the meaning of Article 272 stipulated in the articles of association;
- (II) in the case of a repurchase of shares by an off-market contract according to Article 28 provided in the Articles of Association, a holder of the shares to which the proposed contract relates;
- (III) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of shareholders of that class.

**Article 132** Resolutions of a class meeting shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who are entitled to vote at class meetings in accordance with Article 133 provided in the articles of association.

**Article 133** When the Company is to hold a class meeting, it shall issue a written notice in accordance with the provisions on notice period of annual general meetings and extraordinary general meetings under Article 79, informing all the registered shareholders of that class of the matters to be considered at the meeting as well as the date and venue of the meeting.

Where there shall be any special provisions in the listing rules of the stock exchange at which the shares of the Company are listed, the Company shall adhere to as required.



**Article 134** Notice of class meetings need only be served on shareholders entitled to vote thereat.

Any class meetings shall be conducted in a manner as similar as possible to that of general meetings. The provisions of the articles of association relating to the manner of conducting any general meeting shall apply to any class meeting.

Save as shareholders of shares of other classes, holders of domestic shares and holders of overseas listed foreign invested shares are deemed as shareholders of different classes.

**Article 135** The special procedures for voting at a class of shareholders shall not apply in the following circumstances:

- (I) where the Company issues domestic shares and overseas listed foreign invested shares, upon the approval by a special resolution of its general meeting, either separately or concurrently once every 12 months, not exceeding 20% of each of its existing issued;
- (II) where the Company's plan to issue domestic shares and overseas-listed foreign invested shares at the time of its establishment is carried out within 15 months from the date of approval of the securities regulatory authority under the State Council or the valid period of its approvals;
- (III) Upon approval by the securities regulatory authority under the State Council, the holders of domestic shares of the Company transfer the shares they hold to overseas investors and trade them in overseas stock exchanges.

## **CHAPTER 5 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 136** Directors shall be elected or changed by the general meeting, and may be removed from his office by the general meeting. The term of office of a director is three years. A director may serve consecutive terms if re-elected.

Any director with unexpired term of office may be removed by the general meeting by an ordinary resolution in accordance with relevant laws and regulations and the listing rules of the stock exchange at which the shares of the company are listed provided that the director's right to claim damages based on any contract shall not be affected.

A director's term of service commences from the date he takes office, until the current term of service of the board of directors ends. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations, departmental rules, the listing rules of the stock exchange at which the shares of the company are listed and the articles of association until a re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office.

The general manager or other members of senior management may concurrently serve as a director, provided that the aggregate number of the directors, who concurrently serve as general manager or other members of senior management, and the directors, who are employee representatives, shall not exceed one half of all the directors of the Company.

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



**Article 137** The directors shall comply with the laws, administrative regulations, the listing rules of the stock exchange at which the shares of the company are listed and the articles of association and shall faithfully perform their following obligations to the Company:

- (I) not to abuse their rights to accept bribes or other illegal income and not to misappropriate the properties of the Company;
- (II) not to misappropriate the money of the Company;
- (III) not to deposit any assets or money of the Company in any accounts under their names or in the names of other persons;
- (IV) not to violate the articles of association and lend the money of the Company to others or provide guarantee to others by charging the Company's assets without approval of the general meetings or the board of directors;
- (V) not to enter into contracts or transactions with the Company in violation of the articles of association or without approval of the general meeting;
- (VI) not to use their position to obtain business opportunities which should be available to the Company for themselves or others, or to run his/her own or others' business which is similar to the Company's business without approval of the general meeting;
- (VII) not to accept commissions in relation to transactions between any third party and the Company;
- (VIII) not to disclose the secrets of the Company without consent;
- (IX) not to use their connections to harm the interests of the Company;
- (X) to be bound by other duties of loyalty stipulated by the laws, administrative regulations, departmental rules, the listing rules of the stock exchange at which the shares of the company are listed and the articles of association.

The Company shall be entitled to the income gained by the directors in violation of this article; the director shall be liable for compensation if any loss is caused to the Company.

**Article 138** The directors shall comply with the laws, administrative regulations, the listing rules of the stock exchange at which the shares of the company are listed and the articles of association and shall diligently perform their following obligations to the Company:

- (I) to exercise prudently, conscientiously and diligently the rights granted by the Company to ensure that the Company's commercial activities are in compliance with the laws, administrative regulations and the requirements of economic policies of China and that its commercial activities are within the scope stipulated in the business license;
- (II) to treat all shareholders equally and fairly;
- (III) to understand the operation and management of the Company in a timely manner;

- (IV) to approve regular reports of the Company in written form and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;
- (V) to provide all relevant information and materials required by the supervisory committee and shall not intervene the performance of duties of the supervisory committee or supervisors;
- (VI) to perform other obligations of diligence stipulated by the laws, administrative regulations, departmental rules, the listing rules of the stock exchange at which the shares of the company are listed and the articles of association.

**Article 139** The methods and procedures of director nomination are as follows:

- (I) The methods and procedures of nomination of director candidates shall be carried out in accordance with the relevant requirements of laws, administrative regulations, departmental rules, the listing rules of the stock exchange of the place where the shares of the Company are listed or the articles of association;
- (II) The intention to nominate a candidate for director and a written notice stating the candidate's consent to be nominated as director shall be served upon the Company 7 days prior to date of the general meeting (such 7 day notification period shall begin from no earlier than the next day following the dispatch of the notice of the general meeting and end no later than 7 days prior to the date of the general meeting). The Company shall provide at least 7 days (which begins from the next day following the dispatch of the notice of the general meeting) for the nominators and the director candidates to submit the abovementioned notice and documents. The director candidate who has given his/her consent to be nominated shall undertake that his/her personal information as disclosed are true and complete and that he/she will conscientiously perform his/her duties as director if so elected.

**Article 140** A director who fails to attend two consecutive meetings of the board of directors in person or by proxy shall be deemed as unable to perform his/her duties. The board of directors shall propose to the general meeting for removal of such director.

**Article 141** A director may resign before expiry of his/her term of service. When a director resigns, he shall submit a written resignation notice to the board of directors. The board of directors shall make relevant disclosure as soon as possible and within no later than 2 days.

If the member of directors falls below the minimum statutory requirement due to a director's resignation, the former directors shall still perform their duties as directors in accordance with the requirements of laws, administrative regulations, departmental rules, the listing rules of the stock exchange at which the shares of the company are listed and the articles of association before the appointment of the re-elected directors. Save for the circumstances referred to in the preceding paragraph, the director's resignation takes effect upon delivery of his/her resignation report to the board of directors.

Without violation of relevant laws and regulations and the regulatory rules of the place where the shares of the Company are listed, any director appointed to fill a casual vacancy or as an addition to the board of directors shall hold office only until the next annual general meeting of the Company and shall be eligible for re-election at the meeting. Any director appointed to fill a casual vacancy shall accept shareholders' election at the first general meeting after acceptance of the appointment.

**Article 142** When a director's resignation takes effect or his/her term of service expires, the director shall complete all transfer procedures with the board of directors. His/her duties towards the Company and the shareholders do not necessarily cease before the resignation letter becomes effective or within a reasonable period after it has become effective, and within a reasonable period after the end of his/her term of service. The duty of confidentiality in respect of trade secrets of the Company shall still be in effect after the end of his/her term of office, until such trade secrets become publicly available information. Other duties may continue for such period as the principle of fairness may require, depending on the length of time which has elapsed between the occurrence of the event concerned and the termination of tenure, and the circumstances and terms under which the relationships between them and the Company have been terminated.

**Article 143** Unless legally authorized by the articles of association or the board of directors, no director shall act on behalf of the Company or the board of directors. When a director acts in his/her own name and a third party reasonably considers such director acts on behalf of the Company or the board of directors, such director shall declare in advance his/her position and capacity.

**Article 144** A director shall be personally liable for any loss suffered by the Company as a result of a violation by him of any laws, administrative regulations, departmental rules, the listing rules of the stock exchange at which the shares of the company are listed or the Articles of Association in the course of performing his/her duties.

A director shall be liable for economic loss suffered by the Company as a result of his/her absence from duty during his/her term of office.

**Article 145** Independent directors shall perform in accordance with the relevant requirements of laws, administrative rules, departmental rules and the listing rules of the stock exchange of the place where the shares of the Company are listed.

Independent directors may tender their resignation before expiration of their term of office. If, at any time, the number of the independent directors of the Company falls below the minimum number as required by the Hong Kong Listing Rules or any independent director fails to meet the qualification and independence requirements of the Hong Kong Listing Rules, the Company shall notify the Hong Kong Stock Exchange of such occurrence and, by way of announcement, clarify the details and reasons thereof. The Company shall, within 3 months of such non-compliance, appoint such number of independent directors that is sufficient to meet the quorum as soon as possible to fulfill the requirements of the Hong Kong Listing Rules.

## **Section 2 Board of Directors**

**Article 146** The Company shall have a board of directors accountable to the general meeting.

**Article 147** The board of directors shall comprise 6 directors and shall have one chairman. Of which, at least 3 shall be independent directors, who accounted for no less than one third of all the directors and at least one of the independent directors must possess appropriate accounting or related financial management expertise.

