

**ARTICLES OF ASSOCIATION**

**OF**

**SHANGHAI JUNSHI BIOSCIENCES CO., LTD.\***

**上海君實生物醫藥科技股份有限公司**

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

**(Stock code: 1877)**

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## Chapter 1 General Provisions

### Article 1

Shanghai Junshi Biosciences Co., Ltd. (the “Company”) is a joint stock company with limited liability incorporated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for Companies Listing Overseas (the “Mandatory Provisions”), the Letter of Opinions on the Amendments to Articles of Association of Companies Listed in Hong Kong of the Overseas-Listing Department of the CSRC and the Production System Department of the State Commission for Restructuring the Economic System, the Rules Governing the Listing of Securities on the STAR Market on the Shanghai Stock Exchange (“STAR Market Listing Rules”), the Reply of the State Council on Adjusting the Provisions to Matters Including the Notice Period for Convention of General Meetings Applicable to Overseas Listed Companies (No. 97 [2019] of the State Council), Guidance for the Articles of Listed Company, Code of Corporate Governance for Listed Companies in China, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and other relevant regulations.

These Articles are formulated with a view to protect the legitimate rights and interests of the Company, its shareholders and creditors and to regulate the Company’s organizations and conducts.

The Company was established by Shanghai Junshi Biosciences Co., Ltd.\* (上海君實生物醫藥科技有限公司) by way of entire transformation and registered at the Shanghai Administration for Industry and Commerce on 5 May, 2015 with a business license granted. The unified social credit code is 91310000059383413A.

The promoters of the Company are: Xiong Fengxiang (熊鳳祥), Suzhou Ruiyuan Shengben Biological Medicine Management Partnership (LP)\* (蘇州瑞源盛本生物醫藥管理合夥企業(有限合夥)), Du Yali (杜雅勵), Wu Yang (武洋), Feng Hui (馮輝), Liu Xiaoling (劉小玲), Wu Jun (吳軍), Wang Lifang (王莉芳), Shenzhen Benyu Tianyuan Biological Technology Partnership (LP)\* (深圳本裕天源生物科技有限合夥企業(有限合夥)), Ma Jing (馬靜), Li Cong (李聰), Shen Chun (沈淳), Shanghai Baoying Asset Management Co., Ltd.\* (上海寶盈資產管理有限公司), Liu Jiankun (劉建坤), Huang Fei (黃菲), Zhou Yuqing (周玉清), Xiong Jun (熊俊), Zhao Yun (趙雲), Jiangsu Yatong Asset Management Co., Ltd.\* (江蘇亞通資產管理有限公司), Zhong Lu (鍾鷺), Liu Shaolan (劉少蘭), Nanjing Runjiajiuxi Investment Partnership (LP)\* (南京潤嘉久熙投資合夥企業(有限合夥)), Chen Mingxi (陳銘錫), Jin Mingzhe (金明哲), Dai Longlin (戴龍林), Yang Fan (楊帆), Shanghai Yingding Investment Management Partnership (LP)\* (上海盈定投資管理合夥企業(有限合夥)) and He Min (賀敏).

- Article 2** Chinese registered name of the Company: 上海君實生物醫藥科技股份有限公司  
English name of the Company: Shanghai Junshi Biosciences Co., Ltd.
- Article 3** Address of the Company: Room 1003, Level 10, Building 2, Nos. 36 and 58, Hai Qu Road, China (Shanghai) Pilot Free Trade Zone  
Telephone: 021-6105-8800  
Fax: 021-6175-7377  
Postal code: 201203
- Article 4** The Company's legal representative is the chairman of the board of directors (the "Board") of the Company, who represents the Company externally.
- Article 5** The registered capital of the Company is RMB910,756,700. After the issuance of new shares, the Company's registered capital shall be adjusted according to the actual situations. Registration procedures of change in registered capital shall be handled for the change in registered capital.
- Article 6** The Company is a joint stock limited company in perpetual existence.
- Article 7** These Articles of Association of Shanghai Junshi Biosciences Co., Ltd.\* (上海君實生物醫藥科技股份有限公司) (the "Articles of Association") has been approved by a special resolution at a general meeting of the Company. These Articles shall take effect from the date on which they are approved by relevant state departments and regulatory authorities, and shall supersede previous articles of association and its amendments filed with the competent administration for industry and commerce.
- From the effective date of the Articles of Association, the Articles of Association shall become a legally binding document which regulates the Company's organization and acts, the rights and obligations between the Company and shareholders, and amongst the shareholders.

**Article 8**

The Articles of Association shall be binding on the Company and its shareholders, directors, supervisors, general manager and other senior management, and the above-mentioned persons shall be entitled to make claims on matters relating to the Company in accordance with the Articles of Association.

Subject to compliance of Article 223 of the Articles of Association, pursuant to the Articles of Association, a shareholder can sue the Company; the Company can sue its shareholder(s), directors, supervisors, general manager and other senior management; and a shareholder can sue another shareholder(s); and a shareholder can sue the directors, supervisors, general manager and other senior management.

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.

The term “other senior management” as mentioned in the Articles of Association shall include the vice general manager(s), the chief financial officer, the secretary to the Board and the chief executive officer and other members designated by the Board.

**Article 9**

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 provided that, unless otherwise provided by laws, the Company shall not become an investor that is jointly and severally liable for the liabilities owed by the invested company. Upon the approval of the relevant government departments, the Company may set up subsidiaries or branch institutions such as branches, representative offices and offices in foreign countries or in the Hong Kong Special Administrative Region (“Hong Kong”), Macau Special Administrative Region and Taiwan, based on the needs for its business development.

## **Chapter 2 Objective and Scope of Operation**

**Article 10** The operation objective of the Company is: to bring benefits to patients through technologies as driven by innovation, and to create maximum value for its shareholders through innovation.

The governance of listed companies shall be sound, effective and transparent, to strengthen internal and external supervision and balance, protect the legitimate rights of shareholders and ensure fair treatment of the shareholders, respect the basic rights and interests of stakeholders, and effectively enhance the overall value of enterprise.

**Article 11** The Company's scope of operation shall be consistent with the scope of operation approved by the authority responsible for the Company's registration.

The scope of operation of the Company: research and development of biologic drugs, provision of relevant technology development, technology consultation, technology transfer and technology service, as well as import and export of goods and technologies. Drug wholesale, entrusted manufacturing of drugs (for details, please refer to the drug registration documents of the drug marketing license holder) (Businesses subject to approvals under laws shall be carried out upon approval by the relevant authorities)

Upon approval by the general meeting and relevant government authorities (if needed), the Company may, in light of changes in domestic or overseas markets, the development of its businesses and its own capabilities, lawfully adjust its scope of operation and complete relevant formalities for such adjustment.

## **Chapter 3 Shares, Registered Capital and Share Transfers**

**Article 12** The Company shall have ordinary shares at all times. It may have other classes of shares as needed, upon approval by the competent authorities authorized by the State Council.

**Article 13** The Company's shares shall be in the form of share certificates. All the shares issued by the Company shall have a par value which shall be RMB1 for each share.

The "RMB" as mentioned in the preceding paragraph refers to the lawful currency of the People's Republic of China.

The total assets of the Company are divided into equal shares. Shareholders take responsibilities for the Company according to their subscribed shares, and the Company takes responsibilities for the Company's debt according to its total assets.

The Company's shares shall be issued based on the principles of fairness, justice and openness. Shares of the same class shall carry equal rights. For the same class of shares of the same issuance, each share shall be issued at the same price and subject to the same conditions. Any entity or individual shall pay the same price per share for any such shares subscribed. Domestic shares and overseas-listed foreign shares issued by the Company shall enjoy equal rights in the distribution of dividends or distributions in any other forms.

The Company and its subsidiaries (including affiliated companies) shall not subsidize any person who has purchased or proposes to purchase the Company's shares through gift, advancement, guarantee, compensation or loan, etc.

**Article 14**

The Company may issue shares to investors inside the PRC and investors outside the PRC upon approval by securities regulatory and administrative authorities under the State Council.

The term "investors outside the PRC" as mentioned in the preceding paragraph shall refer to investors from foreign countries or Hong Kong, Macau or Taiwan that subscribe for shares issued by the Company. The term "investors inside the PRC" shall refer to investors within the People's Republic of China, excluding the above-mentioned regions, that subscribe for the shares issued by the Company.

**Article 15**

The shares issued by the Company to investors inside the PRC for subscription in RMB shall be referred to as "domestic shares". The shares issued by the Company to investors outside the PRC 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". A holder of domestic shares and a holder of overseas-listed foreign shares are both holders of ordinary shares, and shall enjoy equal obligations and rights.

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.

**Article 16**

The overseas-listed foreign shares issued by the Company and listed in Hong Kong shall be referred to as H shares. H shares shall refer to shares with a par value denominated in RMB, which are approved by the Hong Kong Stock Exchange for listing and will be subscribed for and traded in Hong Kong dollars.

**Article 17**

Upon approval by the authorities authorized by the State Council, 14,700,000 ordinary shares were issued to promoters upon the establishment of the Company, which were wholly subscribed and held by promoters. The name of promoters of the Company, number of shares subscribed, as well as method and date of capital contribution are set out below:

Name of shareholders	Number of shares ('0000)	Shareholding (%)	Method of capital contribution	Date of capital contribution
Xiong Fengxiang (熊鳳祥)	366.00	24.90	Net assets into shares	2015.05.05
Suzhou Ruiyuan Shengben Biological Medicine Management Partnership (LP)* (蘇州瑞源盛本生物醫藥管理合夥企業(有限合夥))	272.40	18.53	Net assets into shares	2015.05.05
Du Yali (杜雅勵)	185.20	12.60	Net assets into shares	2015.05.05
Wu Yang (武洋)	137.80	9.37	Net assets into shares	2015.05.05
Feng Hui (馮輝)	109.50	7.45	Net assets into shares	2015.05.05
Liu Xiaoling (劉小玲)	53.80	3.66	Net assets into shares	2015.05.05
Wu Jun (吳軍)	53.80	3.66	Net assets into shares	2015.05.05
Wang Lifang (王莉芳)	53.80	3.66	Net assets into shares	2015.05.05
Shenzhen Benyu Tianyuan Biological Technology Partnership (LP)* (深圳本裕天源生物科技有限合夥企業(有限合夥))	28.75	1.96	Net assets into shares	2015.05.05
Ma Jing (馬靜)	26.90	1.83	Net assets into shares	2015.05.05
Li Cong (李聰)	22.86	1.56	Net assets into shares	2015.05.05
Shen Chun (沈淳)	17.20	1.17	Net assets into shares	2015.05.05
Shanghai Baoying Asset Management Co., Ltd.* (上海寶盈資產管理有限公司)	16.20	1.10	Net assets into shares	2015.05.05
Liu Jiankun (劉建坤)	15.60	1.06	Net assets into shares	2015.05.05
Huang Fei (黃菲)	14.60	0.99	Net assets into shares	2015.05.05
Zhou Yuqing (周玉清)	13.80	0.94	Net assets into shares	2015.05.05
Xiong Jun (熊俊)	13.20	0.90	Net assets into shares	2015.05.05
Zhao Yun (趙雲)	10.20	0.69	Net assets into shares	2015.05.05
Jiangsu Yatong Asset Management Co., Ltd.* (江蘇亞通資產管理有限公司)	9.00	0.61	Net assets into shares	2015.05.05
Zhong Lu (鍾鷺)	8.75	0.60	Net assets into shares	2015.05.05
Liu Shaolan (劉少蘭)	8.10	0.55	Net assets into shares	2015.05.05
Nanjing Runjiajiuxi Investment Partnership (LP)* (南京潤嘉久熙投資合夥企業(有限合夥))	8.07	0.55	Net assets into shares	2015.05.05
Chen Mingxi (陳銘錫)	5.38	0.37	Net assets into shares	2015.05.05
Jin Mingzhe (金明哲)	4.93	0.34	Net assets into shares	2015.05.05
Dai Longlin (戴龍林)	4.48	0.30	Net assets into shares	2015.05.05
Yang Fan (楊帆)	4.43	0.30	Net assets into shares	2015.05.05
Shanghai Yingding Investment Management Partnership (LP)* (上海盈定投資管理合夥企業(有限合夥))	3.50	0.24	Net assets into shares	2015.05.05
He Min (賀敏)	1.75	0.12	Net assets into shares	2015.05.05
<b>Total</b>	<b>1,470.00</b>	<b>100.00</b>	<b>-</b>	<b>-</b>



**Article 18**

Upon establishment of the Company, as approved by the securities regulatory authorities under the State Council, the Company issued 158,910,000 overseas-listed foreign shares (prior to the exercise of the over-allotment option), which were listed on the Hong Kong Stock Exchange on 24 December, 2018. Upon the exercise of the over-allotment option, the Company issued additional 23,836,500 overseas-listed foreign shares, which were listed on the Hong Kong Stock Exchange on 9 January, 2019.

Upon the completion of the initial public offering of overseas-listed foreign shares of the Company, the share capital of the Company is 784,146,500 shares, including 601,400,000 domestic shares and 182,746,500 overseas-listed foreign shares.

Upon establishment of the Company, as approved by the securities regulatory authority, the Company issued 87,130,000 domestic shares, which were listed on the STAR Market on 15 July, 2020.

Upon the completion of the initial public offering and listing of the domestic shares of the Company, the share capital of the Company is 871,276,500 shares, including 688,530,000 domestic shares and 182,746,500 overseas-listed foreign shares.

The share capital of the Company is: 691,461,000 domestic shares and 219,295,700 overseas-listed foreign shares.

**Article 19**

After the plans for issuing overseas-listed foreign shares and domestic shares have been approved by the securities regulatory authorities under the State Council, the Board of the Company may arrange for implementation of such plans by means of separate issuances.

The Company's plan for separate issuance of overseas-listed foreign shares and domestic shares in accordance with the preceding paragraph may be implemented separately within 15 months upon approval by the securities regulatory authorities under the State Council or within the valid period of the approval/registration document.

**Article 20**

Where the Company issues overseas-listed foreign shares and domestic shares separately within the total number of shares specified in the issuance plans, such shares shall be fully subscribed in one single issuance. Where special circumstances make it impossible for every such single issuance to be fully subscribed, the shares may be issued in several tranches, subject to the approval of the securities regulatory authorities under the State Council.

**Article 21**

Upon the establishment of the Company by way of entire transformation, its registered capital is RMB14,700,000. Prior to the initial public offering of H shares, the registered capital of the Company is RMB601,400,000, with total shares of 601,400,000 shares.

Upon the completion of the initial public offering of H shares of the Company, the registered capital of the Company is RMB784,146,500 on the listing date.