**Article 148** The board of directors shall exercise the following functions and powers:

- (I) to convene general meetings and report to general meetings;
- (II) to implement resolutions of general meetings;
- (III) to resolve on the Company's business plans and investment plans;
- (IV) to prepare the annual financial budgets and final accounting plans of the Company;
- (V) to prepare the profit distribution plan and loss makeup plan of the Company;
- (VI) to formulate proposals for the Company in respect of increase or reduction of registered capital, issue of bonds or other securities and the listing thereof;
- (VII) to formulate plans for material acquisitions, purchase of shares of the Company, merger, division, dissolution or transformation of the Company;
- (VIII) to determine, within the authority granted by the general meeting, such matters as external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, etc.;
- (IX) to decide on the establishment of internal management organizations of the Company;
- (X) to appoint or dismiss the general manager and secretary to the board of directors of the Company; to appoint or dismiss senior management officers including deputy general manager(s) and the person in charge of finance of the Company in accordance with the nominations by general manager, and to determine their remunerations, rewards and penalties;
- (XI) to set up the basic management system of the Company;
- (XII) to formulate the proposals for any amendment to the articles of association;
- (XIII) to manage information disclosure of the Company;
- (XIV) to propose to the general meeting the appointment or replacement of the accounting firms which provide audit services to the Company;
- (XV) to listen to work reports of the general manager and review his/her work;
- (XVI) to exercise other functions and powers as stipulated by laws, administrative regulations, department rules, the listing rules of the stock exchange at which the shares of the company are listed or the articles of association.

The board of directors may resolve on the issues specified in the above paragraphs by approval of more than half of the directors save for the issues specified in items (VI), (VII) and (XII), for which approval of more than two-thirds of the directors is required.

The board of directors of the Company has established the audit committee, the remuneration and appraisal committee, the strategy committee and the nomination committee. These special committees shall be accountable to the board of directors and perform their duties in accordance with the articles of association and the authorization of the board of directors, and proposals shall be submitted to the board of directors for consideration and decision. Members of the special committees are all comprised of directors, in particular, majority of the members of the audit committee, the nomination committee, and the remuneration and appraisal committee are independent directors, who are also the convenors (the chairman). The audit committee shall be comprised of at least three members, of which, the convenor (the chairman) shall be an independent director, who possesses appropriate accounting or related financial management expertise.

The board of directors is responsible for formulating the rules of procedure of the special committees, and regulating the operation of the special committees.

**Article 149** The board of directors shall not dispose of or agree to dispose of any fixed assets without approval by the general meeting if the sum of the expected value of the fixed assets to be disposed of and the value derived from the disposal of fixed assets within four months before such proposal to dispose of the fixed assets exceeds 33% of the value of the fixed assets as shown on the latest audited balance sheet considered and approved by the general meeting.

Disposals of the fixed assets mentioned herein include transfer of certain asset interests, but do not include guarantee provided by pledge of fixed assets.

The effectiveness of the Company's disposal of the fixed assets shall not be affected by any breach of the foregoing provisions in item 1 of this Article.

**Article 150** The Company's board of directors shall explain to the general meeting regarding the non-standard auditors' advice given by certified accountant in relation to the financial report of the Company.

**Article 151** The board of directors shall formulate the rules of procedure for meetings of the board of directors to ensure the implementation by the board of directors of the resolutions of general meeting, to improve efficiency and to have scientific decision-making.

The rules of procedure of the board of directors provide the convening and voting procedures of the meetings of the board of directors and shall be an addendum to and have equal legality of, the articles of association. The rules of procedure of the board of directors shall be formulated by the board of directors and be approved by general meetings.

**Article 152** The board of directors shall determine the scope of authorities in respect of external investment, acquisition or sale of assets, asset mortgage, external guarantees, entrusted finance management and connected transactions, and establish strict examination and decision making procedures. Material investment projects shall be reviewed by experts and professionals and shall be subject to shareholders' approval at general meeting.

It shall be considered by the board of directors of the Company if the Company provides guarantee to others with its assets or credit, and it shall be considered and approved by more than two-thirds of directors at present. It shall be disclosed to the public in a timely manner after consideration by the board of directors if the Company provides external guarantee. When the board of directors considers the external guarantee, it shall obtain approval from more than two-third of directors present at the meetings of the board of directors and approval from more than two-third of all of independent Directors.

Any party provided with external guarantee by the Company must provide counter-guarantee and shall have actual ability to assume such counter-guarantee. Prior to decide to provide external guarantee (or prior to propose to general meeting for voting), the board of directors of the Company shall grasp the credit profiles of the secured party and fully analyze the interests and risks of such guarantee.

Directors and members of the senior management of the Company shall not enter into external guarantee contract on behalf of the Company without approval and authorization by a general meeting or the board of directors of the Company.

Directors and members of the senior management of the Company shall prudently treat and strictly control the risks of debt arising from the external guarantees. If the Company suffers losses due to directors and members of the senior management of the Company violate the approval authority and review procedures for external guarantees, the responsible directors and members of the senior management shall be liable for compensation for the losses arising from violations or improper external guarantees in accordance with the laws. The supervisory committee or eligible shareholders of the Company may file a lawsuit in accordance with the requirements under this articles of association.

The Company shall strictly comply with the relevant listing rules of the stock exchange and the relevant requirements under this articles of association, and seriously fulfill the obligation of information disclosure of external guarantees. The disclosure content shall include the resolution of the board of directors or resolution of the general meeting, the total external guarantees of the Company and subsidiaries as of the information disclosure date and the total guarantees provided by the Company to its subsidiaries.

The independent directors of the Company shall specifically explain the accumulated and current external guarantee of the Company and relevant requirements of the execution of external guarantees in the annual report of the Company, and express independent opinion.

**Article 153** The chairman of the company shall be elected or dismissed by a majority of all the directors by the board of directors.

**Article 154** The chairman of the board of directors shall exercise the following functions and powers:

- (I) to preside over general meetings, convene and preside over the board of directors meetings;
- (II) to monitor and check the implementation of the resolutions of the board of directors;
- (III) to sign the securities certificates issued by the Company;
- (IV) to nominate candidate for the general manager of the Company and candidate for the secretary of the board of directors, and propose to the Board for consideration;
- (V) to handle the daily affairs of the Board when it is in recess;
- (VI) to sign the legal documents shall be signed by the chairman of the Company;



(VII) in the event of emergency situations such as the occurrence of large-scale natural disasters, to take special steps in handling the Company's business according to the laws and the Company's interest; and to report to the board of directors of the Company and general meeting afterwards;

(VIII) to exercise other functions and powers conferred by the board of directors.

**Article 155** When the chairman of the board of directors is unable to or does not carry out duties, half or above of the directors shall nominate a director to carry out duties.

**Article 156** The board of directors shall be discussed through the board of directors meetings. Board of directors meetings include regular board of directors meeting and extraordinary board of directors meeting.

The board of directors meets regularly at least four times every year and it shall be convened by the chairman. All directors and supervisors shall be informed in written 14 days prior to convening of the meeting.

The agenda and the relevant meeting documents of regular board of directors meetings shall be fully and timely delivered to all of directors, and it shall be delivered at least three days (or any other agreed length of time) prior to the intended board of directors or its committee meetings.

**Article 157** The following members of the board of directors may propose convening of an extraordinary meeting:

- (I) where shareholders representing over one-tenth of the voting right propose;
- (II) where over one-third of the directors jointly propose;
- (III) where the board of supervisors proposes;
- (IV) where the board of directors considers it necessary;
- (V) where over half of the independent directors propose;
- (VI) where the general manager proposes;
- (VII) where the securities governing authorities request to convene;
- (VIII) other circumstances stipulated by the articles of association.

The chairman shall convene and preside over a meeting of the board of directors within 10 days from receipt of such proposals.

**Article 158** A notice of extraordinary meeting of the board of directors shall be served in person, delivered by posts, facsimile or emails; the time limit for the delivery of such notice is 3 days before the meeting. Restrictions imposed in this article may be ignored upon unanimous consent of all directors.



**Article 159** A notice of board meeting shall contain the following contents:

- (I) date and place of the meeting;
- (II) duration of the meeting;
- (III) cause and topic;
- (IV) date of notice.

**Article 160** The board meeting shall be held upon the attendance of more than half of directors. Each director shall have one vote. Unless otherwise stipulated in the articles of association, a resolution of the board of directors must be passed by more than half of all directors of the Company. Resolutions of the board of directors are voted by way of poll with each director having one vote. Where there is an equality of votes cast both for and against a resolution, the chairman of the board of directors shall have a casting vote.

**Article 161** If any director has connection with the enterprise involved in the resolution made at a board meeting, the said director shall not vote on the said resolution for himself or on behalf of another director. The board meeting may be held when more than half of the non-connected directors attend the meeting. The resolution of the board meeting shall be passed by more than half of the non-connected directors; while resolutions requiring approval of over two-thirds of the board of directors shall be passed by over two-thirds of the non-connected directors. If the number of non-connected directors attending the meetings is less than three, the issue shall be submitted to the general meeting for consideration.

**Article 162** Voting on board of directors meetings may be conducted by written ballot or by a show of hands.

Unless otherwise required by laws, administrative regulations, departmental rules, regulatory documents and the listing rules of the stock exchange of the place where the shares of the Company are listed, an extraordinary board of directors meeting may be held by way of facsimile, postal mail, correspondence and countersignature, during which resolutions may be passed and signed by participating directors, provided that all directors can fully express their opinions. Written resolutions shall then be endorsed by the directors who have voted by way of facsimile and correspondence.