Upon the completion of the initial public offering of the domestic shares of the Company, the registered capital of the Company is RMB871,276,500 on the listing date.

**Article 22**

Unless otherwise provided by the laws and administrative regulations, shares of the Company are freely transferable and are not subject to any lien.

Shares issued by the Company but not listed on the stock exchanges within or outside the PRC are referred to as unlisted shares. Upon approval by securities regulatory authorities under the State Council, shareholders of unlisted shares of the Company can transfer their respective shares to overseas investors, and can be listed and traded in the overseas stock exchanges. The listing and trading of the transferred shares on the overseas stock exchanges shall also in all respects comply with the regulatory procedures, regulations and requirements prescribed by the relevant overseas stock exchanges. No class meeting is required to be held for the transferred shares that are listed and traded on the overseas stock exchange. Upon listing in overseas stock exchanges, the unlisted shares shall be as the same class of original overseas listed foreign shares, i.e. overseas listed shares.

**Chapter 4 Reduction and Repurchase of Shares****Article 23**

Based on the capital needs for its operation and development, the Company may, in accordance with the provisions under the laws, regulations and the Articles of Association and upon approval by way of special resolutions at the general meeting, increase its capital by the following methods:

- (1) issuing new shares to unspecified investors;
- (2) placing new shares with existing shareholders;
- (3) giving new shares to existing shareholders;
- (4) issuing new shares to specified investors;
- (5) converting capital reserve into shares;
- (6) other means as permitted by the laws and administrative regulations.

The Company's increase of capital by issuing new shares shall be carried out in accordance with the procedures specified in the relevant State laws, administrative regulations and relevant regulatory rules in the place where the Company's shares are listed, after having been approved in accordance with the Articles of Association.

Existing shareholders shall have no pre-emptive rights on shares publicly or non-publicly issued by the Company.

The Company shall not issue preferred shares convertible into ordinary shares.

Subject to the fulfillment of relevant conditions, the Company's general meeting may authorize the Board to make decision on the issuance of a certain number of domestic shares to specific investors in accordance with provisions under relevant national laws, administrative regulations, and relevant regulatory rules of the place where the Company's shares are listed.

**Article 24**

The Company may sell the shares of which the shareholder(s) is or are not available and keep the proceeds, provided that:

(1) for at least three (3) times dividends be proposed in respect of the relevant shares within twelve (12) years, where the shareholder(s) does not or do not claim any of dividends; and

(2) after expiration of the twelve (12)-year period, the Company shall give a notice of its intention to sell the shares by way of an advertisement in newspapers upon approval by securities regulatory authorities under the State Council, and notify such securities authorities and the relevant overseas stock exchanges and the relevant securities regulatory authorities in such places where the Company's shares are listed.

**Article 25**

The Company may reduce its registered capital pursuant to the provisions of the Articles of Association.

**Article 26**

Where the Company reduces its registered capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days from the date of the Company's resolution for reduction of registered capital and shall publish a public announcement in newspapers within 30 days from the date of such resolution. A creditor shall be entitled, within 30 days from the date of receipt of the notice from the Company or, in case of a creditor who has not received such notice, within 45 days from the date of the public announcement, to require the Company to repay its debts or provide a corresponding guarantee for such debts.

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

**Article 27**

The Company may repurchase its own shares after completing the procedures as stipulated in the Articles of Association and with the approval of the relevant State authorities under the following circumstances:

- (1) to cancel shares for the purpose of reducing the registered capital of the Company;
- (2) to merge with other companies that hold shares in the Company;
- (3) to use the shares for Employee Stock Ownership Plan or as equity incentives;
- (4) to acquire the shares of shareholders (upon their request) who vote against to any resolution adopted at any general meetings on the merger or division of the Company;
- (5) to use the shares in the conversion of the convertible corporate bonds issued by the Company;
- (6) necessary for the Company to protect the Company value and the shareholders' equity;
- (7) other circumstances as permitted by the laws and administrative regulations.

The Company shall not acquire the Company's shares save and except for the aforesaid conditions.

**Article 28**

Upon approval of the repurchase of its own shares of the Company by the relevant State authorities, it may proceed in any of the following manners:

- (1) making repurchase offer in proportion to respective shareholdings of all shareholders;
- (2) repurchase through open transactions on a stock exchange;
- (3) repurchase by an agreement outside a stock exchange;
- (4) other means recognized by regulatory authorities.

If the Company intends to repurchase its shares, the repurchase may be conducted through public and centralized trading or other means recognized by laws, regulations and the CSRC.

If the Company intends to repurchase its shares in the situations set out under sub-paragraph (3), sub-paragraph (5) and sub-paragraph (6) of paragraph 1 of Article 27, the repurchase shall be conducted through public and centralized trading.

**Article 29**

In the event of a repurchase of its own shares by the Company for the reasons under sub-paragraphs (1) and (2) of Article 27 hereof or by an agreement outside of a stock exchange, prior approval shall be obtained from the shareholders at a general meeting in accordance with the procedures specified in the Articles of Association. Upon obtaining further prior approval of the shareholders at the general meeting in the same manner, the Company may terminate or amend contracts concluded in the manner set forth above or waive any of its rights under such contracts. In the event of a repurchase of its own shares by the Company for the reasons under sub-paragraphs (3), (5) and (6) of Article 27 hereof, the Company shall do so by a resolution passed by the Board by more than two third of the directors attending the meeting.

The contracts for the repurchase of shares referred to in the above paragraph include (but not limited to) agreements whereby repurchase obligations are undertaken and repurchase rights are acquired.

The Company may not assign contracts for the repurchase of its own shares or any of its rights thereunder.

**Article 30**

The price per share for repurchasing the Company's own redeemable shares proposed to be made otherwise than by open transaction or offering shall be capped at a maximum price; where the repurchasing is proposed to be made by way of offering, such offering shall be made available to all holders of such shares on the same conditions.

**Article 31**

If the Company repurchases its own shares in accordance with laws under the circumstances set forth in sub-paragraph (1) of Article 27 of the Articles of Association, the shares so repurchased shall be cancelled within 10 days from the date of repurchase. In the event of the circumstances set forth in sub-paragraphs (2) and (4) of Article 27, the shares so repurchased shall be transferred or cancelled within six (6) months. If the Company repurchases its own shares in accordance with sub-paragraph (3), sub-paragraph (5) and sub-paragraph (6) of Article 27, the total number of shares of the Company 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 in 3 years.

Upon the cancellation or repurchase of shares by the Company in accordance with laws, the Company shall apply to the Company's original registration authorities for registration of the change in its registered capital and publish relevant announcement.

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

## Article 32

Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchasing its issued and outstanding shares:

- (1) where the Company repurchases shares at par value, payment shall be made out of the book balance of distributable profits of the Company and/or out of the proceeds from new shares issued for such purpose;
- (2) where the Company repurchases shares at a premium to the par value, payment up to the par value may be made out of the book balance of distributable profits of the Company and/or out of the proceeds from new shares issued for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
  1. if the shares being repurchased were issued at par value, payment shall be made out of the book balance of distributable profits of the Company;
  2. if the shares being repurchased were issued at a premium to the par value, payment shall be made out of the book balance of distributable profits of the Company and/or out of the proceeds from new shares issued for that purpose, provided that the amount paid out of such proceeds shall not exceed the aggregate of the premiums received on the issue of the shares repurchased nor shall it exceed the book value of the Company's premium account (or capital common reserve account) (including the premiums on the new issue) at the time of the repurchase;
- (3) the Company shall make payments for the following applications out of the Company's distributable profits:
  1. acquisition of the right to repurchase its own shares;
  2. modification of any contract for the repurchase of its shares;
  3. release of its obligation(s) under any contract for repurchasing its shares;
- (4) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with relevant regulations, the amount deducted from the distributable profits for payment of the par value of the repurchased shares shall be transferred to the Company's premium account (or capital common reserve account).

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

### **Article 33**

The Company or its subsidiaries shall not, by any means at any time, provide any form of financial assistance to a person who purchases or intends to purchase shares in the Company. The person who purchases shares in the Company set forth above includes any person who directly or indirectly assumes any obligations as a result of the acquisition of shares in the Company.

Neither the Company nor its subsidiaries shall, by any means at any time, provide financial assistance to such person for the purposes of reducing or discharging the obligations assumed by such person.

This Article shall not apply to the circumstances referred to in Article 35 in the Articles of Association.

### **Article 34**

For the purposes of this chapter, the term “financial assistance” shall include (but not limited to):

- (1) gifts;
- (2) 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) or release or waiver of any rights;
- (3) provision of a loan or entering into any other agreement under which the obligations of the Company are to be fulfilled prior to the fulfillment of obligations of another party to the agreement, or a change in the parties to, or the assignment of rights under, such loan or agreement; and
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net asset or when its net assets would thereby be reduced to a material extent.

For the purposes of the Articles of Association, the “assumption of obligations” means the assumption of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not, and irrespective of whether such obligations are to be borne by the obligor solely or jointly with other persons), or by any other means which results in a change in the Company’s financial position.

**Article 35**

The following acts shall not be deemed to be prohibited under Article 33 of the Articles of Association:

- (1) the provision of financial assistance by the Company where the financial assistance is provided in good faith in the interests of the Company and the principal purpose of which is not for the acquisition of shares in the Company, or where the provision of financial assistance is an incidental part of certain overall plan of the Company;
- (2) the lawful distribution of the Company's properties by way of dividends;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction in registered capital, repurchase of shares or adjustment of the share capital structure effected in accordance with the Articles of Association;
- (5) the provision by the Company of a loan within its scope of operation 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 net assets are thereby reduced, the financial assistance is provided out of its distributable profits); and
- (6) the monetary contribution by the Company to the employee share option schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of its distributable profits).

**Chapter 6 Share Certificates and Register of Members****Article 36**

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

China Securities Depository and Clearing Co., Ltd. shall serve as the registrar of shares held by domestic shareholders of the Company. Register of members of domestic shareholders and their shareholding are subject to the records under the security record system of China Securities Depository and Clearing Co., Ltd. H shares of the Company can be deposited at custodian under Hong Kong Securities Clearing Company Limited or held under the name of individual shareholder.

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



During the period of H shares being listed on the Hong Kong Stock Exchange, the Company must ensure that all ownership documents (including share certificates of H shares) for all of its shares listed in the Hong Kong Stock Exchange always include the following statements:

- (1) The acquirer of shares agrees with the Company and each shareholder of the Company, and the Company agrees with each shareholder, to observe and comply with the Company Law and other requirements related to the laws, administrative regulations and the Articles of Association.
- (2) The acquirer of shares agrees with the Company, each shareholder, director, supervisor, general manager and other senior management members of the Company and the Company acting for itself and for each director, supervisor, general manager and other senior management member agrees with each shareholder 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 PRC laws and 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.
- (3) The acquirer of shares agrees with the Company and each shareholder of the Company that shares in the Company are freely transferable by the holder thereof.
- (4) The acquirer authorizes the Company to enter into a contract on his behalf with each director, general manager and other senior management member whereby such directors, general manager and other senior management members undertake to observe and comply with their obligations to shareholders stipulated in the Articles of Association.

The Company shall instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such shares bearing statements above.

#### **Article 37**

The Company shall not accept the Company's shares as the object of a pledge. Shares of the Company can be transferred, given, inherited and pledged in accordance with the relevant laws, administrative regulations and the Articles of Association. Transfer and assign of shares shall be registered with the share registrar appointed by the Company.

**Article 38**

The share certificates shall be signed by the chairman of the Board. Where the stock exchange where the shares of the Company are listed requires the share certificates to be signed by other senior management, the share certificates shall also be signed by such senior management. The share certificates shall take effect after being affixed or printed with the seal of the Company. The share certificates shall only be affixed with the Company's seal or printed with the seal of the Company with the authorization of the Board. The signatures of the chairman of the Board or other relevant senior management on the share certificates may also be in printed form. Where the shares of the Company are issued and traded in a paperless form, it shall comply with regulations otherwise stipulated by the securities regulatory authority and the stock exchange of the place where the Company's shares are listed.

Where the Company issue share warrants to bearer, that no new share warrant shall be issued to replace one that has been lost, unless the Company is satisfied beyond reasonable doubt that the original has been destroyed.

**Article 39**

The Company shall keep a register of members according to the certificates provided by the securities registration institutions, which shall contain the following particulars:

- (1) the name, address (place of domicile), occupation or nature of business of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid-up or payable in respect of shares held by each shareholder;
- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which each shareholder was registered as a shareholder;
- (6) the date on which any shareholder ceased to be a shareholder.

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

In compliance with the Articles of Association and other applicable regulations, once the Company's shares were transferred, the name of the transferee, as the holder of such shares, shall be recorded in the register of members.

All actions or transfers in relation to overseas-listed foreign shares shall be registered in the register of members in the place where the overseas-listed foreign shares are listed pursuant to the Articles of Association.

Where two or more persons are registered as the joint holders of any shares, they shall be deemed as the joint owners of such shares, provided that they are subject to the following constraints:

- (1) the Company shall not register more than four (4) persons as the joint holders of any share(s);
- (2) all the joint holders of any share(s) shall be jointly and severally liable for payment of all amounts due from such share(s);
- (3) if one of the joint shareholders is deceased, only the surviving persons among the joint shareholders shall be regarded as the owners of relevant shares of the Company, provided that the Board shall have the right to require the surviving persons to provide a certificate of death which the Board deem appropriate for the purpose of changing the register of shareholders; and
- (4) as far as joint shareholders of any shares are concerned, only the joint shareholder whose name appears first in the register of shareholders has the right to receive the share certificates of the relevant shares from the Company, to receive notices of the Company; and any notice served on such a shareholder shall be deemed as having been served on all the other joint shareholders of those shares.

Any receipts issued to the Company by one of the joint shareholders for any dividend, bonus or return on capital payable to such joint shareholders shall be treated as a valid receipt that has been issued by all the joint shareholders to the Company.

#### **Article 40**

The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authorities of the State Council and overseas securities regulatory authorities, keep its original register of holders of overseas-listed foreign shares outside of the PRC and appoint overseas agent(s) to manage such register. The original register of holders of overseas-listed foreign shares listed in Hong Kong shall be maintained in Hong Kong.

The Company shall maintain a duplicate of the register of holders of overseas-listed foreign shares at its place of domicile. The appointed overseas agent(s) shall ensure consistency between the original version and the duplicate register of holders of overseas-listed foreign shares at all times.

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

**Article 41** The Company shall maintain a complete register of members.

The register of members shall include the following parts:

- (1) the register of members which is maintained at the Company's place of domicile (other than those share registers which are described in paragraphs (2) and (3) of this Article);
- (2) the register of members in respect of the holders of overseas-listed foreign shares of the Company which is maintained at the place where the overseas stock exchange on which the shares are listed is located;
- (3) the register of members which is maintained in such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

**Article 42** Different parts of the register of members shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of members.