**Article 163** Directors shall attend the meetings of the board of directors in person. Where a director is unable to attend a meeting for any reason, he/she may, by a written power of attorney, appoint another director to attend the meeting on his/her behalf. The power of attorney shall set out the name of the attorney, issues under authorization, scope of authorization and valid period, which will be signed or sealed with the chop by the appointing director. A director appointed as a representative of another director to attend the meeting shall exercise the rights of a director within the scope of authority conferred by the appointing director. Where a director is unable to attend a meeting of the board of directors and has not appointed a representative to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

Where the appointing director appoints another director to attend the meeting on his/her behalf, he shall be severally liable for legal liability for any decisions made within the scope of authority conferred by him on the attorney.

**Article 164** Each directors shall have equal right in speaking in conducting business and shall be entitled to fully express their views or recommendations on matters or topics considered at the board meeting.

**Article 165** Where a director leave during a board meeting without permission of the chairman of the meeting, he/she is deemed to have waived his/her right at the meeting.

**Article 166** The board of directors shall keep minutes of resolutions passed at board of directors meetings. The minutes shall be signed by the attending directors.

Board of directors meeting minutes shall be kept as the Company's record at least for a period of 10 years.

**Article 167** Board of directors meeting minutes shall include the following contents:

- (I) date and place of the meeting and name of the convener;
- (II) names of the attending directors and names of the directors (proxies) appointed by others to attend the board of directors meeting;
- (III) agenda of the meeting;
- (IV) main points of directors' speeches;
- (V) method and result of the voting for each proposal (the voting result should specify the number of votes for and against the proposal or abstention).

**Article 168** The board of directors shall keep minutes of resolutions passed at board of directors meetings. The minutes shall be signed by the attending directors and minute-taker. Directors shall be responsible for the resolutions of board of directors. If the Company suffers serious losses as a result of any of resolutions of board of directors in breach of laws, administrative regulations or these articles of association or the resolutions of the general meetings, the directors who participated in the passing of such resolution are liable to compensate the Company therefor. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from such liability.

## **CHAPTER VI GENERAL MANAGER AND OTHER MEMBERS OF THE SENIOR MANAGEMENT**

**Article 169** The Company shall have one general manager, who shall be appointed or dismissed by the board of directors.

The Company shall have several vice general managers, who shall be appointed or removed by the board of directors.

The Company's general manager, vice general manager, the chief financial officer and the secretary to the board of directors are members of the senior management of the Company.

**Article 170** Requirements set out in Article 137 hereof with respect to the directors' duty of good faithfulness and the requirements set out in Article 138 (IV) to (VI) hereof with respect to the directors' obligations of integrity and diligence shall also be applicable to the members of the senior management of the Company.

**Article 171** A person holding other administrative duties other than directors and supervisors in any entity of the Company's controlling shareholders and de facto controllers shall not hold the office of members of the senior management of the Company.

**Article 172** The general manager serves for a term of three years, subject to re-appointment upon the expiry of the term.

**Article 173** The general manager shall report to the Board and have the following duties and powers:

- (I) to be in charge of the production, operation and management of the Company, to organize and implement the resolutions adopted by the board of directors, and to report his work to the board of directors;
- (II) to organize and implement the annual business plans and investment plans of the Company;
- (III) to draft schemes for the establishment of the Company's internal management departments;
- (IV) to draft basic management system of the Company;
- (V) to formulate the detailed rules and regulations of the Company;
- (VI) to make proposals regarding the appointment or removal of the vice general manager and chief financial officers of the Company;
- (VII) to appoint or remove managerial officers other than those to be appointed or removed by the board of directors;
- (VIII) other duties and powers authorized by these articles of association and the board of directors.

The general manager shall be present at the board meetings.

**Article 174** The general manager shall formulate detailed working rules for the general manager and submit the same to the board of directors for approval and, upon such approval, implement such rules.

**Article 175** The detailed working rules formulated for the general manager shall include the following:

- (I) conditions and procedures for convening and participants of the general manager meetings;
- (II) specific duties of the general manager, vice general manager and other members of the senior management;
- (III) the use of funds and assets of the Company, authority to enter into material contracts and systems for reporting to the board of directors and supervisory committee; and
- (IV) other matters as deemed necessary by the board of directors.

**Article 176** The general manager may resign prior to the expiration of his term of office. The detailed procedures for the general manager's resignation shall be set out in the service contract entered into between the general manager and the Company.

**Article 177** Candidates for vice general manager of the Company shall be nominated by the general manager, who shall be appointed or removed by the board of directors. The vice general manager shall assist the general manager in dealing with the operation and management of the Company, with which his/her terms of references shall be determined by the relevant systems of the Company.

**Article 178** The Company shall have a secretary to the board of directors, who shall be a member of the senior management of the Company. Secretary to the board of directors of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the board of directors.

**Article 179** The secretary to the board of directors of the Company is responsible for preparation of the general meeting and the meetings of the board of directors of the Company, keeping the documents and the management of information of the shareholders of the Company and handling the disclosure of information, etc. to ensure:

- (I) the Company's organization documents and records are complete;
- (II) the lawful preparation and submission by the Company of reports and documents as required by competent authorities;
- (III) the Company's registers of members are properly maintained, and that persons entitled to the Company's records and documents are furnished with such records and documents in time.

The secretary to the board of directors shall comply with relevant requirements under the laws, administrative regulations, departmental rules, the listing rules of the stock exchange(s) where the shares of the Company are listed and the articles of association.

**Article 180** A director or other members of the senior management of the Company may also act as the secretary to the board of directors of the Company. Accountant of the accounting firm engaged by the Company shall not act as the secretary to the board of directors concurrently.

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

**Article 181** If a member of the senior management of the Company violates the requirements under the laws, administrative regulations, departmental rules or regulations and the articles of association in the course of performing his/her duties of the Company and subsequently causes losses to the Company, he/she shall be liable for compensation.

## **CHAPTER VII SUPERVISORY COMMITTEE**

### **Section 1 Supervisors**

**Article 182** The directors, general manager and other senior management may not concurrently take the position of supervisors.

**Article 183** The supervisors shall observe laws, administrative regulations the listing rules of the stock exchange(s) where the shares of the Company are listed and the articles of association. They shall assume the duties of loyalty and due diligence to the Company, and shall not accept any bribery or other illegal income by using his powers and position, or seize the assets of the Company in any manner.

**Article 184** Each term of office of a supervisor is 3 years and he/she may serve consecutive terms if re-elected upon expiry.

**Article 185** A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations, departmental rules, the listing rules of the stock exchange(s) where the shares of the Company are listed and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of the supervisor results in the number of supervisors being less than the quorum.

**Article 186** A supervisor shall ensure that information disclosed by the Company is true, accurate and complete.

**Article 187** Supervisors may attend meetings of the board of directors and make enquiries or proposals in respect of the resolutions of such meetings.

**Article 188** A supervisor shall not take advantage of his connection with the Company to harm interests of the Company and shall indemnify the Company against losses caused thereby.

The supervisors shall be liable for the resolutions of the supervisory committee. However, if it can be proven that a supervisor expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such supervisor may be released from such liability.

Any director during his/her term of office shall indemnify the Company against any economic loss arising from his/her leaving office without authorization.

**Article 189** If a supervisor violates laws, administrative regulations, department rules, the listing rules of the stock exchange(s) where the shares of the Company are listed or the articles of association when performing his duties in the Company, he/she shall indemnify the Company against losses incurred due to such violation.

## **Section 2 Supervisory Committee**

**Article 190** The Company shall have a supervisory committee. The supervisory committee comprises three supervisors. It shall have one chairman. The election or removal of the chairman of the supervisory committee shall be determined by two-thirds or more of the members of the supervisory committee. The chairman of the supervisory committee shall convene and preside over supervisory committee meetings. Where the chairman of the supervisory committee is incapable of performing, or is not performing his/her duties, a supervisor nominated by more than half of the supervisors shall convene and preside over supervisory committee meetings.

The supervisory committee shall include a proper proportion of shareholder representative supervisors and employee representative supervisors. The proportion of employee representative supervisors in the supervisory committee shall be no less than one third of the supervisors appointed. The employee representatives of the supervisory committee shall be elected at the employee representatives' meeting, employee meeting or otherwise democratically.

**Article 191** The supervisory committee shall be accountable to general meetings and exercise the following functions and powers:

- (I) to review the periodic reports of the Company prepared by the board of directors and express its written opinion;
- (II) to check the financial condition of the Company;
- (III) to monitor the performance of duties in the Company by directors and senior management and propose dismissal of directors and senior management who have violated laws, administrative regulations, the articles of association or the resolutions of general meetings;
- (IV) to require directors and the senior management to make corrections if their conduct has damaged the interests of the Company;
- (V) to propose the convening of extraordinary general meetings and, in case the Board does not perform the obligations to convene and preside over the general meetings in accordance with Company Law, to convene and preside over the general meetings;
- (VI) to propose proposals to the general meetings;
- (VII) to represent the Company in negotiations with a director or a member of senior management or in bringing actions against a director or a member of senior management in accordance with Article 151 of the Company Law;

- (VIII) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the general meetings and, should any queries arise, to authorize, in the name of the Company, a re-examination by the certified public accountants and practicing auditors of the Company for the time being at the expenses of the Company;
- (IX) to conduct investigation if there is any unusual circumstance in the Company's operations; and if necessary, to engage an accounting firm, law firm or other professional institutions to assist in their work at the expenses of the Company;
- (X) to make recommendation on the preparation and amendment of profit distribution policy of the Company;
- (XI) other functions and powers conferred by laws, administrative regulations, departmental rules, the listing rules of the stock exchange(s) where the shares of the Company are listed or the articles of association.

Supervisors may attend board of directors meetings.

**Article 192** The supervisory committee shall hold at least one meeting every six months. A supervisor may propose to convene an extraordinary supervisory committee meeting. A resolution of the supervisory committee must be approved by two-thirds or more of the members of the supervisory committee.

**Article 193** The supervisory committee shall formulate the rules of procedure to be followed at meetings of the supervisory committee, specify the method for discussions and the voting procedures of the supervisory committee, so as to ensure the working efficiency and scientific decision making of the supervisory committee. The rules of procedure for the supervisory committee shall be formulated by the supervisory committee and attached to the articles of association, which shall be approved at the general meeting.

**Article 194** The supervisory committee shall record decision on matters discussed in the minutes for the meeting. Supervisors who attended the meeting shall sign on the minutes for the meeting.

A supervisor is entitled to request for some descriptive record to be made with regard to his/her speech in the meeting. The minutes of the supervisory committee meeting shall be kept for at least 10 years as document of the Company.

**Article 195** Notice of the supervisory committee meeting shall include:

- (I) the date, place and duration of the meeting;
- (II) particulars of a matter and the matters to be discussed;
- (III) the date on which the notice is given.

**Article 196** Voting at the supervisory committee meetings shall be conducted by open ballot, and each supervisor shall have the right to one vote. Specific voting procedures are stipulated by the rules of procedure for meetings of the supervisory committee.



**CHAPTER 8 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS,  
SUPERVISORS AND MEMBERS OF THE  
SENIOR MANAGEMENT OF THE COMPANY**

**Article 197** A person may not serve as a director, supervisor, general manager or other members of the senior management of the Company if any of the following circumstances apply:

- (I) a person without legal or with restricted legal capacity;
- (II) a person who has been found guilty of sentenced for corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order where less than a term of five years have elapsed since the sentence was served; or a person who has been deprived of his political rights, in each case where less than five years have elapsed since the sentence was served;
- (III) a person who is a former director, factory manager or manager of a company or enterprise which has been entered into insolvent liquidation because of mismanagement and he/she is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (IV) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three years has elapsed since the date of the revocation of the business license;
- (V) a person who has a relatively large amount of debts due and outstanding;
- (VI) a person who is under criminal investigation by judicial organization for the violation of the criminal law which is not yet concluded;
- (VII) the prohibition of a person on conducting activities in the security market imposed by the securities regulatory authority of the State Council has not expired;
- (VIII) a person who is not eligible to act as a leader of an enterprise according to laws and administrative regulations;
- (IX) a non-natural person;
- (X) a person convicted of the contravention of provisions of relevant securities regulations by a relevant government authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five years has elapsed since the date of the conviction;
- (XI) other matters stipulated by laws, administrative regulations, departmental rules, regulatory documents or the listing rules of the stock exchange(s) where the shares of the Company are listed.

Where the Company elects and appoints a director or a supervisor or employs member of the senior management to which any of the above circumstances applies, such election, appointment or employment shall be null and void. A director, a supervisor and member of the senior management to which item (I) of the above applies during his/her term of office shall be released of his/her duties by the Company.

**Article 198** The validity of an act of a director, general manager and other members of the senior management on behalf of the Company is not, as against a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

**Article 199** In addition to obligations imposed by laws, administrative regulations or the listing rules of the stock exchange(s) where the shares of the Company are listed, each of the directors, supervisors, general manager and other members of the senior management owes a duty to each shareholder in the exercise of the functions and powers of the Company entrusted to him/her:

- (I) not to cause the Company to exceed the scope of business laid down in its business license;
- (II) to act honestly in the best interest of the Company;
- (III) not to expropriate in any way the Company's property, including (without limitation) usurpation of opportunities advantageous to the Company;
- (IV) not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to the corporate restructuring submitted to the general meetings for approval in accordance with the Articles of Association.

**Article 200** Each of the directors, supervisors, general manager and other members of the senior management of the Company owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 201** Each of the directors, supervisors, general manager and other members of the senior management of the Company shall carry on his duties in accordance with the principle of fiduciary and shall not put himself in a position where his duty and his interest may conflict. This principle includes (without limitation) the discharge of the following obligations:

- (I) to act honestly in the best interests of the Company;
- (II) to exercise powers within the scope of his powers and not to exceed those powers;
- (III) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in general meeting, not to delegate the exercise of his discretion;
- (IV) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

- (V) except in accordance with the articles of association or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) without the informed consent of shareholders given in general meeting, not to use the Company's property for his own benefit;
- (VII) not to abuse his position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;
- (VIII) without the informed consent of shareholders given in general meeting, not to accept commissions in connection with the Company's transactions;
- (IX) to abide by the articles of association, faithfully execute his official duties and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private interests;
- (X) not to compete with the Company in any form unless with the informed consent of the general meeting;
- (XI) not to misappropriate the Company's funds or lend such funds to others, not to open accounts in his own name or other names for the deposit of the Company's assets and not to provide a guarantee for debts of a shareholder of the Company or other individual(s) with the Company's assets;
- (XII) unless otherwise permitted by informed consent of the general meeting, to keep in confidence information acquired by him in the course of and during his tenure and not to use the information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
  - 1. disclosure is made under compulsion of law;
  - 2. the interests of the public require disclosure;
  - 3. the interests of the relevant director, supervisor, general manager and other members of the senior management require disclosure.

**Article 202** Each director, supervisor, general manager and other members of the senior management of the Company shall not cause the following persons or institutions ("associate(s)") to do what he is prohibited from doing:

- (I) the spouse or minor child of a director, supervisor, general manager and other senior management of the Company;
- (II) a person acting in the capacity of trustee of a director, supervisor, general manager and other members of the senior management of the Company or any person referred to in (I) herein;

- (III) a person acting in the capacity of partner of a director, supervisor, general manager and other members of the senior management of the Company or any person referred to in (I) and (II) herein;
- (IV) a company in which a director, supervisor, general manager and other members of the senior management of the Company, alone or jointly with one or more persons referred to in (I), (II) and (III) herein and other directors, supervisors, general manager and other members of the senior management of the Company have a de facto controlling interest;
- (V) the directors, supervisors, general manager and other members of the senior management of the controlled company referred to in the (IV) herein.

**Article 203** The fiduciary duties of the directors, supervisors, general manager and other members of the senior management of the Company do not necessarily cease with the termination of their terms of office. The duty of confidence in relation to trade secrets of the Company survives the termination of their terms of office. Other duties may continue for such period as fairness may require depending on the time lapse between the termination and the act concerned and the circumstances under which the relationships between them and the Company are terminated.

**Article 204** The liability of directors, supervisors, general manager and other members of the senior management of the Company for breaching a given obligation may be waived by the general meeting which has knowledge of the circumstances, save for the circumstances specified in Article 63 of the articles of association.

**Article 205** Where a director, supervisor, general manager and other members of the senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the board of directors at the earliest opportunity, whether or not such contract, transaction or arrangement therefor is otherwise subject to the approval of the board of directors.

Unless under the exceptional circumstances specified in Note 1 to Appendix 3 of the Hong Kong Listing Rules or permitted by the Hong Kong Stock Exchange, directors shall not vote on any resolutions of the board of directors in respect of any contract or arrangement or any other suggestion in which he/she or his/her close associates (as defined in the Hong Kong Listing Rules) have a material interest. When determining whether the quorum is reached, such directors shall not be counted.

Unless the interested director, supervisor, general manager and other members of the senior management disclose his/her interests in accordance with the requirements of the preceding paragraph of this article and the contract, transaction or arrangement is approved by the board of directors at a meeting in which the interested director, supervisor, general manager and other members of the senior management is not counted in the quorum and refrains from voting, such contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested director, supervisor, general manager and other members of the senior management.

A director, supervisor, general manager and other members of the senior management of the Company is deemed to be interested in a contract, transaction or arrangement in which an associate of him is interested.

**Article 206** If, prior to the Company's initial consideration of entering into relevant contracts, transactions, or arrangements, a director, supervisor, general manager and any other member of senior management of the Company has delivered a written notice to the Board, which contains a statement that he/she has interests in the contracts, transactions, or arrangements to be entered into by the Company in the future due to the contents specified in the notice, such director, supervisor, general manager and other members of senior management shall be deemed to have made the disclosure stipulated by the preceding Article in respect of the statement contained in the notice.

**Article 207** The Company shall not, in any manner, pay taxes for its directors, supervisors, general managers and other members of senior managements.

**Article 208** The Company shall not, directly or indirectly, make a loan to or provide a loan guarantee to any director, supervisor, general manager and other member of senior management of the Company and of the Company's parent company or any of the Relevant Persons of the foregoing.