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

**Article 43** Transfers of overseas-listed foreign shares of the Company shall be effected by a written instrument of transfer in an ordinary or usual form acceptable to the stock exchange or any other form acceptable to the Board. The written instrument of transfer may be signed by hand. Where the transferor or transferee is a recognized clearing house ("recognized clearing house") as defined by the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) or its nominee, the instrument of transfer may be signed by hand or in a machine-imprinted format.

All instruments of transfer shall be maintained at the legal address of the Company, the address of share registrar or any places specified by the Board from time to time.

All fully paid-up overseas-listed foreign shares listed in Hong Kong are freely transferable without any restriction on transfer (unless otherwise as permitted by the Hong Kong Stock Exchange) or any lien of the Company pursuant to the Articles of Association. The Board may refuse to recognize any instrument of transfer without explanation unless such transfer is in compliance with the following conditions:

- (1) transfer documents and other documents which relates to share ownership or may affect share ownership shall be registered; in case any payment is necessary for relevant registration, such payment shall not exceed the maximum fee as stipulated under the Hong Kong Listing Rules from time to time;

- (2) the instrument of transfer involves only the overseas-listed foreign shares listed in Hong Kong;
- (3) the stamp duty payable under the laws of Hong Kong on the instrument of transfer has been paid;
- (4) the relevant share certificates and other evidence reasonably required by the Board showing that the transferor has the right to transfer such shares have been submitted;
- (5) if the shares are to be transferred to joint holders, the number of shareholders jointly registered shall not exceed four (4);
- (6) the Company has not created any lien over the relevant shares.

If the Company refuses to register a share transfer, the Company shall send the transferor and the transferee a notice of refusal to register the said share transfer within 2 months from the date of submission of the application for transfer.

#### **Article 44**

Shares held by promoters shall not be transferred within one (1) year from the date of establishment of the Company. The shares already issued before initial public offering of the Company shall not be transferred within one (1) year from the date when the Company's shares are listed on the stock exchange.

Directors, supervisors, general manager and other senior management of the Company shall report to the Company their shareholdings in the Company and changes therein and shall not transfer annually during their terms of office more than 25% of the total number of shares of the same class of the Company which they hold, the shares held of the Company shall not be transferred within one (1) year from the date when the Company's shares are listed; The aforesaid persons shall not transfer the shares of the Company held by them within six (6) months from the date of their leaving the Company.

If directors, supervisors, senior management and those shareholders holding more than 5% of shares of the Company disposes the shares or other securities with equity nature within six (6) months after purchase, or purchase within six (6) months after disposal, the earnings therefrom shall belong to the Company, and the Board shall reclaim the earnings. However, a security company that holds more than 5% shares due to underwriting purchase of all remaining stock shall not be subject to the six (6) months restriction when disposing the shares.

The shares or other securities with equity nature held by directors, supervisors, senior management and natural person shareholders mentioned in the preceding paragraph include those held by their spouses, parents, children, and held by others' accounts.

If the Board does not implement in accordance with the provisions in the third paragraph of this Article, shareholders have the right to request the Board to implement them within thirty (30) days. Where the Board fails to implement within the aforesaid time limit, the shareholders shall have the right to file a lawsuit in their own name to the People's Court for the interest of the Company. Where the Board fails to implement in accordance with the provisions in the third paragraph of this Article, the responsible directors shall bear joint liability in accordance with the law.

#### **Article 45**

When the Company intends to convene a general meeting, distribute dividends, enter into liquidation and engage in other activities that involve determination of shareholdings, the Board or the convener of the general meeting shall determine a specific date for the record of rights attaching to shares (record date). Shareholders named in the register of members by the end of the record date shall be the shareholders of the Company.

Any person who dissents from the register of members and requests to have his name included in or removed from the register of members may apply to the court of the relevant jurisdiction to correct the register of members.

Any laws, regulations and listing rules of the place where the shares of the Company are listed concerning the book closure period prior to the holding of a general meeting or the record date for the determination of entitlements to dividend distributions by the Company shall be observed.

#### **Article 46**

Any shareholder who is registered in, or any person requests to have his name (title) entered into, the register of members may, if his share certificate (the "Original Certificate") is lost, apply to the Company for a replacement share certificate in respect of such shares (the "Relevant Shares").

If a holder of domestic shares loses his share certificate and applies for a replacement share certificate, it shall be dealt with in accordance with relevant provisions under the Company Law.

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

If a holder of H shares loses his share certificate and applies for a replacement share certificate, such share certificate shall be issued in compliance with the following requirements:

- (1) The applicant shall submit an application to the Company in the standard form prescribed by the Company 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 certificate as well as declaring that no other person is entitled to request to be registered as the shareholder of the Relevant Shares.
- (2) Before the Company decides to issue the replacement share certificate, no statement made by a person other than the applicant requesting that he shall be registered as the shareholder in respect of the Relevant Shares has been received.
- (3) The Company shall, if it decides to issue a replacement share certificate to the applicant, make an announcement of its intention to issue the replacement share certificate in such newspapers designated by the Board; the announcement shall be made at least once every 30 days for a period of 90 days. Newspapers designated by the Board shall be the Chinese and English newspaper recognized by the Hong Kong Stock Exchange (at least one each).
- (4) The Company shall have, prior to the publication of its intention to issue a replacement share certificate, delivered to Hong Kong Stock Exchange a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from Hong Kong Stock Exchange that the announcement has been displayed at the premises of the stock exchange. The announcement shall be displayed at the premises of Hong Kong Stock Exchange for a period of 90 days.

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

- (5) If, upon expiration of the 90-day period of announcement and display referred to in paragraphs (3) and (4) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant accordingly.
- (6) Where the Company issues a replacement share certificate in accordance with this Article, it shall forthwith cancel the Original Certificate and record the cancellation and replacement matters in the register of members accordingly.

- (7) All expenses relating to the cancellation of an Original Certificate and the issuance of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 47**

After the Company issues a replacement share certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case where he is a bona fide purchaser) shall not be deleted from the register of members.

**Article 48**

The Company shall not have any obligation to indemnify any person for any damages suffered thereby arising out of the cancellation of the Original Certificate or the issuance of a replacement share certificate, unless such person concerned can prove that the Company has committed a fraudulent act.

**Chapter 7 Shareholders' Rights and Obligations**

**Article 49**

The Company shall maintain a register of members, which is sufficient evidence to verify that a shareholder holds shares of the Company. A shareholder of the Company is a person who lawfully holds shares of the Company and has his name (title) recorded in the register of members.

A shareholder shall enjoy relevant rights and assume relevant obligations in accordance with the class and number of shares he holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

All classes of shareholders of the Company shall have equal rights in any distribution in the form of a dividend or any other form.

A shareholder of legal person shall appoint its legal representative or a proxy authorized by the legal representative to exercise its rights on its behalf.

The Company shall protect the rights of shareholders in accordance with the law and pay attention to protecting the legitimate rights and interests of small and medium shareholders. The Company shall establish smooth and effective communication channels with shareholders to protect shareholders' rights to know about major issues of the Company, participate in decision-making and supervision, etc.



## Article 50

Holders of the ordinary shares of the Company shall enjoy the following rights:

- (1) the right to dividends and other profit distributions in proportion to the number of shares held;
- (2) the right to propose, convene and preside over, to attend or appoint proxies to attend general meetings and to exercise the voting right based on respective shareholding in accordance with laws;
- (3) the right to supervise and manage, present proposals or raise enquiries about the Company's business operations;
- (4) the right to transfer, give as a gift or pledge the shares in their possession in accordance with the laws, administrative regulations and the Articles of Association;
- (5) the right to obtain relevant information in accordance with the Articles of Association, including:
  1. the right to obtain a copy of the Articles of Association, subject to payment of relevant costs;
  2. the right to inspect and copy, subject to a payment of a reasonable fee:
    - (1) all parts of the register of members;
    - (2) personal particulars of each of the Company's directors, supervisors, general manager and other senior management, including:
      - (a) present and former name or alias;
      - (b) principal address (place of domicile);
      - (c) nationality;
      - (d) primary and all other part-time occupations and duties;
      - (e) identification document and its number.
  - (3) reports on the status of the Company's issued share capital;

- (4) reports showing the aggregate par value, quantity, the maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last financial year, and the aggregate amount paid by the Company for this purpose (as classified by domestic shares and foreign shares (and H shares, if applicable));
- (5) minutes of general meetings;
- (6) special resolutions of the Company;
- (7) the latest audited financial reports of the Company, and the reports of the Board, the Board of Supervisors and auditors;
- (8) a copy of the latest annual return filed with the competent administration for industry and commerce.

Except for documents under item (2) above, the aforementioned documents shall be made available by the Company at the Company's address in Hong Kong for the public and holders of H shares to inspect with no charge (of which documents of item (5) may be inspected by shareholders only).

3. the right to inspect the resolutions of the Board meetings, the resolutions of meetings of the Board of Supervisors, financial reports and receipts of corporate bonds;
- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in accordance with the number of shares held;
- (7) with respect to shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them;
- (8) with respect to shareholders individually or jointly hold 3% or more shares of the Company, the right to propose extraordinary resolutions and submit to the Board in written ten (10) days before the date of general meeting;
- (9) such other rights conferred by the laws, administrative regulations, departmental rules and the Articles of Association.

The Company shall not exercise its rights to freeze or harm in any other forms the rights attaching to any shares held by any person merely because the person has not disclosed the rights and interests he holds directly or indirectly.

Shareholders shall provide written document that can prove the class and number of shares held by them if they request to inspect the aforementioned information or collect information, the Company should provide the information according to the shareholder's request after verifying the identity of the shareholder.

**Article 51**

If any resolution of the general meeting or the Board meeting violates the laws or administrative regulations, the shareholders shall have the right to submit to a People's Court to nullify such resolution (applicable rules for dispute resolution under the Articles of Association in relation to foreign shareholders).

If the convening procedures or voting methods for the general meeting or the Board meeting violate the laws, administrative regulations or the Articles of Association, or any content of the resolution thereof violates the Articles of Association, the shareholders shall have the right to submit to a People's Court within 60 days after such a resolution is made to revoke it (applicable rules for dispute resolution under these Articles of Association in relation to foreign shareholders).

**Article 52**

Shareholders individually or jointly holding 1% or more of the Company's shares for 180 consecutive days or more shall have the right to request the Board of Supervisors in writing to bring a legal action in the People's Court against any director or senior management officer for loss of Company resulting from their violation of any laws, administrative regulations or provisions of the Articles of Association in the course of performing their duties; shareholders may request the Board in writing to bring a legal action against the Board of Supervisors for the loss of the Company resulting from their violation of any laws, administrative regulations or provisions of the Articles of Association in the course of performing the duties.

The shareholders described in the preceding paragraph may bring legal action in the People's Court directly in their own names in the interest of the Company in the event that the Board of Supervisors or the Board refuses to initiate legal proceedings after receiving the aforesaid written request of shareholders, or fails to initiate such legal proceedings within 30 days on which such request is received, or in case of emergency where failure to initiate such legal proceedings immediately will result in irreparable damage to the Company's interest.

Shareholders as referred to in sub-paragraph (1) of this Article may also initiate legal proceedings in the People's Court under the provisions set out in the preceding two paragraphs if any third parties infringe on the lawful interests of the Company which caused damage to the Company.

**Article 53**

Shareholders may initiate legal proceedings against any director or senior management officer for violation of any laws, administrative regulations or the provisions of the Articles of Association which has damaged the interests of shareholders.

**Article 54**

If the shares of any shareholders holding at least 5% shareholding of the Company are pledged, frozen, or subject to juridical auction, custody or setting of trust, or with voting rights restricted in accordance with laws, such incident shall be reported to the Company in written on the date of incident.

**Article 55**

Holders of the ordinary shares of the Company shall have the following obligations:

- (1) to abide by the laws, administrative regulations and the Articles of Association;
- (2) to pay the share subscription price based on the shares subscribed and the method of subscription;
- (3) to assume obligations to the Company to the extent of their respective shareholding;
- (4) not to withdraw capital contribution upon approval and registration by the Company, except for those circumstances as stipulated under the laws and regulations;
- (5) not to abuse their shareholders' rights to prejudice the interests of the Company or other shareholders, and not to abuse the independent status of the Company as a legal entity and the limited liability of shareholders to prejudice the interests of the Company's creditors. If a shareholder of the Company abuses the rights of shareholder and thereby causes loss on the Company or other shareholders, such shareholder shall be liable for indemnity in accordance with the law. If a shareholder of the Company abuses the Company's independent status as a legal entity and the limited liability of shareholders for the purposes of avoiding debts, thereby materially impairing the interests of the creditors of the Company, such shareholder shall be jointly and severally liable for the debts owed by the Company;
- (6) to assume other obligations required by the laws, administrative regulations and the Articles of Association.

Shareholders shall not be liable to make any further contributions to the share capital other than according to the terms agreed by the subscribers at the time of share subscription, unless otherwise specified.

**Article 56**

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

- (1) to waive a director or supervisor of his responsibility to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a director or supervisor (for his own benefits or for the benefits of another person), in any way, of the Company's properties, including (but not limited to) any opportunities beneficial to the Company;
- (3) to approve the expropriation by a director or supervisor (for his own benefits or for the benefits of another person) of personal rights of other shareholders, including (but not limited to) rights to distributions and voting rights save pursuant to a restructuring submitted to shareholders for approval at a general meeting in accordance with the Articles of Association.

**Article 57**

Unless otherwise specified in the Articles of Association, the term "controlling shareholder" referred to in the Articles of Association means a shareholder who satisfies any one of the following conditions:

- (1) a person who, acting alone or in concert with others, is entitled to elect more than half of the Board;
- (2) a person who, acting alone or in concert with others, is entitled to exercise or to control the exercise of more than 30% (inclusive) of the voting rights of the Company;
- (3) a person who, acting alone or in concert with others, holds more than 30% (inclusive) of the outstanding issued shares of the Company;
- (4) a person who, acting alone or in concert with others, has de facto control over the Company in any other manner(s).

For the purposes hereof, the term "acting in concert with" means consensus between 2 or more persons by way of agreement, whether in verbal or written, to acquire voting rights in the Company by any one of them, for the purpose of controlling or consolidating the control over the Company.

**Article 58**

Neither the controlling shareholder nor the de facto controller of the Company may prejudice the interests of the Company by taking advantage of his related party relationship. Anyone who causes any loss to the Company as a result of violating the provisions shall be liable for the compensation.