The preceding provision shall not apply to the following circumstances:

- (I) the provision by the Company of a loan or loan guarantee to its subsidiaries;
- (II) the provision by the Company of a loan or loan guarantee or any other funds available to any of its directors, supervisors, general managers and other members of senior managements to meet expenditures incurred by him/her for the purpose of the Company or for the purpose of enabling him to perform his/her duties in accordance with the employment contract approved by the general meeting;
- (III) if the ordinary course of the business of the Company includes the provision of a loan or loan guarantee, the Company may provide a loan or loan guarantee to the relevant directors, supervisors, general managers and other members of senior managements and the relevant persons thereof, provided that such provision are on normal commercial terms.

**Article 209** Any person who receives funds from a loan which has been made by the Company acting in breach of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds to the Company.

**Article 210** The loan guarantee which has been provided by the Company in breach of the Article 208 (I) shall not be enforceable against the Company, save in respect of the following circumstances:

- (I) at the time the loan was made to a relevant person of any of the directors, supervisors, general managers and other members of senior managements of the Company or the Company's parent company, the lender was not aware of the relevant circumstances;
- (II) the security provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 211** The guarantee as referred to in the preceding paragraph of this chapter shall include the undertaking of liability of the provision of property by the guarantor to secure the obligor's performance of his obligations.

**Article 212** In addition to any rights and remedies provided by laws and administrative regulations, when a director, a supervisor, a general manager and any other member of senior management of the Company is in breach of his/her duties to the Company, the Company has a right:

- (I) to demand relevant director, supervisor, general manager and other members of senior management to compensate for the losses sustained by it as a result of such breach of duty;
- (II) to rescind any contract or transaction entered into between the Company and relevant director, supervisor, general manager and other member of senior management and between the Company and a third party (where such party knew or should have known that such director, supervisor, general manager and other members of senior management representing the Company has been in breach of his duty to the Company);
- (III) to demand such director, supervisor, general manager and other member of senior management to surrender the proceeds as result of the breach of his duty;
- (IV) to recover any money which shall have been received by the Company but were received by such director, supervisor, general manager and other member of senior management instead, including (without limitation) any commissions;
- (V) to demand repayment of any interests earned or which may have been earned by such director, supervisor, general manager and other member of senior management on money which shall have been received by the Company.

**Article 213** The Company shall enter into a written contract with each director, supervisor, general manager and other member of senior management, which shall at least include the following provisions:

- (I) the director, supervisor, general manager and other member of senior management shall undertake to the Company, to comply with the Company Law, the Special Regulations, the articles of association and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases and regulations of the Hong Kong Stock Exchange, and agree that the Company will be entitled to the remedies as specified in the articles of association, and such contract and his/her position shall not be transferred;
- (II) the director, supervisor, general manager and other member of senior management shall undertake to the Company, to comply with and perform the duties that he/she shall perform to the shareholders as required by the articles of association;
- (III) the arbitration provisions as specified in Article 271 hereof.

The Company shall, with the prior approval of the general meeting, enter into a written contract with any director or supervisor of the Company in respect of his/her remuneration. The aforesaid remuneration may include:

- (I) remuneration in respect of his/her service as director, supervisor or member of senior management of the Company;
- (II) remuneration in respect of his/her service as director, supervisor or member of the senior management of any subsidiary of the Company;
- (III) remuneration in respect of the provision of other services in connection with the management of the Company and any of its subsidiaries;
- (IV) payment by way of compensation for loss of office or for or in connection with the retirement of such director or supervisor from office.

No proceedings may be brought by a director or supervisor against the Company for anything due to him in respect of the matters mentioned in this Article except pursuant to any contract described above.

**Article 214** Any contracts for remuneration between the Company and its directors or supervisors shall provide that in the event that the Company is to be acquired by others, the Company's directors and supervisors shall, subject to the prior approval of the general meeting, have the right to receive compensation or other payment for his/her loss of or retirement from office. For the purposes of the preceding paragraph, the acquisition of the Company includes any of the following:

- (I) an acquisition offer made by any person to all the shareholders;
- (II) an acquisition offer made by any person with a view to enable the offeror to become a "controlling shareholder", which has the same meaning as that prescribed in Article 48 of the articles of association.

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



## **CHAPTER 9 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT**

### **Section 1 Financial and Accounting System**

**Article 215** The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and the requirements of relevant regulatory authorities of the PRC.

The Company shall prepare a financial report at the end of each accounting year, and such financial report shall be reviewed and verified in accordance with laws.

**Article 216** The Company shall submit its annual financial and accounting reports to the local office of the securities regulatory authority under the State Council and the stock exchanges within four months from the ending date of each fiscal year, submit the half-year financial and accounting reports to the local office of the securities regulatory authority under the State Council and the stock exchanges within two months from the ending date of the first six months of each fiscal year, and submit the quarterly financial and accounting reports to the local office of the securities regulatory authority under the State Council and the stock exchanges within one month from the ending dates of the first three and first nine months of each fiscal year respectively.

The above financial and accounting reports are prepared in accordance with laws, administrative regulations and the provisions of departmental regulations.

The Company shall prepare its financial statements in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the place where the Company's shares are listed overseas. In case of any material difference between the financial statements prepared in accordance with the two accounting standards, explanations shall be made in the notes to the financial statements. Distribution of the profit after tax for the relevant accounting year shall be based on the lesser of the profit after tax as shown in the two sets of financial statements.

The interim results or financial information announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the place where the Company's shares are listed overseas.

**Article 217** The board of directors of the Company shall present to the shareholders, at every annual general meeting, such financial reports as are required to be prepared by the Company in accordance with the relevant laws, administrative regulations, regulatory documents promulgated by local government and competent governmental authorities

**Article 218** The Company's financial reports shall be maintained at the Company for shareholders' inspection twenty days before the date of the annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

Unless otherwise specified herein, the Company shall, at least 21 days before the date of the annual general meeting, deliver to each shareholder of the H Shares by person, prepaid mail or any other manner as permitted by the Hong Kong Stock Exchange at the address registered in the register of members, such financial reports or the reports of the board of directors and the balance sheet (including each document required to be attached to the balance sheet as provided by laws), the income statement or the statement of revenues and expenditures or the financial summary report.

**Article 219** The Company shall not establish accounting book other than those required by law. No assets of the Company shall be deposited under any account opened in the name of any individual.

**Article 220** When the Company distributes its after tax profits for a given year, it shall allocate 10 percent of profits to its statutory reserve. The Company shall no longer be required to make allocations to its statutory reserve once the aggregate amount of such reserve reaches at least 50 percent of its registered capital.

If the Company's statutory reserve is insufficient to make up losses from previous years, the Company shall use its profits from the current year to make up such losses before making the allocation to its statutory reserve in accordance with the preceding paragraph.

After making the allocation from its after-tax profits to its statutory reserve, the Company may, subject to a resolution of the general meeting, make an allocation from its after-tax profits to the discretionary reserve.

After the Company has made up its losses and made allocations to its reserves, the remaining profits of the Company shall be distributed in proportion to the shareholdings of its shareholders, unless these articles of association provide that distributions are to be made otherwise than proportionally.

If the general meeting breaches the provisions of the preceding paragraph by distributing profits to shareholders before the Company has made up its losses and made allocations to the statutory reserve, the shareholders must return to the Company the profits that were distributed in breach of the said provisions.

The Company shall not be entitled to any distribution of profits in respect of shares held by it.

The common reserve fund of the Company shall be applied to make good the Company's losses, expand its business operations or increase its capital. The capital reserve fund, however, shall not be used to make good the company's losses. Capital reserve fund includes the following items:

- (I) premium on shares issued at a premium price;
- (II) any other income designated for the capital reserve fund by the regulations of the finance regulatory department of the State Council.

Upon the transfer of the statutory common reserve fund into capital, the balance of the fund shall not be less than 25% of the registered capital of the company before such transfer.

**Article 221** The specific profit distribution policy of the Company:

1. The Company will implement a proactive, continuous and stable profit distribution policy, attach importance to the reasonable return on investment of investors and take into account the sustainable development of the Company. The board of directors, the supervisory committee and the general meeting of the Company shall fully consider the opinions of independent directors and external supervisors in the decision-making and discussion process of the profit distribution policy. The Company shall also implement effective measures to encourage small and medium investors and institutional investors to actively participate in the decision-making of profit distribution of the listed company and to give full play to their professional role of taking leadership as an intermediary institution;
2. The Company shall distribute profits in cash or shares or in a way integrating cash and shares. Such distribution shall not exceed the amount of the accrued distributable profits and shall in no way prejudice the Company's sustainability of operation. The Company generally makes annual profit distribution, however the board of directors may conditionally propose interim cash distribution based on the Company's capital requirements;
3. The Company shall distribute dividends in form of cash if it has no major investment plan or event involving significant cash expenditures (excluding fund-raising investment projects), provided that sustainable operation and long-term development of the Company can be assured. The profits distributed in cash annually by the Company shall be no less than 30% of the distributable profits sustained in the same year.

The aforesaid major investment plans or events involving significant cash expenditures refer to one of the following:

- (1) the proposed external investment, acquisition of assets or purchase of equipment by the Company in the coming twelve months with accumulated expenses amounting to or exceeding 20% of the latest audited net assets of the Company; or
- (2) the proposed external investment, acquisition of assets or purchase of equipment by the Company in the coming twelve months with accumulated expenses amounting to or exceeding 15% of the latest audited total assets of the Company.

The implementation of the abovementioned major investment plans or events involving significant cash expenditures shall be subject to approval by the board of directors or the general meeting in accordance with the procedures as stipulated in the articles of associations;

4. In discussion of the profit distribution plan, the board of directors of the Company shall formulate differentiated cash dividend policies for each of the following situations in accordance with the procedure stipulated in the articles of association after taking into consideration of all relevant factors such as characteristics of the industry in which the Company operates, the development stage, business model and profit level of the Company and whether there are major capital expenditure arrangements:
  - (1) if the Company is fully developed and has no major capital expenditure arrangement, cash dividends shall take up a minimum of 80% in profit distribution;

- (2) if the Company is fully developed and has major capital expenditure arrangements, cash dividends shall take up a minimum of 40% in profit distribution;
  - (3) if the Company is in a growth stage and has major capital expenditure arrangements, cash dividends shall take up a minimum of 20% in profit distribution;
  - (4) if it is difficult to define the development stage of the Company, but the Company has major capital expenditure arrangements, the preceding provisions may apply;
5. The specific conditions for dividend distributions of the Company:
  - (1) the Company has positive undistributed profits and records positive distributable profits for the period;
  - (2) after taking into consideration of true and reasonable factors such as the growth potential of the Company, dilution of net assets per share and the mismatch of the share price and the size of share capital of the Company, the board of directors is in the view that distribution of dividends is in the interests of the shareholders of the Company as a whole;
6. When the Company distributes profit, distribution in the form of cash dividend shall have priority over dividend in the form of shares. When Company satisfies the aforesaid conditions for distribution in the form of cash dividend, it shall use the form of cash dividend to carry on profit distribution. When the Company distributes profit in the form of shares, the board of directors shall explain the reasons for distribute profits in the form of shares;
7. If the fund of the Company is misappropriated by any shareholder, the Company shall deduct the cash dividend distributable to such shareholder accordingly when distribution of profits to repay the fund misappropriated.
8. The board of directors shall, in the light of specific operating data of the Company, the profit margin, the cash flow position, the development stage and the current capital requirements, take into consideration of the opinions of shareholders (especially minority shareholders) and independent directors and the supervisory committee, while conducting careful research into and deliberation on the timing, conditions and minimum percentage of cash dividends, conditions of adjustment as well as decision-making procedures, taking into account of providing sustainable, stable and scientific return for all shareholders to propose the profit distribution plan and submit to the general meeting for consideration. Independent directors shall express specific opinions on these matters.

Independent directors can seek opinions from minority shareholders to propose a profit distribution proposal and directly submit to the board of directors for consideration;

9. The profit distribution plan proposed by the board of directors shall be approved by more than two thirds of the independent directors and a simple majority of the board of directors, and independent directors shall express independent opinions on the project distribution proposal. When the specific profit distribution plan is being considered at the general meeting, the Company shall take initiatives to communicate and exchange views with shareholders (especially minority shareholders) by various means such as public mail, e-mail, telephone and seeking opinions openly to gather their opinions and demands and shall promptly answer issues of their concerns.
10. The supervisory committee shall consider the profit distribution proposal enacted or amended by the board of directors, and the proposal shall be approved by a simple majority of the supervisory committee. The review opinions of independent directors and the supervisory committee shall be disclosed concurrently in the announcement of the board of directors' resolutions;
11. Where the profits of the Company has satisfied conditions for cash dividend distribution at a particular year but has not prepared any cash dividend plan, or the profit distributed by the Company in cash is less than 30%, the Company shall give specific reasons for not distributing cash dividends or low cash dividends distribution ratio, and independent directors shall express opinions in this regard. Meanwhile, the board of directors shall consider and submit to the general meeting for consideration. For convenient, the Company shall provide access to online voting platforms for the public shareholders when the Company convenes a general meeting to consider the proposal of such profit distribution proposals. The Company shall formulate the dividend distribution proposal for each year based on the operating condition and through comprehensive analysis of needs of operational development and investment return of shareholders.

**Article 222** The profit distribution policy of the Company shall remain consistent and stable. If the Company needs to adjust its profit distribution policy due to significant changes in external operating environment or its own operation, for the purpose of protecting the interests of the shareholders, and it shall be studied and proved by the board of directors and the supervisory committee of the Company and propose a proposal at the general meeting that discuss and explain the reasons in details by combing industry competition, financial condition of the Company, capital requirements and planning of the Company, etc. The proposal of adjusting profit distribution policy shall be proposed to the general meeting of the Company for consideration after consideration at the board of directors of the Company and review by the supervisory committee, and independent directors shall express opinions in this regard. The adjusted profit distribution policy shall not contravene the relevant requirements under the CSRC and the stock exchanges where the Company are listed. When the Company convenes a general meeting to consider such resolutions, such resolutions shall be approved by shareholders present at the general meeting representing more than two thirds of the voting rights.

**Article 223** Any amount paid up in advance of calls on any shares may bear dividend but shall not entitle the holder of the shares to participate in respect thereof in a dividend subsequently declared. Subject to the relevant PRC laws, regulations, departmental rules and normative documents, the Company may exercise the power to forfeit unclaimed dividends, provided that it does so only after the expiration of the applicable relevant period. The Company has the power to cease sending dividend warrants by post to a given holder of overseas listed foreign shares, but may exercise such power only if such warrants have been left uncashed on two consecutive occasions. However, the Company may exercise such power after the first occasion on which such a warrant is returned undelivered.

**Article 224** The Company has the power to cease sending dividend warrants by post to a given holder of the H Shares, but may exercise such power only if such warrants have been left uncashed on two consecutive occasions. However, the Company may exercise such power after the first occasion on which such a warrant is returned undelivered.

Subject to the relevant laws, administrative regulations, departmental rules, normative documents and listing rules of the stock exchange, the Company has the right to sell by a method deemed fit by the board of directors the shares of a holder of overseas listed foreign shares who is untraceable, provided that it complies with the following conditions:

- (I) the Company has distributed dividends on such foreign shares for at least three times in 12 years, which dividends are not claimed by anybody during the period;
- (II) upon expiration of the 12-year period, the Company makes an announcement of its intention to sell such shares in one or more newspapers, and notify the local securities regulatory authority at the place where the shares of the Company are listed.

**Article 225** The Company shall appoint collection agents for holders of overseas listed foreign shares. The collection agents shall, on behalf of the related shareholders, collect dividends and other payables distributed by the Company for the H Shares. The collection agents appointed by the Company shall be in compliance with the requirements of the laws or local stock exchange at the place where the shares of the Company are listed. The collection agents appointed by the Company for holders of overseas listed foreign shares which are listed in Hong Kong shall be trust companies registered pursuant to Trustee Ordinance of Hong Kong.

## **Section 2 Internal Audit**

**Article 226** The Company shall implement an internal audit system, where dedicated auditors carry out the internal audit and supervision over the revenue and expenditure and the economic activities of the Company.

**Article 227** The internal audit system of the Company and the duties of the auditing staff shall be subject to the approval of the board of directors. The officer in charge of internal audit shall be accountable to the board of directors and report his work to the same.

## **Section 3 Appointment of Accounting Firm**

**Article 228** The Company shall appoint such accounting firm which has obtained the (“Qualifications for Engaging in the Business Related to Securities” (從事證券相關業務資格)) for carrying out the audit for the accounting statements and reports, net asset verification and other relevant consultancy service. The accounting firm shall serve a term of one year, from conclusion of one annual general meeting to conclusion of the next annual general meeting, and can be re-appointed.

**Article 229** The appointment of an accounting firm by the Company shall be decided by the general meeting. The Board may not appoint an accounting firm before the decision is made by the general meeting, otherwise required under this articles of associations.



**Article 230** The certified public accountants appointed by the Company shall have the following rights:

- (I) to access the account books, records or vouchers of the Company at any time, and to ask directors, general manager or other senior executives to provide relevant documents and explanations;
- (II) to ask the Company to take every action possible to obtain documents and explanations from its subsidiaries needed for the certified public accountants to perform their duties;
- (III) to attend at the general meetings, get notice of the general meeting that any shareholder has the right to receive or other information relating to the general meetings, and deliver speeches at any general meeting in relation to the matters concerning the certified public accountants.

**Article 231** If there is a vacancy in the position of accounting firm of the Company, the Board may appoint an accounting firm to fill such vacancy before the convening of the general meeting, but the appointment shall be confirmed by the shareholders in the next general meeting. However, any other accounting firm which has been appointed by the Company may continue to act during the period of existence of such vacancy.

In the event that the general meeting intends to pass and approve a resolution for hiring an accounting firm which is not being hired to fill in any vacancy of an accounting firm, or for re-hiring an accounting firm appointed by the board of directors to fill in any vacancy of an accounting firm, or for dismissing an accounting firm prior to the expiry of the term of office, the following provisions shall be met:

- (I) Prior to the delivery of the notice of the general meeting, such proposal regarding the appointment or dismissal shall be delivered to such accounting firm which is to be appointed or to leave, or which has left during the relevant accounting year. Leaving the office shall include the dismissal or resignation of appointment and leaving of its position.
- (II) In the event that the accounting firm leaving the position has made a written statement and requests the Company to inform the shareholders of such statement, the Company should adopt the following measures unless it has received the written statement too late:
  - 1. In the notice issued for making a resolution, it is expressly stated about the accounting firm leaving the position having made a statement;
  - 2. A photocopy of such statement shall be made as an attachment to the notice delivered to the shareholders in the manner as provided in the articles of association.
- (III) Should the Company fail to deliver the statement of the relevant accounting firm pursuant to the provisions of item (II) above, the relevant accounting firm may request to read out such statement at the general meeting and shall further make an appeal.