The controlling shareholder and the de facto controller of the Company owe a fiduciary duty to the Company and public shareholders. The controlling shareholder shall strictly exercise the rights as a subscriber, and shall not impair the legitimate rights and interests of the Company and public shareholders in the ways of profit distribution, asset reorganization, overseas investment, capital use and loans and guarantees, and shall not impair the interests of the Company and public shareholders by using its controlling status in the Company.

The controlling shareholder and the de facto controller of the Company shall be separated with the Company in terms of organization, personnel, asset, business and financial matter. Each of them shall operate independently with separate accounts, and assume obligations and risk exposures independently. They are restricted from requesting the Company to assume additional service and obligations for them by using their respective special status.

The Company shall not provide funds, goods, services or other assets to shareholders or the de facto controller and their respective related parties at nil consideration. The Company shall not provide funds, goods, services or other assets to shareholders or the de facto controller and their respective related parties under significantly unfair terms. The Company shall not provide funds, goods, services or other assets to shareholders or the de facto controller and their respective related parties who are obviously under insolvency. The Company is also prohibited from providing guarantees for shareholders or the de facto controller and their respective related parties who are obviously under insolvency, or providing guarantees for them without reasonable grounds. The Company shall not waive the liabilities of shareholders or the de facto controller and their respective related parties, or bear the liabilities of shareholders or the de facto controller without reasonable grounds. The examination and approval procedures of the general manager, at the Board meeting and general meeting in respect of transactions in relation to provision of funds, goods, services or other assets between the Company and shareholders or the de facto controller and their respective related parties shall be strictly performed in compliance with the decision-making mechanisms for related party transactions under the Articles of Association and the Management Policies for Related Transactions. Related directors and related shareholders shall abstain from voting.

Controlling shareholders shall nominate candidates for directors and supervisors of the Company according to the conditions and procedures stipulated by laws and regulations and the Articles of Association. Controlling shareholders shall not set up approval procedures for the results of the personnel election at the general meeting and the personnel appointment resolution of the Board.

Where there is a change in control of the Company, relevant parties shall adopt effective measures to ensure the Company's stable operation during the transition period. If a material issue occurs, the Company shall report to the CSRC and its office and the stock exchange.

The controlling shareholder or the de facto controller of the Company shall not expropriate the Company's assets or funds. In the event that a controlling shareholder or the de facto controller of the Company expropriates the assets of the Company through, including but not limited to, expropriation of the Company's funds, the Board of the Company shall immediately apply to a People's court for freezing the Company's assets being expropriated by the controlling shareholder or the de facto controller and the shares of the Company held by them. If the controlling shareholder or the de facto controller cannot restore the Company's assets or repay in cash the capital of the Company, the Board of the Company shall realize the shares of the Company held by the controlling shareholder or the de facto controller to repay the portion of the Company's assets expropriated by him in accordance with the relevant rules and procedures under the laws, regulations and constitutional documents.

In the event of losses to the Company and other shareholders as a result of violation of the relevant laws, regulations and the Articles of Association by the controlling shareholder and the de facto controller of the Company, they shall assume the obligation for making compensation.

The directors, supervisors and senior management of the Company have legal obligations to safeguard the capital of the Company and cannot expropriate the Company's assets or assist or allow the controlling shareholder, the de facto controller and their respective affiliates to expropriate the Company's assets. In the event of violation of the aforementioned regulation by directors, supervisors and senior management of the Company, any gains from such violation shall be vested in the Company. If the Company incurs losses as a result of such violation, the defaulting parties shall be responsible for making compensation. Meanwhile, the Board of the Company shall penalize the personnel directly in charge based on the severity of the incident, or submit a resolution on the removal of responsible directors or supervisors at the general meeting. In case of criminal offense, such incident shall be reported to juridical departments for further actions.

For the purposes hereof, the term "controlling shareholder" means shareholder holding at least 50% shares of the total share capital of the Company, or any shareholder with shareholding below 50% but the voting rights attached to his shares have significant influence on the resolutions to be proposed at the general meeting.

For the purposes hereof, the term “de facto controller” means the persons, not being shareholders of the Company, who are able to exercise actual control over the acts of the Company through an investment relationship, agreement or other arrangements.

## **Chapter 8 General Meeting**

**Article 59** The general meeting shall be the organ of authority of the Company and shall exercise the functions and powers according to law.

**Article 60** The general meeting shall exercise the following functions and powers:

- (1) decide the operational policy and investment plan of the Company;
- (2) elect and replace directors who are not staff representatives, and make decisions on matters in relation to the remuneration of the relevant directors;
- (3) elect and replace shareholder representative supervisors, and make decisions on matters in relation to the remuneration of the relevant supervisors;
- (4) examine and approve the reports of the Board;
- (5) examine and approve the reports of the Board of Supervisors;
- (6) examine and approve the annual financial budgets and final accounting of the Company;
- (7) examine and approve the profit distribution plan and loss compensation plan of the Company;
- (8) decide on increasing or reducing the registered capital of the Company;
- (9) decide on the issuance of corporate bonds or other securities and listing plans;
- (10) decide on matters such as merger, division, dissolution, liquidation and alteration of corporate form of the Company;
- (11) consider the amendments to the Articles of Association, as well as the rules of procedures of the general meeting, Board meeting and meeting of the Board of Supervisors;
- (12) decide on the appointment, dismissal or termination of re-appointment of accounting firm;
- (13) consider and approve the motions raised by shareholders holding more than 3% (inclusive) of voting shares of the Company;



- (14) consider matters relating to the purchases and sales of significant assets with a total assets value or transaction value within one year exceeding 30% of the latest audited total assets of the Company;
- (15) decide on the guarantee issues as prescribed in Article 61 of the Articles of Association;
- (16) review and approve the issue of altering the use of raised funds;
- (17) consider and approve share incentive plans;
- (18) other matters shall be decided by the general meeting pursuant to the laws, administrative regulations and the Articles of Association;
- (19) other matters shall be decided by the general meeting as stipulated by the listing rules of the stock exchange where the shares of the Company are listed.

The functions and powers of the general meeting mentioned above shall not be delegated to the Board or other body or individual.

The general meeting may authorize or delegate the Board to deal with authorized or delegated matters, provided that no violation on mandatory rules under the relevant PRC laws, regulations, regulatory documents and the listing rules of the stock exchange where the shares of the Company are listed, the delegation shall be clear and specific, and shall be made in writing. However, the functions and powers delegated to the general meeting shall not be delegated to the Board.

#### **Article 61**

The following external guarantees of the Company must be reviewed and passed by the Board, and then submitted to be reviewed and passed at the general meeting:

- (1) any subsequent guarantee in addition to the aggregate of all external guarantees provided by the Company or its controlled subsidiary with a total amount equal to or more than 50% of the Company's latest audited net assets;
- (2) any subsequent guarantee in addition to the aggregate of all external guarantees provided by the Company within 12 consecutive months with a total amount equal to or more than 30% of the Company's latest audited total assets;
- (3) to provide guarantee to any person or entity with a gearing ratio in excess of 70%;
- (4) a single guarantee whose amount exceeds 10% of the latest audited net assets;

- (5) to provide guarantee for shareholders, de facto controllers and their related parties;
- (6) other situations of guarantees required by laws, regulations and other provisions or by regulatory body to be reviewed and approved by the general meeting.

For guarantee matters within the scope of authority of the Board, in addition to being approved by more than half of all directors, they should also be approved by more than two-thirds of directors present at the Board meeting. The guarantee in Item (2) above shall be passed by more than two-thirds of the voting rights held by shareholders present at the general meeting.

Where the Company provides guarantee for a wholly-owned subsidiary, or provides guarantee for a controlling subsidiary and other shareholders of the controlling subsidiary provide the same proportion of guarantee according to the rights and interests they enjoy, without harming the interests of the Company, the provisions of Items (1), (3) and (4) above may be exempted, except as otherwise provided in the Articles of Association. The Company shall summarize and disclose the aforesaid guarantee in the annual report and interim report.

Where the Company provides guarantee for related parties, such guarantee shall be provided based on reasonable business logic. The Company shall disclose it in time after the Board. The Company shall deliberate and approves it, and submit it to the general meeting for approval. If the Company provides guarantee for controlling shareholders, de facto controller and their related parties, the controlling shareholders, de factor controller and their related parties shall provide counter-guarantee.

## **Article 62**

Major transactions (except external guarantees) that meet one of the following criteria shall be submitted to the general meeting for approval:

- (1) The total assets involved in the transaction (the greater one will prevail in case of both book value and assessed value are available) amounts to more than 50% of the latest audited total assets of the Company;
- (2) The transaction amount amounts to more than 50% of the Company's market value;
- (3) The net assets of the subject matter of the transaction (such as equity rights) amounts to more than 50% of the Company's market value;
- (4) The operation revenue of the subject matter of the transaction (such as equity rights) in the latest accounting year amounts to more than 50% of the audited operation revenue of the Company in the latest financial year, and exceeds RMB50 million;

- (5) The profit from the transaction amounts to more than 50% of the audited net profit in the latest accounting year of the Company and exceeds RMB5 million;
- (6) The net profit in connection with the subject matter of the transaction (such as equity rights) in the latest financial year amount to more than 50% of the audited net profit in the latest financial year of the Company and exceeds RMB5 million.

The net profit index in the above criteria can be exempted from application before the Company realizes profits.

The transaction amount mentioned above refers to the transaction amount paid and the debts and expenses incurred. If the transaction arrangement involves possible payment or collection of consideration in the future, and there is no specific amount or the amount is to be determined based on conditions, the maximum expected amount will be the transaction amount.

The market value specified above refers to the arithmetic average of the closing market price of 10 trading days before the transaction. If the Company implements the transaction in stages, the above provisions shall apply on the basis of the total transaction amount. The Company shall timely disclose the actual situation of the transaction in stages.

When the Company unilaterally benefits from the transaction, including receiving cash assets as gift, being granted debt reduction or relief, accepting guarantee and financial assistance, etc.; the Company may be exempted from performing the review and approval procedures of the general meeting according to this article.

Subject to the laws and regulations of the place where the Company is listed, the STAR Market Listing Rules and Hong Kong Listing Rules, when considering a related party transaction at a general meeting, the following related party shareholders shall abstain from voting and shall not exercise voting rights on behalf of other shareholders:

- (1) a counterparty;
- (2) a person directly or indirectly controls the counterparty;
- (3) a person directly or indirectly controlled by the counterparty;
- (4) a person directly or indirectly under common control with the counterparty by the same legal person, other organizations or natural person;
- (5) a person who holds office in the counterparty or in the legal entity which can directly or indirectly controls the counterparty or is directly or indirectly controlled by the counterparty (applicable if the shareholder is a natural person);

- (6) a person whose voting rights are restricted or affected as a result of outstanding equity transfer agreement or other agreement with the counterparty or its related party;
- (7) Shareholders as identified by the CSRC or the stock exchange where the Company's shares are listed, to whom the listed company's interests may be in their favor.

**Article 63**

The Company shall not, without prior approval by general meeting, enter into a contract to handover all or part of the management of important matters of the Company to a person other than to a director, supervisor, general manager and other senior management.

**Article 64**

The general meetings shall include annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year and shall be held within six (6) months from the end of the preceding financial year.

Extraordinary general meetings shall be convened when necessary. The Board shall convene an extraordinary general meeting within two (2) months upon the occurrence of any of the following circumstances:

- (1) the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in the Articles of Association;
- (2) the losses of the Company that have not been made up reach one-third of the total paid-in share capital of the Company;
- (3) shareholders who individually or jointly hold more than 10% (inclusive) of the shares of the Company require in writing an extraordinary general meeting to be convened;
- (4) whenever the Board considers necessary or when the Board of Supervisors proposes a meeting;
- (5) when at least two independent non-executive directors proposes a meeting;
- (6) other circumstances prescribed by the laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are listed or the Articles of Association.

In the event of items (3), (4) and (5) above, the motions proposed by the convening requester shall be included in the agenda of the meeting.

Independent directors shall have the right to propose to the Board for convening extraordinary general meetings. For independent directors' request to convene extraordinary general meeting, the Board shall give a written feedback agreeing or disagreeing to convene the extraordinary general meeting within ten (10) days upon receiving the proposal in accordance with laws, administrative regulations and provisions hereof. The Board agreeing to convene extraordinary general meeting shall give notice of the meeting within five (5) days after making resolution; The Board disagreeing to convene extraordinary general meeting shall give reasons and make an announcement.

The Board of Supervisors shall have the right to propose to the Board for convening extraordinary general meeting and shall make such proposal in writing. The Board shall give a written feedback agreeing or disagreeing to convene the extraordinary general meeting within ten (10) days upon receiving the proposal in accordance with laws, administrative regulations and provisions hereof.

The Board agreeing to convene the extraordinary general meeting shall issue notice of the meeting within five (5) days after making the resolution; any modification on the original proposal in the notice shall be approved by the Board of Supervisors.

The Board disagreeing to convene the extraordinary general meeting or fails to give feedback within ten (10) days after receiving the proposal will be deemed as failed to or cannot fulfill its obligations to convene general meetings, and the Board of Supervisors can convene and preside over the meeting by itself.

#### **Article 65**

The general meeting shall be held at the domicile of the Company or the address listed in the notice of the general meeting. The time and venue chosen for the on-site meeting shall be appropriate to facilitate Shareholders' participation.

A venue shall be arranged for the general meeting, which will be held in the form of physical meeting. The Company will also provide expediency to the shareholders attending the general meeting by adopting on-line voting means. Shareholders attending the meeting by way of the above methods shall be deemed as to have attended the meeting.

Subsequent to the dispatch of a notice of the general meeting, the venue for convening the general meeting shall not be altered without proper reason. Once the venue is altered, the convener shall make an announcement and give reasons therefor at least two working days prior to the original date of the meeting.

#### **Article 66**

The resolutions shall fall within the scope of authority of the general meeting, carry specific subjects and matters to be resolved, and comply with relevant regulations under the laws, administrative regulations and the Articles of Association.

**Article 67**

At the general meeting convened by the Company, the Board, the Board of Supervisors and shareholder(s) individually or jointly holding at least 3% of the shares of the Company shall have the right to submit new proposals to the Company.

Shareholder(s) individually or jointly holding at least 3% of the Company's shares may propose an extempore proposal ten (10) days prior to the general meeting by submitting the same to the convener in writing. The convener shall issue a supplemental notice of general meeting within two (2) days after receiving the proposed motion specifying the content of the extempore motion.

Except as provided in the preceding paragraph, the convener shall not amend the proposals specified in the notice of the general meeting nor add new proposals after the notice is dispatched by way of announcement.