(IV) The accounting firm leaving its position shall have the right to attend the following meetings:

1. the general meeting during its term of office which is to expire;
2. the general meeting for filling a vacancy caused by the dismissal of such accounting firm;
3. the general meeting convened due to the active resignation of such accounting firm.

Such accounting firm leaving the position shall have the right to receive all notices regarding the foregoing meetings and other information related to the meetings and shall have the right to speak at the foregoing meetings about the matters involving such firm being the previous accounting firm of the Company.

**Article 232** Regardless of the terms in the contract concluded between the accounting firm and the Company, the general meeting may, through an ordinary resolution, resolve to dismiss the said accounting firm before the expiration of the term thereof. In the event of any rights claimed by the accounting firm against the Company, the said rights shall not be affected.

**Article 233** The Company ensures to provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

**Article 234** The remuneration of the accounting firm or the way to confirm the remuneration shall be determined by the general meeting. The remuneration of such accounting firm appointed by the board of directors shall be confirmed by the board of directors.

**Article 235** Should the Company dismiss or no longer re-appoint the accounting firm, it shall notify such accounting firm 30 days in advance. When the general meeting votes for the dismissal of such accounting firm, such accounting firm shall be allowed to express their opinions. The Company's appointment, dismissal or non-reappointment of the accounting firm shall be decided at the general meeting and shall be filed with securities regulatory authority under the State Council.

Where the accounting firm resigns its office, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

**Article 236** The accounting firm may resign by placing a written notice of resignation at the legal address of the Company. The said notice shall take effect as on the date of placement at the legal address of the Company, or on a later date specified in the notice. The said notice shall include the following statements:

1. statement that the accounting firm thinks its resignation does not involve any circumstances that it shall be explained to the shareholders or creditors of the Company;  
or
2. representation on any circumstances that shall be explained.

Within 14 days after receiving the above written notice, the Company shall send the photocopies of this notice to relevant competent authorities. If the notice contains any of the representation mentioned in item (II) under the Article 231, the Company shall also mail, by post-paid mail or other means permitted by the stock exchange in the place where the stocks of the Company are listed, the aforesaid duplicate of representation to every shareholder entitled to receive the financial condition reports of the Company, at the address registered in the register of members. If the resignation notice contains any of the representations mentioned in the item II above of this article, the accounting firm may require the board of directors to convene an extraordinary general meeting to listen to its explanation on the resignation.

## **CHAPTER X NOTICE AND ANNOUNCEMENT**

### **Section 1 Notice**

**Article 237** The notice of the Company may be served as follows:

- (I) by personal delivery;
- (II) by post;
- (III) by announcement;
- (IV) by fax;
- (V) by email;
- (VI) by publication on the website of the Company and the websites designated by the stock exchange under the precondition of conforming to laws, administrative regulations, departmental rules, normative documents, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the articles of association;
- (VII) by other means specified in the articles of association;
- (VIII) by other means agreed by the Company or the notified party in advance or accepted by the notified party after receipt of the notice;
- (IX) by other means accepted by the regulators in the place where the stocks of the Company are listed or prescribed in the articles of association.

For the means by which the Company provides or delivers communications of the Company to the holders of the H Shares pursuant to Hong Kong Listing Rules, such communications may be published on the website designated by the Company and/or the website of the Hong Kong Stock Exchange or by electronic means provided or delivered to the holders of the H Shares under the precondition of conforming to the laws, regulations and listing rules in the listing place, and the articles of association.

For the purpose of the foregoing paragraph, communications of the Company shall mean any document delivered or to be delivered by the Company for the reference of any holder of the H Shares or other people required in Hong Kong Listing Rules, or for taking any action, including without limitation:

1. annual reports of the Company (including reports of the board of directors and the annual account, audit report and financial summary report (if applicable) of the Company);
2. interim reports and interim summary reports (if applicable) of the Company;
3. notices of meetings;
4. listing documents;
5. circulars;
6. proxy form (the definition of which shall be subject to the listing rules of the stock exchange in the place where the stocks of the Company are listed).

Where notices are given by way of announcements under authorization conferred by the Articles, such announcements shall be published by means specified in the Hong Kong Listing Rules.

**Article 238** Under the precondition of conforming to laws, administrative regulations, departmental rules, normative documents, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the articles of association, if a notice of the Company is served by announcement, the said notice shall be deemed as received by all relevant persons once the said notice is announced.

**Article 239** Notice of meeting of the general meeting of the Company shall be served by announcement and published on the media for disclosure of information of listed companies required under the securities regulatory authorities under the State Council and the listing rules of the stock exchange in the place where the stocks of the Company are listed.

**Article 240** Notice of board of directors meeting of the Company shall be served by personal delivery, post, fax or email.

**Article 241** Notice of meeting of the supervisory committee of the Company shall be served by personal delivery, post, fax or email.

**Article 242** If the notice of the Company is served by personal delivery, the recipient shall affix signature (or seal) to the return on service and the signing date shall be the date of service; if the notice of the Company is served by post, the third working day after handover to the post office shall be the date of service; if the notice of the Company is sent by fax, the sending date shall be the date of service; if the notice of the Company is sent by email, the date of delivery recorded on the computer that sent the email shall be the date of service; if the notice of the Company is served by announcement, the date of first announcement shall be the date of service.

**Article 243** The accidental omission to give notice of meeting to, or non-receipt of notice of meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions adopted at the meeting.

**Article 244** If the listing rules in the place where the stocks of the Company are listed require the Company to send, mail, distribute, issue, publish or provide by other means the relevant documents of the Company in English and Chinese versions, the Company may (according to the intentions expressed by shareholders) send only English text or only Chinese text to relevant shareholders in the range permitted by the applicable laws and regulations and according to applicable laws and regulations, provided that the Company has made appropriate arrangement to determine whether its shareholders hope to receive only English text or only Chinese text.

## **Section 2 Announcement**

**Article 245** The Company shall designate a newspaper and a website required under the securities regulatory authorities under the State Council for disclosure of information of listed companies as the media for Company to publish announcements and other to-be-disclosed information to shareholders of domestic shares. If an announcement shall be sent to shareholders of the H Shares in accordance with the articles of association, it shall be published by the methods specified in Hong Kong Listing Rules.

The information disclosed by the Company on other public media shall not be earlier than those disclosed on designated newspapers and designated websites. The announcement of the Company may not be substituted by press conference, or answer to reporter's questions or other forms.

The Board shall have the right to decide to adjust the determined media for information disclosure of the Company, but should ensure that the designated media for information disclosure meets the qualifications and conditions stipulated by the Mainland China and Hong Kong laws and regulations, the securities regulatory authority of the State Council, overseas regulatory authorities and the stock exchange in the place where the stocks of the Company are listed.

## **CHAPTER XI MERGER, DIVISION, CAPITAL INCREASE, CAPITAL DECREASE, DISSOLUTION AND LIQUIDATION**

### **Section 1 Merger, Division, Capital Increase and Capital Decrease**

**Article 246** Merger of the Company may take the form of absorption or establishment of a new company.

One company absorbing another company is merger by absorption, and the company being absorbed shall be dissolved. Merger of two or more companies through establishment of a new company is a consolidation, and the companies being consolidated shall be dissolved.

**Article 247** For the merger or division of the Company, the board of directors of the Company shall put forth a plan. After it is approved in the procedure specified in the articles of association, relevant examination and approval formalities shall be completed according to law. The shareholders who object to the merger or division plan of the Company shall have the right to require the Company or the shareholders who agree to the merger or division plan of the Company to purchase their shares at a fair price. The content of the resolution on merger or division of the Company shall be made into a special document, for the reference of shareholders.

For shareholders of the H Shares of the Company listed in Hong Kong, the aforesaid document shall also be served by mail or by other means permitted by the Hong Kong Stock Exchange.

**Article 248** In the event of merger of the Company, the parties concerned shall conclude a merger agreement and prepare balance sheets and property inventories. The Company shall notify all creditors within 10 days after adoption of the merger resolution and shall make announcements through designated media within 30 days. The creditors may require the Company to repay debts or provide corresponding guarantees within thirty days after receipt of the notice or within 45 days after the announcement if the creditors haven't received the notice.

**Article 249** The credits and debts of the Company during merger shall be inherited by the company subsisting after merger or by the newly established company.

**Article 250** If the Company is divided, its properties shall be divided accordingly.

Where the Company is divided, a balance sheet and a property inventory shall be prepared. The Company shall notify all creditors within 10 days after adoption of the division resolution and shall make announcements through designated media within 30 days.

**Article 251** The debts of the Company prior to the division shall be undertaken by the companies after division, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before division.

**Article 252** Where the Company needs to decrease the registered capital, the Company shall prepare a balance sheet and a property inventory.

The Company shall notify the creditors within 10 days after adoption of the resolution to decrease the registered capital and shall make announcements through designated media within 30 days. A creditor may, within thirty days from the date of receipt of the written notice or, if he did not receive a written notice, within 45 days from the date of the announcement, require the Company to repay debts or provide corresponding guarantees.

**Article 253** Change in registered particulars arising from a merger or division of the Company shall be registered with the companies registration authority according to law. If the Company is dissolved, it shall be deregistered according to law. If a new company is established, such establishment shall be registered according to law.

Increase or decrease of the registered capital of the Company shall be registered with the companies registration authority according to law.

## **Section 2 Dissolution and Liquidation**

**Article 254** The Company may be dissolved for the following reasons:

- (I) the operating period stipulated in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;
- (II) the general meeting has resolved to dissolve the Company;
- (III) merger or division of the Company entails dissolution;
- (IV) the Company is declared bankrupt according to law as it is unable to pay off the debts due;

- (V) the business license is revoked according to law, or the Company is ordered to close or is cancelled;
- (VI) if the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the shareholders, and no solution can be found through any other channel, the shareholders holding more than 10% of the total voting rights of the Company may request the people's court to dissolve the Company.

**Article 255** In the circumstance set out in item (I) of the previous article, the Company may continue to subsist by amending the Articles of Association.

Amendments to the articles of association pursuant to the preceding paragraph shall be subject to the approval of more than two-thirds of the voting rights held by the shareholders present at the general meeting.

**Article 256** Where the Company is dissolved in accordance with items (I), (II) and (VI) of Article 254 hereof, a liquidation committee shall be established within 15 days from the date of occurrence of the cause of liquidation. The members of the liquidation committee shall be determined by the directors or the general meeting. In case no liquidation committee is established within the specified period to commence liquidation, the creditors may apply to the People's Court to designate relevant persons to form a liquidation committee and commence liquidation.

Where the Company is dissolved according to item (IV) of Article 254 of the articles of association, the people's court shall, according to provisions of related laws, organize the shareholders, the relevant authority and related professionals to form a liquidation committee to carry out liquidation.

Where the Company is dissolved according to the item (V) of Article 254 of the articles of association, the relevant department in charge shall organize the shareholders, the relevant authority and related professionals to form a liquidation committee to carry out liquidation.

**Article 257** If the board of directors decides to liquidate the Company for any reason other than the Company's declaration of its own insolvency, it shall state in the notice on convening a general meeting for this reason that it has made full investigation on the Company's position and believes the Company is able to pay its debts in full within 12 months from the commencement of the liquidation.

Upon the adoption of the resolution at the general meeting for the liquidation of the Company, all functions and powers of the board of directors shall cease immediately.

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



**Article 258** During liquidation, the liquidation committee shall exercise the following functions and powers:

- (I) to examine and take possession of the assets of the Company and prepare the balance sheet and a property inventory;
- (II) to inform creditors by notice or announcement;
- (III) to deal with the outstanding businesses of the Company relating to liquidation;
- (IV) to pay off outstanding taxes as well as taxes arising in the course of liquidation;
- (V) to settle credits and debts;
- (VI) to dispose of the remaining assets of the Company after repayment of debts;
- (VII) to represent the Company in civil proceedings.

**Article 259** The liquidation committee shall notify all creditors within 10 days after its establishment and shall make announcements through designated media within 60 days. The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after announcement if the creditors haven't received the notice.

The creditors shall explain matters relating to their rights and provide relevant evidential documents. The liquidation committee shall register the creditor's rights.

In the creditor's rights declaration period, the liquidation committee shall not make repayment to the creditors.

**Article 260** After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit it to the general meeting or the people's court for confirmation.

The Company shall, according to the class and proportion of the shares held by the shareholders, distribute the properties of the Company remaining after payment of the liquidation expenses, employees' salaries, social insurance expenses and statutory compensations, outstanding taxes, and the Company's debts.

The Company shall subsist in the course of liquidation but shall not conduct any business operations unrelated to liquidation. Before liquidation as specified in the preceding paragraphs, the assets of the Company shall not be distributed to shareholders.

**Article 261** After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the people's court to declare the Company bankrupt according to law.

Following a ruling by the people's court that the Company is bankrupt, the liquidation committee shall transfer to the people's court all matters relating to the liquidation.



**Article 262** Upon completion of liquidation, the liquidation committee shall prepare a liquidation report, revenue and expenditure report in the liquidation period and accounting books and submit the same to the general meeting or the people's court for confirmation after verification by Chinese certified public accountant and shall submit to the company registration authority, apply for deregistration of the Company and announce termination of the Company.

**Article 263** Any member of the liquidation committee shall dutifully and lawfully fulfill the liquidation obligation.

Any member of the liquidation committee shall not abuse his official powers to accept bribes or other unlawful gains, and not to expropriate the Company's assets.

Where any member of the liquidation committee causes any loss to the Company or the creditors with will or serious negligence, the said member shall be liable for compensation.

**Article 264** Where the Company declares bankrupt according to law, bankruptcy liquidation shall be conducted pursuant to laws on bankruptcy of enterprises.

## **CHAPTER XII AMENDMENT TO ARTICLES OF ASSOCIATION**

**Article 265** The Company may amend the articles of association in accordance with the laws, administrative regulations and the articles of association.

**Article 266** The Company shall amend the articles of association in any of the following circumstances:

- (I) after amendments are made to the Company Law or other relevant laws and administrative regulations, the articles of association run counter to the said amendments;
- (II) the conditions of the Company have changed, and such change is not covered in the articles of association;
- (III) the general meeting has resolved to amend the articles of association.

**Article 267** Any amendment approved by the general meeting to the articles of association shall be submitted to the competent authorities for approval where necessary; changes, if any, shall be registered.

**Article 268** The board of directors shall amend the articles of association in accordance with the resolution of the general meetings on amendment to the articles of association and the examination and approval opinions from relevant competent authorities.

**Article 269** Where the amendments to the articles of association involve matters requiring disclosure by law and regulations, the amendments shall be announced as required.

**Article 270** If the amendment to the articles of association involves the content of the Mandatory Provisions, it will take effect after being approved by the company approval authority authorized by the State Council and the securities regulatory authority of the State Council (if applicable); if company registration is involved, change shall be registered according to law.

## CHAPTER XIII DISPUTE RESOLUTION

**Article 271** The Company shall abide by the following principles of dispute resolution:

- (I) Any dispute or claim arising between holders of overseas listed foreign shares and the Company; holders of overseas listed foreign shares and the Company's directors, supervisors, general manager or other members of the senior management; or holders of overseas listed foreign shares and holders of domestic shares, in respect of any rights or obligations arising from the articles of association, the Company Law or any other relevant laws and administrative regulations concerning the affairs of the Company shall be submitted for arbitration.

When a dispute or claim of rights referred to in the preceding paragraph is submitted for arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall, where such person in the Company, the Company's shareholders, directors, supervisors, general manager or other members of the senior management, comply with the arbitration.

Dispute in respect of the definition of shareholders and dispute in relation to the register of members need not be resolved by arbitration.

- (II) A claimant may elect for arbitration to be carried out either at the China International Economic and Trade Arbitration Commission in accordance with its Rules or at Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules. Once a claimant submits a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects for arbitration to be carried out at 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.

- (III) If any disputes or claims of rights are settled by way of arbitration in accordance with item (I) of this Article, the laws of the PRC govern, save as otherwise provided in law and administrative regulations.

- (IV) The award of an arbitral body shall be final and conclusive and binding on all parties.

## CHAPTER XIV SUPPLEMENTARY PROVISIONS

### Article 272 Definitions

- (I) Controlling shareholder: refers to a shareholder who may elect a majority of directors when acting separately or consistently with others; or a shareholder who holds more than 30% of the shares externally issued by the Company when acting separately or consistently with others; or a shareholder who may exercise more than 30% of the voting rights of the Company or may control the exercising of more than 30% of the voting rights of the Company when acting separately or consistently with others; or a shareholder who factually controls the Company by other means when acting separately or consistently with others.
- (II) De facto controller: A person who is not a shareholder of the Company but can effectively control the Company through investment, agreement or other arrangement.
- (III) Connected relations: Relations between a controlling shareholder, de facto controller, Director, Supervisor or members of the senior management of the Company and the enterprise directly or indirectly controlled by the same, which relations may give rise to a transfer of interests of the Company, provided however that there should be no related party relationship between state-controlled enterprises solely because they are under the common control of the State.

**Article 273** The board of directors may formulate rules of articles of association in accordance with the articles of association. The rules shall not conflict with the articles of association.

**Article 274** The articles of association shall be executed in Chinese. Where the articles of association in any other language or version disagree with the articles of association, the Chinese version of articles of association latest approved and registered by the relevant administration for industry and commerce shall prevail.

**Article 275** For the purpose of the articles of association, references to “more”, “within” and “less” shall include the actual figures, while references to “no more than”, “other than”, “lower than” and “more than” shall exclude the actual figures.

**Article 276** The articles of association shall come into effect on the date of consideration and approval at the general meeting of the Company. From the effective date of the articles of association, the former articles of association of the Company shall automatically go out of effect. The board of directors of the Company shall be responsible for the interpretation of the articles of association.

**Article 277** Appendixes to the articles of association include rules of procedure for general meetings, rules of procedure for board of directors meetings and rules of procedure for meetings of the supervisory committee.