The general meeting shall not vote and resolve proposals not stated in the notice of the general meeting or failing to meet the abovementioned requirements.

**Article 68**

Shareholders requesting the convening of an extraordinary general meeting or a meeting of shareholders of different classes ("class meeting") shall proceed in accordance with the procedures set forth below:

- (1) Shareholder(s) individually or jointly holding a total of 10% or more of the shares of the Company carrying the right to vote at the meeting sought to be held may sign one or more written requests of identical form and substance requesting the Board to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting. The Board shall give a written feedback agreeing or disagreeing to convene the extraordinary general meeting or the class meeting within ten (10) days after having received the above-mentioned written request without undue delay. The shareholding referred to above shall be calculated as of the date on which the written request is made by shareholder(s).

If the Board agrees to convene an extraordinary general meeting or a class meeting, it shall issue the notice of the meeting within five (5) days after its resolutions, and modifications to the original request in the notice shall be approved by relevant shareholders.

- (2) If the Board disagrees to convening an extraordinary general meeting or a class meeting, or has not provided feedback within ten (10) days after receiving the written request, the shareholder(s) individually or jointly holding a total of 10% or more of the shares carrying the right to vote at the meeting sought shall have the right to propose the convening of an extraordinary general meeting or class meeting to the Board of Supervisors and submit such written request. If the Board of Supervisors agrees to convene an extraordinary general meeting or a class meeting, it shall issue the notice of the meeting within five (5) days after receipt of the request, and modifications to the original request in the notice shall be approved by relevant shareholders.
- (3) If the Board of Supervisors has not issued the notice of the general meeting within the prescribed time limit, it shall be deemed as the Board of Supervisors not convening and presiding over the general meeting, the shareholder(s) individually or jointly holding a total of 10% or more of the shares carrying the right to vote at the meeting sought for at least 90 consecutive days may convene and preside over the meeting on their own, while the convening procedures shall resemble as far as possible that of a general meeting convened by the Board.

Reasonable expenses incurred from the aforesaid case where shareholders convene the meeting by themselves due to the failure of the Board or the Board of Supervisors to convene the meeting shall be borne by the Company, and the same shall be deducted from the payment to those directors who failed to perform their duties.

The Board of Supervisors or shareholders deciding to convene a general meeting shall inform the Board in writing and put on record to the Company's local CSRC agency and the stock exchange. Prior to the announcement on the resolutions of general meeting, the shareholding of the convening shareholders shall not be lower than 10%. The convening shareholders shall submit relevant certificates and materials to the Company's local CSRC agency and stock exchange at the time of issue of the notice of the general meeting and the announcement on the resolutions of general meeting.

With respect to a general meeting independently convened by the Board of Supervisors or the shareholders, the Board and secretary of the Board shall cooperate accordingly. The Board shall provide the register of shareholders on the date of share registration.

The Company shall bear the costs of the general meeting convened by the Board of Supervisors or shareholders.

## **Article 69**

At the general meeting convened by the Company, the Board, the Board of Supervisors and shareholder(s) individually or jointly holding at least 3% of the shares of the Company shall have the right to submit new proposals to the Company.

Shareholder(s) individually or together holding at least 3% of the Company's shares shall have the right to propose an extempore proposal ten (10) days prior to the general meeting by submitting the same to the convener in writing.

At the annual general meeting convened by the Company, shareholder(s) individually or jointly holding 3% or more of the shares of the Company carrying the right to vote shall have the right to propose motions in writing to the Company. The Company shall place such proposed motions on the agenda of such meeting if they are matters falling within the functions and powers of general meetings.

The convener of the general meeting shall issue a supplemental notice of general meeting within two (2) days after receiving the proposed motion to notify other shareholders, and shall place such proposed motions on the agenda of such general meeting if they are matters falling within the functions and powers of general meetings and submit to the general meeting for consideration.

#### **Article 70**

When the Company convenes a general meeting, it shall notify each shareholder of the date and place of the meeting and the matters to be considered twenty (20) days before the date of the meeting and fifteen (15) days before the date of an extraordinary general meeting.

Notice of general meeting shall be served to any shareholder (whether has voting right on general meeting or not) either by hand or by post in a prepaid mail, addressed to such shareholder at his registered address as shown in the register of members. Subject to compliance with the laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed, notice of the general meeting may also be given by way of public announcement, including through publishing on the Company's website.

The "public announcement" referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities supervisory and regulatory authority under the State Council or on the website of the Shanghai Stock Exchange, or on media that meet the requirements of the securities supervisory and regulatory authority under the State Council within twenty (20) days before holding of the general meeting and fifteen (15) days before holding of the extraordinary meeting. All holders of domestic shares shall be deemed as having been notified of the forthcoming general meeting once the announcement is published. The Chinese and English versions of the announcement shall be published on the websites of the Hong Kong Stock Exchange and the Company respectively on the same day, or shall be published in the manner as specified by the Hong Kong Stock Exchange from time to time.

Where there are any special provisions in the listing rules of the place where the Company's shares are listed, such provisions shall prevail.



**Article 71**

A general meeting shall not decide on matters not specified in the notice.

If the general meeting cannot be held within the prescribed time limit, the reasons and subsequent plans shall be disclosed before the expiration of the time limit.

**Article 72**

Notice of the general meeting shall meet the following requirements:

- (1) be made in writing;
- (2) specify the time, venue and date of the meeting;
- (3) specify the matters to be deliberated at the meeting;
- (4) provide to the shareholders of the information and explanations as necessary for the shareholders to make sound decisions about the matters to be deliberated. This principle includes, but not limited to, the provision of the specific terms and contract(s), if any, of the proposed transaction(s) and sincere explanations about related causes and effects when the Company proposes merger, repurchase of shares, restructuring of share capital or other restructuring;
- (5) in the event that any of the directors, supervisors, general manager or other senior management has material interests in matters to be deliberated, the nature and extent of the interests shall be disclosed. If the matters to be deliberated affect any director, supervisor, general manager or other senior management as a shareholder in a manner different from how they affect other shareholders of the same class, the difference shall be explained;
- (6) contain the full text of any special resolution to be proposed for adoption at the meeting;
- (7) contain a conspicuous statement indicating that a shareholder who is entitled to attend and vote at the general meeting may appoint one or more proxies to attend and vote at the meeting on his behalf and that such proxies may not necessarily be shareholders of the Company;
- (8) the record date for the purpose of ascertaining shareholders who are entitled to attend the general meeting;
- (9) name and telephone number of the regular contact person;
- (10) specify delivery time and place of the power of attorney for proxy voting at the meeting.

In the event that the general meeting shall be voted through other methods, the alternative time, voting procedures and matters to be resolved shall also be included in the notice.

The notice and the supplementary notice of the general meeting shall fully and completely disclose all specific contents of all proposals. For items to be discussed which required the opinion of the independent directors, their opinions and reasons shall be disclosed when the notice or supplementary notice to general meeting is issued.

If the general meeting adopts on-line or other means, the voting time and voting procedures of on-line or other means shall be clearly stated in the notice of the general meeting. The starting time of voting by on-line or other means shall neither be earlier than 3:00pm of the day before the on-site general meeting to be convened, nor later than 9:30am of the day on which the on-site general meeting is convened; and the ending time shall not be earlier than 3:00pm of the day on which the on-site general meeting ends.

The period between the share registration date and the date of the meeting shall not be longer than 7 working days. Once the share registration date is fixed, it cannot be altered.

**Article 73** The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting.

**Article 74** The Board of the Company and other conveners shall take such necessary measures to ensure the normal order of the general meetings. For any disturbance to the order of the meeting and acts infringing the legitimate interests of the shareholders, measures shall be taken to prevent such disturbance or act, and the same shall be reported to the relevant authorities for investigation.

**Article 75** All shareholders (or their proxies) whose names appeared in the register of shareholders the Company at the record date are entitled to attend the general meeting and exercise their voting rights in accordance with the laws, regulations and the Articles of Association. The Company and the convener shall not reject for any reason.

Any shareholder entitled to attend and vote at a general meeting shall have the right to appoint one (1) or more persons (who may not be a shareholder) as his proxy(ies) to attend and vote on his behalf. Such proxy(ies) may exercise the following rights as authorized by the shareholder:

- (1) the shareholder's right to speak at the general meeting;

- (2) the right to demand by himself or jointly with others, to make a resolution by voting;
- (3) the right to vote may be exercised by poll.

**Article 76**

Shareholders attending the meeting in person shall produce their identity cards, the valid documents or evidence which can prove their identities, or stock account cards; proxies who are entrusted by shareholders to attend the meeting shall produce their valid identification documents and the power of attorney. Corporate shareholders shall attend the meeting by their legal representatives or other proxies entrusted by the legal representatives. Legal representatives attending the meeting shall produce their identity cards and the valid evidence which can prove their qualification as legal representatives. Proxies attending the meeting shall produce their identity cards, the power of attorney issued by the legal representatives of the corporate shareholders in accordance with laws.

The instrument appointing a proxy shall be made in writing under the hand of the appointing shareholder or his duly authorized attorney in writing. Where the appointing shareholder is a legal entity, such instrument shall be under its seal or under the hand of its director or duly authorized attorney.

**Article 77**

The instrument appointing a voting proxy shall be placed at the domicile of the Company or at such other places as specified in the notice of the meeting 24 hours before the convening of the relevant meeting at which the proxy is authorized to vote or 24 hours before the time designated for voting. If the instrument is signed by another person authorized by the entrusting party, the power of attorney or other documents authorizing the signatory shall be notarized. The power of attorney or other authorization documents notarized shall be placed together with the instrument appointing the voting proxy at the domicile of the Company or such other place as specified in the notice of the meeting.

If the entrusting party is a legal entity, its legal representative or any representative authorized by its board of directors as resolved or by other decision-making body shall attend the general meeting of the Company on its behalf.

If a shareholder is a recognized clearing house or its agent, it may authorize one or more proxy(ies) as it thinks fit to act as its proxy(ies) at any general meeting or any class meeting. However, if more than one (1) proxy is appointed, the power of attorney shall specify the number and class of shares represented by each of such persons under the authorization, and signed by authorized persons of recognized clearing house. Such authorized persons may attend meeting on behalf of the recognized clearing house or its agent (without presentation of evidence of its shareholding, notarized authorization and/or any further proof demonstrating the duly granting of the same) and exercise the right of the recognized clearing house or its agent, as if they were individual shareholders of the Company.

**Article 78**

Any form issued by the Board of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast vote in favor of or against on each resolution and enable the shareholders to give separate instructions on each matter to be voted at the meeting. The proxy form shall state that if the shareholder does not give instructions, whether the proxy shall vote at his own discretion.

Other than as provided above, the proxy form shall also state the following:

- (1) name of the proxy;
- (2) total number of shares represented by the proxy;
- (3) whether the proxy has the right to vote;
- (4) whether the proxy has the right to vote on the extempore motions that may be included in the general meeting;
- (5) specific instructions as to the manner of voting, if carrying the right to vote;
- (6) issuing date and validity period;
- (7) the number of shares represented by each proxy, in the event that multiple proxies are appointed;
- (8) signature (or chop) of the entrusting party. If the entrusting party is a corporate shareholder, its seal shall be affixed.

**Article 79**

The meeting register for attendees shall be prepared by the Company, specifying the name of the persons or entities attending the meeting, ID card number, residential address, the number of shares with voting rights held or represented, name of shareholders (or company name) they represent and other relevant matters.

**Article 80** The convener and legal advisers engaged by the Company shall jointly verify the legality of the qualification of the shareholders according to the register of shareholders provided by the securities registration and clearing institution, and register the names of the shareholders and the number of shares held by them with voting rights. The meeting registration shall terminate before the person presiding over the meeting announces the number of shareholders and proxies present at the meeting and the total number of shares with voting rights held by them.

**Article 81** Where the entrusting party has deceased, incapacitated to act, withdrawn the appointment or the signed power of attorney, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the instrument of proxy shall remain valid as long as the Company did not receive a written notice of the event before the commencement of the relevant meeting.

**Article 82** The general meeting shall be convened by the chairman of the Board and presided over by the chairman of the Board. If the chairman of the Board cannot attend the meeting for certain reasons, the vice chairman (if any) shall preside over the meeting. If the vice chairman (if any) of the Board also cannot attend the meeting for certain reasons, the meeting shall be presided over by a director elected by more than half of the total number of directors.

In the event that the Board cannot perform or has failed to perform the duties to convene a general meeting, the meeting shall be presided over by the Board of Supervisors who decides to convene the meeting or the shareholder who proposed such motion. The general meeting convened by the Board of Supervisors shall be presided over by the chairman of the Board of Supervisors. In the event that the chairman of the Board of Supervisors cannot or fails to perform such duty, the meeting shall be presided over by the vice chairman of the Board of Supervisors. In the event that the vice chairman of the Board of Supervisors cannot or fails to perform such duty, the meeting shall be presided over by a supervisor elected by more than half of the total number of supervisors. The general meeting convened by the shareholders shall be presided over by the representative elected by the convener.

If, for any reason, the shareholders cannot elect the chairperson, the meeting shall be presided over by the shareholder present and holding the largest number of shares with voting rights (including the proxy of the shareholder).

When a general meeting is convened, if the chairperson of the meeting violates the rules of procedures rendering the general meeting unable to continue, the general meeting may, with the approval of more than half of present shareholders with voting right, elect another person to preside over the meeting and to continue with the meeting.

**Article 83** Before the voting, the person presiding over the meeting shall announce the number of shareholders and proxies attending the on-site meeting and the total amount of voting shares, which shall be subject to the figures registered at the meeting.

**Article 84**

The Company shall have a set of rules of procedures for general meetings detailing the procedures regarding the convening of and voting at general meetings, including notice, registration, consideration of proposals, casting of votes, counting of votes, announcement of voting results, formation of resolutions, preparation and signing and announcement of minutes, and the principles for authorization to the Board at general meetings, which shall be explicit and specific. The rules of procedures for general meetings, which shall be an annex to the Articles of Association, shall be formulated by the Board and approved at the general meeting.

**Article 85**

Resolutions of the general meetings include ordinary resolutions and special resolutions.

An ordinary resolution at a general meeting shall be passed by exceeding half of the voting rights held by shareholders (including their proxies) present at the general meeting.

A special resolution at a general meeting shall be passed by more than two-thirds of the voting rights held by shareholders (including their proxies) present at the general meeting.

**Article 86**

A shareholder (including his proxy), when voting at a general meeting, may exercise his voting rights according to the number of voting shares which he represents. Each share shall carry one voting right. However, the Company's shares held by the Company do not carry voting rights, and shall not be counted in the total number of voting rights represented by the shareholders present at the general meeting.

When material matters concerning the interests of medium and small investors are considered at a general meeting, voting for medium and small investors shall be counted separately. Separate-counting results shall be disclosed timely and publicly.

The Board, independent directors, shareholders holding more than 1% shares with voting rights or investor protection institutions established in accordance with laws, administrative regulations and requirements specified by CSRC, can serve as soliciting party, and publicly make request to shareholders of the Company, either in person or by entrusting securities firms, securities service institutions, to engage them as proxies to attend the general meeting and exercise shareholders' rights including the right of proposing motions and the voting right.

When soliciting rights of shareholders in accordance with requirements set out in the paragraph above, the soliciting party shall disclose relevant documents, and the Company shall cooperate in this regard. It is prohibited to publicly solicit shareholders' rights by means of compensation or compensation in disguised form. The Company shall not impose minimum shareholding restrictions on soliciting the voting right. Where any acts on publicly soliciting rights of shareholders in violation of laws, administrative regulations or relevant requirements specified by CSRC, resulting in losses of the Company or other shareholders, relevant party shall be liable for compensation in accordance with laws.

According to the applicable laws and regulations and the listing rules of the stock exchange where the Company's shares are listed, where any shareholder is required to abstain from voting or is restricted to voting only for or against any particular resolution, any votes casted by such shareholder (or his proxy) in violation of such requirement or restriction shall not be counted in the voting results.

**Article 87** Resolutions shall be decided on voting by disclosed ballot or other means required by the securities supervision and management rules of the place where the Company's shares are listed.

**Article 88** A poll demanded on the election of the chairman of the meeting or on the adjournment of the meeting shall be taken forthwith. A poll demanded on any other issues shall be taken at such time as the chairman of the meeting may decide, and any matter other than that upon which a poll has been demanded may be proceeded with. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

**Article 89** When a poll is taken at a meeting, a shareholder (including his proxy) entitled to two (2) or more votes need not cast all his votes in the same way.

**Article 90** When the number of votes for and against a resolution is equal, the chairman of the meeting shall have a casting vote.

**Article 91** The following matters shall be resolved by way of ordinary resolutions at a general meeting:

- (1) work reports of the Board and the Board of Supervisors;
- (2) profit distribution plans and loss recovery plans formulated by the Board;
- (3) appointment or dismissal of the members of the Board and the members of the Board of Supervisors (other than employee representative supervisors), their remuneration and payment methods thereof;
- (4) annual reports, annual budgets and final accounts, balance sheets, income statements and other financial statements of the Company;
- (5) engagement or dismissal of accounting firm;
- (6) matters other than those required by the laws and administrative regulations or by the Articles of Association to be passed by way of special resolutions.

## Article 92

The following matters shall be resolved by way of special resolutions at a general meeting:

- (1) increase or reduction in the share capital and the issue of shares of any class, stock warrants or other similar securities of the Company;
- (2) issuance of corporate bonds of the Company;
- (3) division, merger, dissolution and liquidation of the Company;
- (4) change in the form of the Company;
- (5) any purchase or disposal of substantial assets made or guarantee provided by the Company within one (1) year, with an amount exceeding 30% of the latest audited total assets of the Company;
- (6) amendments to the Articles of Association;
- (7) approval to the guarantees as stipulated in Article 61 of the Articles of Association;
- (8) approval to and implementation of share incentive schemes;
- (9) adjustment to the profit distribution plan and loss recovery plan of the Company;
- (10) any other matters as required by the laws, administrative regulations or the Articles of Association, and those considered by shareholders and resolved by way of an ordinary resolution at general meetings, to be of a nature which may have a material impact on the Company and shall be adopted by special resolutions;
- (11) other matters required by the listing rules of the stock exchange where the Company's shares are listed to be passed by way of special resolutions.

All directors, supervisors, and the secretary to the Board of the Company shall attend the general meeting, whereas the general manager and other senior management shall be present at the meeting. Except for relating to trade secrets of the Company that shall not be disclosed, the directors, supervisors, general manager and other members of senior management shall make replies or explanations to the inquiries of shareholders at the general meeting.



**Article 93** When a related party transaction is considered at a general meeting, the related shareholders shall abstain from voting. The voting shares represented by such shareholders shall not be counted in the total number of voting shares. Poll results announcement of a general meeting shall fully disclose the voting of unrelated shareholders. When voting on the matters related to related party transactions, the unrelated shareholders present at the general meeting shall vote in a manner as required by Article 85 of the Articles of Association after deducting the number of shares with voting rights of the related shareholders.

**Article 94** Where the legality and validity of the general meeting is ensured, the Company shall make the attendance convenient for the shareholders through various methods and means, including a priority to on-line voting platform or other modern information technology means.

End time of on-site voting at the general meeting shall not be earlier than on-line or other voting methods; the chairman of the meeting shall announce the voting result of each proposal, and announce whether the proposal is adopted based on the voting results.

Prior to the formal announcement of the voting results, parties, including the Company, vote counter, scrutineer, major shareholders and Internet service supplier, involved in the general meeting in on-site, online and other forms shall bear confidential obligations to the voting.

**Article 95** Unless the Company is in emergency or under other special circumstances, the Company shall not, without the approval at a general meeting by way of special resolutions, enter into any contract with any party (other than the directors, general manager or other members of senior management) for delegating such party the management of the whole or any substantial part of the Company's business.

**Article 96** The shareholders attending the general meeting shall vote "for", "against" or "abstain" for every proposal to be resolved. The securities registration and settlement institution shall be the nominal holder of the shares of the stock exchange interconnection mechanism between the mainland and Hong Kong stock markets, except for the declaration according to the actual holder's will.

Incomplete votes, incorrectly completed votes, illegible votes or uncast votes shall be considered as the voters having waived their voting rights. The voting result of such voting shares shall be counted as "abstain".

Save for the cumulative voting system, all proposals will be resolved separately at the general meeting; different proposals on one matter shall be resolved based on sequence in which they were put forward. The general meeting shall not postpone or refuse the voting on a proposal unless due to particular causes such as force majeure which would result in the general meeting being terminated or unable to resolve.

The general meeting shall not revise a proposal when the proposal is being considered; otherwise, the revision shall be deemed as a new proposal and shall not be voted on the current general meeting.

For the same voting right, only one voting method can be selected from on-site, on-line or other voting methods. The first ballot shall prevail once repeated voting arises in the same voting right.

Prior to the voting on the proposal at the general meeting, two shareholders shall be elected to participate in vote calculation and scrutineer. If the shareholders are interested in the matters to be considered, the relevant shareholders and their proxies shall not participate in the counting of votes and scrutineering.

When the general meeting is voting on the proposal, the lawyer, shareholders' representative and supervisors' representative shall be jointly responsible for vote calculation, vote scrutineer and the announcement of the voting result, which shall be recorded in the meeting minutes.

Shareholders of the Company or their proxies voting via on-line or other methods have the right to check their voting result via corresponding voting system.

Resolution of the general meeting shall be announced in a timely manner, the announcement shall set out the number of shareholders and proxies present, the total number of voting shares held, proportion to the total voting shares of the Company, voting method, voting results of each proposal, and details of each resolution adopted.

Proposals not adopted or modifications on resolutions of the previous general meeting shall be mentioned specifically in the announcement of resolutions of the current general meeting.

**Article 97**

The chairman of the meeting shall be responsible for determining whether a resolution has been passed based on the poll result at the general meeting. Such determination shall be final and conclusive, and the poll results shall be announced at the meeting and recorded in the minutes.

**Article 98**

When convening a general meeting, the Company shall appoint a lawyer to issue a legal opinion on the following matters:

- (1) whether the procedures of convening and holding the general meeting comply with the laws, administrative regulations and the Articles of Association;
- (2) whether the qualification of the persons attending the general meeting and the convener are legally valid;
- (3) whether the procedures and results of voting are legally valid;
- (4) any other matters as required by the Company.

## Article 99

The nomination of directors and supervisors at the general meeting shall follow the approaches and procedures below:

- (1) Shareholder(s) individually or jointly holding at least 3% of the total outstanding voting shares of the Company may, by way of a written proposal, put forward to the general meeting about the candidates for directors and supervisors (not being employee representatives). However, the number of candidates proposed must comply with the provisions of the Articles of Association, and shall not be more than the number to be elected. The aforesaid proposal put forward by the shareholders to the Company shall be served to the Company at least 14 days before the convening of the general meeting.
- (2) Within the number of persons as specified by the Articles of Association and based on the proposed number of candidates to be elected, the Board and the Board of Supervisors may propose a list of candidates for directors and supervisors, which shall be submitted to the Board and the Board of Supervisors for examination, respectively. After the list of candidates for directors and supervisors is determined by deliberation and resolution of the Board and the Board of Supervisors, the list shall be proposed at a general meeting by way of a written proposal. The election of directors and supervisors shall fully reflect the opinions of medium and small shareholders.
- (3) The written materials for the intention to propose a candidate for election as a director or a supervisor, the written notice of the candidate on his willingness to accept the nomination, and the details of the nominees in writing shall be given to the Company no less than seven (7) days prior to the date of convening the general meeting. The Board and the Board of Supervisors shall provide shareholders with the biography and basic information of the candidates for directors and supervisors; the educational background, work experience, part-time jobs and other information of the candidates; whether the candidates have any related relationship with the Company or its controlling shareholders and de factor controllers; disclose the number of shares of the Company held by the candidates; whether the candidates had been subject to punishment by the CSRC and other relevant departments and to disciplinary action by the stock exchanges.

Other than directors and supervisors who are elected by cumulative voting system, the election of each candidate for directors and supervisors shall be proposed separately.

When resolving on the election of directors and supervisors at a general meeting, according to the provisions hereof or resolutions of the general meeting, the cumulative voting system may be adopted.

In case the shareholding held by a single shareholder and its parties acting in concert is 30% or more, when resolving on the election of directors and supervisors at a general meeting, the cumulative voting system shall be adopted.

The cumulative voting system as mentioned in the preceding paragraph means that every share shall, in electing directors or supervisors at the general meeting, have the same voting right with that of the candidate director or supervisor, and the voting rights held by the shareholder may be exercised in a centralized way. The Board shall announce the biography and basic information of the candidate directors and supervisors to the shareholders.

The implementation rules for the cumulative voting system are:

Before resolving on the candidates for directors or supervisors at a general meeting, the chairman of the meeting shall clearly inform the participating shareholders the implementation of the cumulative voting method for candidates for directors or supervisors. The Board must provide the ballot suitable for the implementation of the cumulative voting method. The secretary to the Board shall explain the cumulative voting method and instruction for filling the votes, so as to ensure the correct exercise of voting rights by shareholders.

When electing directors and voting cumulatively, independent non-executive directors and other directors shall be elected separately to ensure the proportion of independent non-executive directors in the Board of the Company.

Shareholders are free to distribute their voting rights among candidates for directors or supervisors, either in a decentralized manner on multiple candidates or in a centralized manner on a single candidate. If the total amount of voting rights casted by a shareholder is more than all voting rights held by the shareholder, the vote casted will be invalid; if the total amount of voting rights casted by a shareholders is less than all voting rights held by the shareholder, the vote casted shall be valid and the difference shall be deemed as abstain from voting. If the last two or more candidates have received the same number of votes and if all the candidates are elected, resulting in the number of elected directors or supervisors exceeding the number of candidates to be elected, the candidates shall be re-elected according to the procedures stipulated in the Articles of Association. If the number of elected directors or supervisors is less than the number specified in the Articles of Association, the Company shall restart the cumulative voting procedure for the missing number.

For adopted proposals relating to election of directors and supervisors, the appointment time of the new directors and supervisors shall be the date of passing the resolutions at the general meeting, unless otherwise specified in the resolutions of the general meeting.

- (4) The period given by the Company to the relevant nominators and nominees for submitting the aforesaid notice and documents shall be no less than seven (7) days (such period shall commence from the day following the date of serving the notice of convening of the general meeting).
- (5) At the general meeting, voting for each candidate for a director or supervisor shall be taken on a one-by-one basis, except for those candidates who apply the cumulative voting system.
- (6) In the case of any ad hoc addition to or change in any director or supervisor in need, the Board and the Board of Supervisors shall propose at the general meeting for the election or replacement of a director or supervisor.

**Article 100**

Once the notice of the general meeting is issued, such meeting shall not be postponed or cancelled, nor any proposal stated on the notice be canceled without a legitimate reason. In case of postponement or cancellation, the convener shall publish an announcement and explain the reason at least 2 workings days prior to the originally scheduled date for the meeting.

**Article 101**

If the chairman of the meeting has any doubt as to the voting result of a resolution, he may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder who is present in person or by proxy who objects to the result announced by the chairman of the meeting may, immediately after such announcement, demand that the votes to be counted and the chairman of the meeting shall have the votes counted immediately.

**Article 102**

In the event that the votes are counted at the general meeting, the counting results shall be recorded in the minutes of the meeting. The minutes of the meeting together with the attendance record signed by the attending shareholders and the proxy forms for proxies shall be kept at the domicile of the Company.

**Article 103**

Shareholders may examine the photocopies of the minutes of meetings during the Company's office hours free of charge. If any shareholder demands from the Company photocopies of relevant minutes of meetings, the Company shall send such photocopies within seven (7) days after verifying his capacity as a shareholder and receiving payment of reasonable charges.

## Article 104

Minutes shall be recorded for the general meeting. The convener shall ensure the authenticity, accuracy and completeness of the meeting minutes. The minutes shall be signed by attending directors, supervisors, secretary to the Board, meeting convener or its representative and the person presiding over the meeting. The minutes shall be kept together with attendance record of shareholders present and power of attorney of proxies present and valid information of voting via on-line and other methods for no less than 10 years. The meeting minutes shall include the following contents:

- (1) time, place and agenda of the meeting as well as name of the convener;
- (2) names of the person presiding over the meeting, directors, supervisors, managers and other senior management presenting or attending the meeting;
- (3) number of shareholders and proxies attending the meeting, total number of shares with voting rights held by them and the proportion of shares to the total shares of the Company;
- (4) deliberation process of each proposal, key points of speeches and voting results;
- (5) shareholders' inquiry or suggestion and corresponding reply or explanation;
- (6) names of the lawyer, vote counter and scrutineer;
- (7) other items that shall be recorded as prescribed by the provisions hereof.

The convener shall ensure the continuity of the general meeting until the final resolution is adopted. If the general meeting is suspended or cannot reach a resolution due to force majeure or other special causes, necessary measures shall be taken to resume the general meeting as soon as possible or the general meeting shall be terminated directly, and timely announcement shall be made. Meanwhile, the convener shall report to the Company's local CSRC agency and the stock exchange.

## Chapter 9 Special Voting Procedures for Class Shareholders

**Article 105** Shareholders who hold different classes of shares are class shareholders.

Class shareholders shall enjoy rights and assume obligations in accordance with the laws, administrative regulations and the Articles of Association.

**Article 106** Rights conferred on any class shareholders may not be varied or abrogated, unless such variation or abrogation is approved by way of a special resolution at a general meeting and by a separate general meeting of the affected class shareholders in accordance with Articles 108 to 112 of the Articles of Association.

**Article 107** The rights of shareholders of a certain class shall be deemed to have been varied or abrogated in the following circumstances:

- (1) An increase or decrease in the number of shares of such class, or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) a conversion of all or part of the shares of such class into shares of another class, a conversion of all or part of the shares of another class into the shares of such class or the grant of the right to such change;
- (3) a removal or reduction of rights to accrued dividends or cumulative dividends attached to the shares of such class;
- (4) a reduction or removal of the preferential rights attached to the shares of such class for receiving dividends or for the distribution of assets during the liquidation of the Company;
- (5) an addition, removal or reduction of the rights attached to the shares of such class, including the rights of conversion, options, voting and transfer, pre-emptive rights, and the rights to acquire the securities of the Company;
- (6) a removal or reduction of rights of such class of shares to receive payables from the Company in a particular currency;
- (7) a creation of a new class of shares with voting or distribution rights or other privileges equal or superior to the shares of such class;
- (8) an imposition of restriction or additional restrictions on the transfer or ownership of shares of such class;

- (9) an issuance of rights to subscribe for, or convert into, shares of such class or another class;
- (10) an increase in the rights or privileges of shares of another class;
- (11) restructuring of the Company which results in shareholders of different classes bearing disproportionate burdens of obligations; and
- (12) any amendment or cancellation of the provisions of this section.

**Article 108**

Shareholders of the affected class, whether or not having the right to vote at general meeting, shall have the right to vote at class meetings in respect of matters referred to in paragraphs (2) to (8) and (11) to (12) in Article 107, except that interested shareholders shall not vote at class meetings.

The term “interested shareholders” in the preceding paragraph shall have the following meanings:

- (1) if the Company has made a tender offer to all shareholders in the same proportion or has bought back its own shares through open market transactions on a stock exchange in accordance with Article 28 hereof, the controlling shareholders as defined in Article 57 in the Articles of Association shall be “interested shareholders”;
- (2) if the Company has bought back its own shares by an agreement outside of a stock exchange in accordance with Article 28 hereof, holders of shares in relation to such agreement shall be “interested shareholders”;
- (3) under a restructuring proposal of the Company, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same class, or shareholders who have an interest in a restructuring proposal of the Company that is different from the interest in such restructuring proposal of other shareholders of the same class shall be “interested shareholders”.

**Article 109**

Resolutions of a class meeting may be passed only by more than two-thirds of the voting rights of that class represented at the meeting in accordance with Article 108.



**Article 110**

When the Company is to hold a class meeting, it shall issue a written notice informing all the registered shareholders of that class of the matters to be considered at the meeting as well as the date and place of the meeting in accordance with the requirements on the notice period in respect of annual general meeting and extraordinary general meetings stipulated under Article 70 of these Articles. That the quorum for a class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the holders of at least one-third of the issued shares of the class.

**Article 111**

If a class meeting is to be convened by issuing a notice of the meeting, such notice shall be delivered only to the shareholders entitled to vote thereat.

The procedure for a class meeting shall, to the extent possible, be identical with the procedure for a general meeting. Provisions of the Articles of Association relevant to the procedure for the holding of a general meeting shall be applicable to a class meeting.

**Article 112**

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

The special procedure for voting by class shareholders shall not apply under the following circumstances:

- (1) where the Company issues domestic shares and overseas-listed foreign shares, upon approval by a special resolution of its shareholders at a general meeting, either separately or concurrently once every 12 months, not exceeding 20% of each of the existing issued domestic shares and overseas-listed foreign shares of the Company;
- (2) where the Company's plan to issue domestic shares and overseas-listed foreign shares upon its incorporation is implemented within 15 months from the date of approval by the securities regulatory authorities under the State Council; or
- (3) where with the approval by the securities regulatory authorities of the State Council the shareholders who hold the domestic shares of the Company transfer the shares held by them to foreign investors and cause these shares to be listed and traded on an overseas stock exchange.

## Chapter 10 Board of Directors

### Section I Directors

**Article 113** Directors shall be elected or replaced at the general meeting. Every term of a director is three (3) years. Upon the expiration of the term, a director shall be eligible for re-election and re-appointment, and a director may be discharged from his position at the general meeting before expiration of his term of office, except as otherwise provided in the relevant laws, regulations, the Articles of Association and the listing rules of the stock exchange where the Company's shares are listed.

Subject to the compliance with the relevant laws and administrative regulations, and the listing rules of the stock exchange where the Company's shares are listed, the general meeting may by ordinary resolution remove any director (including the general manager) before the expiration of his term of office without prejudice to the director's right as provided in any contracts to claim for damages arising from his removal.

The written notice of the intention to propose a candidate for election as a director, and the notice of acceptance by such candidate of his willingness to be nominated shall be served to the Company after the issue of the notice of the meeting by the Company at which such election shall be conducted and no less than seven (7) days prior to the date of convening the meeting. The term of the above written notice shall be no less than seven (7) days.

**Article 114** A director may resign before the expiration of his term of service. When a director resigns, he shall submit a written resignation notice to the Board. The Board shall make the relevant announcement within two (2) days.

When a director resigns or his term of office expires, his obligation of confidentiality in relation to trade secrets of the Company survives the termination of their tenure, until such secrets enter the public domain.

A director shall duly carry out all handover procedures with the Board on resignation or expiration of term. His fiduciary obligations to the Company and the shareholders shall not, as a matter of course, terminate at the end of his term of office, and shall survive three (3) years after his resignation or expiration of term

**Article 115** A director who leaves without notice before his term expires shall be liable for compensation to any loss caused to the Company.

**Article 116** A director who fails to attend in person and entrust other directors as his representative to attend the Board meetings for two consecutive times shall be deemed to have failed to perform his duties, and the Board shall propose to replace such director at the general meeting.

**Article 117** The Company shall consist of independent non-executive directors. Save as stipulated otherwise in this section, the requirement of a director's qualification and duties under Chapter 14 of the Articles of Association is applicable to independent non-executive directors. The independent directors shall not concurrently hold other positions in the Company other than committee members of the Board.

**Article 118** The term of office of a director commences on the date of appointment and expires upon the expiry of the term of the Board. If the term of office of a director expires but re-election is not made forthwith, or the number of the directors fall below the minimum requirement due to a director's resignation within his term of office, the resigning director shall continue to carry out his duties in accordance with the laws, administrative regulations and the Articles of Association before the elected director takes office.

Save for circumstances listed above, resignation of director shall come into effect from the delivery of the directors' resignation report to the Board.

## **Section II Board of Directors**

**Article 119** The Company shall set up a board of directors which shall be responsible to the general meeting. The Board shall consist of 9-15 directors and independent non-executive directors shall represent at least one-third of the total number of directors.

The Board shall consist of one (1) chairman. The chairman shall be elected or dismissed by exceeding half of all directors. Every term of the chairman is three (3) years. Upon the expiration of the term, the chairman shall be eligible for re-election and re-appointment.

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

The number of chairman or executive directors of the controlling shareholder concurrently holding the office of the chairman or executive directors of the Company shall not exceed two (2).

**Article 120** The Board shall exercise the following functions and powers:

- (1) to be responsible for convening general meetings, propose at general meetings to pass the relevant matters and report its work at the general meetings;
- (2) to implement resolutions of the general meetings;
- (3) to decide on the Company's business plans and investment programs;

- (4) to formulate the annual financial budgets and final accounts of the Company;
- (5) to formulate the Company's profit distribution plans and plans on making up losses;
- (6) to formulate proposals for the Company to increase or decrease its registered capital, issue corporate bonds or other securities and pursue any listing thereof, or issue a certain number of domestic shares to specific investors according to the authorization of the general meeting;
- (7) to formulate plans for the Company's substantial acquisitions or disposals and repurchase of shares of the Company, or merger, division, dissolution and alteration of corporate form of the Company;
- (8) within the scope authorized by the general meeting, to decide, among others, the Company's external investment, purchase and sale of assets, charge of assets, external guarantees, wealth management entrustment and related party transactions;
- (9) to decide on establishment of internal management organizations of the Company;
- (10) to appoint or dismiss general manager and secretary to the Board, and to decide on their remunerations, to appoint or dismiss vice general manager(s), the chief financial officer and other senior management in accordance with the nominations by general manager, and to decide on their remunerations and others;
- (11) to decide on the plans such as alteration of corporate form, division, restructuring or dissolution of the Company's wholly-owned subsidiaries and associated companies;
- (12) to formulate the basic management system of the Company, to determine the salary, benefits, rewards and punishments policies and programs of the Company's employees;
- (13) to formulate proposals to amend the Articles of Association;
- (14) to formulate proposals of the equity incentive scheme of the Company;
- (15) to decide on the establishment of special committees under the Board and to appoint or remove its person-in-charge;

- (16) to propose at the general meeting the appointment, re-appointment or dismissal of the accounting firms which provide audit services to the Company;
- (17) to listen to work reports submitted by the general manager and review his work;
- (18) to decide on other major affairs and administrative matters of the Company, to sign other material agreements, save and except for matters to be approved at the general meetings as required by the Company Law and the Articles of Association;
- (19) to manage information disclosure of the Company;
- (20) other powers and duties authorized by the Articles of Association or general meetings;
- (21) other matters as required by the PRC laws and regulations.

Except for the Board resolutions in respect of the matters specified in paragraphs (6) and (13) which shall be passed by more than two-thirds of the directors, the Board resolutions in respect of all other matters set out in the preceding paragraph may be passed by more than half of the directors.

The Board may establish certain special committees such as a strategic committee, an audit committee, a remuneration and assessment committee and a nomination committee as needed, to assist the Board to exercise its duties and powers or provide advice or consultation for the Board in respect of its decisions under the leadership of the Board. The composition of and the rules of procedures for such committees shall be decided by the Board separately. The special committees shall be responsible to the Board, and perform their duties according to the Articles of Association and the authorization granted by the Board. The proposals shall be submitted to the Board for consideration and approval. All members of the special committees are composed of directors, among which the number of independent directors shall be the majority of the audit committee, nomination committee and remuneration and assessment committee, and they shall act as the chairman of the committees. The chairman of the audit committee shall be an accounting professional.

The Board shall provide explanation for non-standard audit opinions on the financial reports of the Company given by certified public accountants at the general meeting.

**Article 121**

The Board shall formulate the procedural rules for the Board meeting to ensure the implementation of the resolutions of the general meeting, improvement in work efficiency and reasonable decision making.

The procedural rules for the Board meeting provide for the convening and voting procedures of Board meetings. The procedural rules for the Board meeting shall be formulated by the Board by being included in the Articles of Association or as an annex thereof and approved at the general meetings.

**Article 122**

In cases where the expected value of fixed assets proposed for disposal by the Board, when aggregated with value of fixed assets already disposed of within four (4) months before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet recently considered at the general meeting, the Board shall not dispose of or consent to dispose of such fixed assets without prior approval at the general meeting.

The term “fixed assets disposal” referred to in this Article refers to transferring certain interests in assets, but excludes provision of guarantees by way of fixed assets.

The validity of transactions regarding fixed assets disposal by the Company shall not be affected due to a breach of the first paragraph of this Article.

When the Board makes a decision on market development, merger and acquisition, investment in new sections and other aspects, for projects involving investment or acquisition or merger amounting to more than 10% of total assets of the Company, an independent consulting agency shall be engaged to provide professional opinions, which shall be regarded as an important basis for the Board to make decision.

**Article 123**

The powers of the Board in respect of external investment, acquisition and disposal of assets, charge of assets, external guarantees, wealth management entrustment and related party transactions include:

- (1) The total assets involved in the transaction (the greater one will prevail in case of both book value and assessed value are available) amounts to more than 10% of the latest audited total assets of the Company;
- (2) The transaction amount amounts to more than 10% of the Company’s market value;
- (3) The net assets of the subject matter of the transaction (such as equity rights) amounts to more than 10% of the Company’s market value;

- (4) The operation revenue of the subject matter of the transaction (such as equity rights) in the latest accounting year amounts to more than 10% of the audited operation revenue of the Company in the latest accounting year, and exceeds RMB10 million;
- (5) The profit from the transaction amounts to more than 10% of the audited net profit in the latest accounting year of the Company and exceeds RMB1 million;
- (6) The net profit in connection with the subject matter of the transaction (such as equity rights) in the latest accounting year amount to more than 10% of the audited net profit in the latest accounting year of the Company and exceeds RMB1 million.

The net profit index in the above criteria can be exempted from application before the Company realizes profits.

The Board is authorized at the general meeting to consider and approve the above matters within the scope of authority. The matters exceeding the scope of authority shall be submitted at the general meeting for consideration and approval. Where the Company violates the power of approval or procedures of consideration in relation to external guarantee, shareholders and supervisors shall have the right to demand the relevant responsible persons to bear their legal responsibility.

The Board shall clarify authorities with respect to external investment, acquisition and sale of assets, charge of assets, external guarantee, wealth management entrustment and related transaction, and establish strict examination and decision-making procedures. Major investment projects shall be assessed by relevant experts and professionals and submitted at the general meeting for consideration and approval.

Where the Board of the Company may, according to the principle of prudent authorization, authorize the chairman to exercise part of the functions and powers of the Board during its closing period, the authorization shall be clear and specific and in the form of writing. Major matters of the Company as stipulated in the Company Law and other relevant laws, administrative regulations, departmental rules or the Articles of Association shall be decided by the Board collectively, and the statutory functions and powers of the Board shall not be exercised by the chairman or general manager.

## Article 124

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

- (1) to preside over general meetings and to convene and preside over Board meetings;
- (2) to check the implementation of resolutions of the Board;
- (3) to sign securities issued by the Company;
- (4) to establish the systems necessary for the operation of the Board, and coordinate its operation;
- (5) to ensure the Company formulates sound corporate governance practices and procedures;
- (6) to represent the Company in signing important legally binding documents with third parties;
- (7) to decide on matters concerning external investment that do not meet the standards set forth in Article 123 of these Articles of Association;
- (8) to put forward a name list of the proposed candidates for the Company's vice chairman, general manager and secretary to the Board;
- (9) to supervise and check on the work of special committees;
- (10) to listen to regular and non-regular work reports from the Company's senior management, and to provide the Board with steering comments on the implementation of Board resolutions;
- (11) to at least annually hold one meeting with the non-executive directors (including independent non-executive directors) without the executive director present;
- (12) in an emergency situation where the occurrence of force majeure and major emergency events and the Board is unable to convene a meeting in due course, to exercise a special right to deal with the Company's affairs in compliance with the laws and in the Company's interests, and to report the same to the Board thereafter;
- (13) other functions and powers conferred by the laws and regulations, the STAR Market Listing Rules, the Hong Kong Listing Rules, the Articles of Association or the Board resolutions.



The vice chairman (if any) shall assist the chairman. When the chairman is unable to perform his duties, the vice chairman (if any) shall perform such duties. When the vice chairman (if any) is also unable to perform his duties, a director shall be elected jointly by more than half of the directors to perform such duties.

The Board may, if necessary, authorize the chairman to perform part of the duties of the Board when it is in recess.

#### **Article 125**

Meetings of the Board shall be held at least two (2) times a year. Meetings shall be convened by the chairman of the Board.

The chairman shall convene an extraordinary meeting within 10 days after receiving the proposal under the following circumstances:

- (1) proposed by shareholders representing at least one tenth of the voting right;
- (2) proposed jointly by at least one-third of the directors;
- (3) proposed by at least two independent non-executive directors;
- (4) proposed by the Board of Supervisors;
- (5) proposed by the general manager in case of emergency.

The chairman may decide to convene an extraordinary meeting if it is necessary as deemed by the chairman.

#### **Article 126**

The time limit and means of notification of convening a Board meeting and extraordinary Board meeting are as follows: Notice of a regular Board meeting shall be given to all directors, supervisors and the general manager 14 days before the date of meeting. Notice of an extraordinary meeting shall be given to all directors, supervisors and the general manager 5 days before the date of meeting. The office of the Board shall send the written notice of meeting to all directors, supervisors and the general manager by hand, fax, e-mail or other means. Where the notice is not served by hand, telephone acknowledgement and records shall be made accordingly.

In emergency situations where an extraordinary Board meeting needs to be convened as soon as possible, the notice of the meeting may be given by telephone or by other means of verbal communication at any time. The convener shall provide an explanation for such action at the meeting.

- Article 127** Notice of a meeting of the Board shall contain the following information:
- (1) the date and venue of the meeting;
  - (2) the duration of the meeting;
  - (3) the reasons for holding the meeting and the matters to be discussed;
  - (4) the issue date of the notice.

**Article 128** The notice of the meeting shall be deemed to have been served to a director if he is present at the meeting and does not raise any objection regarding the non-receipt of such notice prior to or at the time of his arrival at the meeting.

A regular or extraordinary Board meeting can be held by way of telephone conference or held through other telecommunication devices. As long as such devices enable clear communication among all directors, all directors participating shall be deemed as present in the meeting.

**Article 129** The Board meetings shall be held only if more than half of the directors are present.

Each director shall have one vote. Exceeding half of the votes of all directors is required for passing of a Board resolution, except as otherwise provided in the laws, administrative regulations and the Articles of Association.

Where the number of votes cast for and against a resolution is equal, the chairman shall have a casting vote.

When a director and an enterprise involved in a resolution at a Board meeting have a related party relationship, such director shall not exercise his voting rights on such resolution or exercise any voting rights on behalf of other directors. The meeting may be held if more than a half of the unrelated directors present at the meeting. The resolutions of the Board meeting shall be passed by more than a half of the unrelated directors. If less than three (3) unrelated directors attend the Board meeting, such matter shall be put forward to the general meeting of the Company for consideration and approval.

Subject to such exceptions stipulated in the STAR Market Listing Rules, the Hong Kong Listing Rules or approved by the Hong Kong Stock Exchange, a director shall not vote on any Board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates (as defined in the Hong Kong Listing Rules) has a material interest nor shall he be counted in the quorum present at the meeting.

**Article 130**

Votes at Board meetings shall be conducted by disclosed ballot.

Voting by poll shall be adopted at a general meeting held by means of communication such as video, telephone and email, and directors attending the meeting shall submit the signed original votes to the Board within the valid period as stated in the notice of the meeting; voting through facsimile shall be adopted at a general meeting held by means of facsimile, and directors who vote after the meeting shall also submit the signed original votes to the Board within the period as stated in the notice of meeting.

Extraordinary meetings of the Board may pass resolutions without convening a meeting provided that directors can fully express their views but notices in advance shall be dispatched in line with the requirements of the Articles of Association and resolutions shall be circulated to all directors. After a resolution has been passed by such number of directors as required by the Articles of Association to pass the resolution, such resolution shall become effective from the date of signature of the last signing director to the resolution. A written resolution may be made by facsimile or other means.

**Article 131**

The Board meeting shall be attended by the directors in person. If a director cannot attend a meeting for any reason, he may entrust in writing another director with attending the meeting on his behalf. The instrument of entrustment shall specify the name of the alternative, matters entrusted, the scope and validity period of authority, and shall be signed or stamped by the entrusting director.

A director who attends a meeting on behalf of another director shall exercise the rights of a director within the scope of authority granted. If a director fails to attend a Board meeting and has not appointed a representative to attend on his behalf, he shall be deemed to have waived his voting rights in respect of that meeting.

**Article 132**

All directors shall be notified of all material matters to be resolved at the Board meeting at the time required by the Articles of Association and be provided with sufficient information strictly in accordance with the procedures as stipulated. Directors may request supplementary information. When at least one-fourth of directors or at least two independent non-executive directors consider the information provided is incomplete, the argument is not sufficient or where an informed judgment cannot be made due to other reasons, they may jointly propose to postpone the Board meeting or to postpone the discussion of certain matters. The Board shall accept such proposal and the Company shall timely disclose relevant information.

Resolutions in respect of related party transactions of the Company made by the Board shall be subject to the signature of the independent non-executive directors.

**Article 133**

The Board may accept the Board meetings in the form of written resolutions in lieu of meetings on site. However, draft proposals of the meeting must be delivered to each director by hand, post, telegraph, fax, email or otherwise in writing. After the Board has delivered the proposals to all directors and that the number of directors giving consent and signature to the proposals has reached the quorum, such proposals, if delivered to the secretary of the Board by means of methods referred to above, shall become a Board resolution.

**Article 134**

The Board shall keep minutes of resolutions on matters discussed at the meeting. The minutes of each Board meeting shall be provided to all directors for review as soon as possible. Those directors who wish to make amendments and supplements on the minutes shall report their written opinions on the amendments to the chairman within a week after the receipt of such minutes. After the minutes are finalized, the minutes shall be signed by the directors present at the meeting, the secretary to the Board and by the person who recorded the minutes. The minutes of the Board meetings shall be kept in the domicile of the Company in the PRC for record, and the complete copies shall be delivered to each director as soon as possible. Directors shall be responsible for the resolutions of the Board.

In the event that any resolution of the Board is in violation of the laws, administrative regulations, the Articles of Association, or resolutions of the general meeting, which causes severe loss for the Company, those directors voting for such resolution shall be held liable for such losses. However, where any director has been proved to have expressed dissenting opinions on the voting on such resolution which has been recorded in the minutes, such director may be exempted from such liability.

**Article 135**

The minutes of Board meetings shall be kept as the files of the Company by the secretary to the Board for at least 10 years. The minutes of the Board meeting shall include the following:

- (1) the date and place of the meeting convened, and the name of the convener;
- (2) name of directors present in person and name of directors attending the Board meeting entrusted by another director (proxy);
- (3) agenda of the meeting;
- (4) key points of directors' speech;
- (5) voting manner and results of each matter under resolution (the voting result shall state the number of votes for, against and abstained);
- (6) other matters that the directors attending the meeting deem necessary.

If the resolution of the Board involves matters that shall be disclosed, the Company shall state in the announcement the review process by the Board of relevant matters; if a director objects to or waives his or her rights, the reasons for such objection or waiver shall be disclosed.

## Chapter 11 Secretary to the Board of the Company

**Article 136** The Company shall have a secretary to the Board. The secretary to the Board is a member of senior management of the Company.

**Article 137** The secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience and shall be nominated by the chairman and appointed or dismissed by the Board. The Company shall have sufficient reasons for dismissing the secretary to the Board, and shall not dismiss him or her without cause. The primary responsibilities of the secretary to the Board include:

- (1) to ensure the Company has complete organizations documents and records; to keep and manage shareholders' information; to assist the directors in addressing the routine tasks of the Board, to keep the directors informed and alerted about any regulations, policies and other requirements of domestic and foreign regulators concerning operations of the Company and to ensure they understand the above matters, to assist the directors and the general manager observe domestic and foreign laws and regulations as well as the Articles of Association and other relevant regulations in a proper manner when performing their duties and powers;
- (2) to ensure the Company to prepare and submit all reports and documents to the competent authorities as required by the laws;
- (3) to organize and arrange for the Board meetings and general meetings, to prepare meeting materials, to handle relevant meeting affairs, to be responsible for keeping minutes of the meetings and to ensure their accuracy, to keep meeting documents and minutes and to take initiative to keep abreast of the implementation of relevant resolutions. Any important issues occurring during the implementation shall be reported to the Board with suggestions proposed;
- (4) to ensure the material matters resolved by the Board of the Company to be carried out strictly in accordance with the procedures as stipulated. According to the requirements of the Board, to participate in the consultation and analysis of the matters to be considered by the Board and to offer relevant opinions and suggestions. To handle the day-to-day tasks of the Board and its committees as authorized;
- (5) as the contact person between the Company and the securities regulatory authorities, to be responsible for preparation and timely submission of the documents as required to the regulatory authorities, and to accept any task from the regulatory authorities and organize the implementation thereof;

- (6) to be responsible for coordinating and organizing information disclosure of the Company, to establish and improve the information disclosure system, to participate in all meetings of the Company involving information disclosure, and to keep informed of the material operational decisions and relevant information of the Company in a timely manner;
- (7) to be responsible for keeping price-sensitive information of the Company confidential and to work out effective and practical confidentiality systems and measures. Where there is any leakage of price-sensitive information of the Company due to any reason, to take necessary remedial measures; to make timely explanation and clarification, and to notify the stock exchange where the Company's shares are listed and the CSRC;
- (8) to be responsible for coordinating reception of visitors, to keep in touch with news media, to be responsible for coordinating replies to inquiries from the public, to handle the relations with intermediary agencies, regulatory authorities and media, and to report to the CSRC;
- (9) to ensure the proper establishment of the register of members of the Company, and to ensure timely access to the relevant records and documents by the individuals who are entitled to access such information;
- (10) to assist directors and the general manager in duly complying with the domestic and foreign laws, regulations, the Articles of Association and other requirements in the course of discharging their duties, and upon becoming aware that the Company has passed or may pass resolutions which are in breach of the relevant regulations, to be obliged to remind the Board in a timely manner, and to be entitled to report such matter to the CSRC and other regulatory authorities;
- (11) to coordinate the provision of the information necessary for the Board of Supervisors of the Company and other audit agencies to discharge their supervision duties, and to assist in carrying out investigations on the performance of the financial controller, directors and the general manager of the Company of their fiduciary duties;
- (12) to perform other duties and powers as conferred by the Board, as well as other duties and powers as required by the stock exchange where the Company's shares are listed.

**Article 138**

The directors or other senior management of the Company may also serve as the secretary to the Board of the Company. However, the accountants in the accounting firms engaged by the Company and the management of the controlling shareholder shall not concurrently serve as the secretary to the Board of the Company.

In the event that a director concurrently serves as the secretary to the Board of the Company, and if an act concerned shall be conducted by the director and the secretary to the Board of the Company separately, such person concurrently serving as a director and the secretary to the Board of the Company shall not conduct such act in double roles.

In the vacancy period of the secretary to the Board, the listed company shall promptly appoint a director or senior management to perform duties of the secretary to the Board on his behalf. If the vacancy period exceeds three (3) months, the legal representative of the Company shall perform duties of the secretary to the Board on his behalf.

The Company shall set up a securities affairs representative to assist the secretary to the Board in performing his or her duties. When the secretary to the Board is unable to perform his or her duties or is authorized by the secretary to the Board, securities affairs representative shall perform such duties on his or her behalf.

**Chapter 12 General Manager of the Company****Article 139**

The Company has one (1) general manager who shall be appointed or dismissed by the Board, and a certain number of vice general managers, who shall be nominated by the general manager and appointed or dismissed by the Board. The term of office is three years, from the date of passing of the resolution by the Board to the date of expiry of the current term of the Board, and shall be eligible to renewal and re-appointment. A director may concurrently serve as the general manager, vice general manager or other senior management, but the number of directors serving as manager or other senior management concurrently and the staff representative directors shall not be more than one half of total number of directors.

The Company shall sign employment contracts with the senior management to specify the rights and obligations of both parties. The employment and dismissal of senior management shall comply with legal procedures, and be disclosed in time.

Persons serving administrative posts other than directors and supervisors at the Company's controlling shareholder unit are not allowed to serve as senior management of the Company.

The general manager shall formulate working rules of the general manager and submit them to the Board for approval and implementation.

The working rules of the general manager shall include the following contents:

- (1) conditions and procedures of convening general manager meetings as well as the participants;
- (2) specific obligations and division of work of the general manager and other senior management;
- (3) authorities with respect to the utilization of the Company's funds or assets and the execution of major contracts, systems on reporting to the Board and the Board of Supervisors;
- (4) other matters deemed necessary by the Board.

**Article 140**

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

- (1) to be in charge of the Company's production, operation and management, and to report the same to the Board;
- (2) to organize the implementation of the resolutions of the Board;
- (3) to organize the implementation of the Company's annual business plans and investment plans;
- (4) to formulate the annual financial budgets and final accounts of the Company, and to make recommendations to the Board;
- (5) to formulate the plans such as alteration of corporate form, division, restructuring or dissolution of the Company's wholly-owned subsidiaries and associated companies;
- (6) to formulate the plans for the establishment of the Company's internal management structure;
- (7) to decide on the establishment, change or cancellation of the Company and its wholly-owned or holding sub-branches;
- (8) to draft the Company's basic management system;
- (9) to formulate specific rules and regulations for the Company;
- (10) to propose the appointment or dismissal of the Company's vice general manager(s) and the chief financial officer and other senior management members;
- (11) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;



- (12) to formulate the plans for the salary, benefits, rewards and punishments of the Company's employees, and to determine the employment and dismissal of the Company's employees;
- (13) to propose the convening of an extraordinary Board meeting in case of emergency;
- (14) to determine matters including investment, financing, contracts and transactions of the Company within the scope authorized by the Board;
- (15) such other functions and powers conferred by the Articles of Association and the Board.

The vice general manager and other senior management members shall assist the general manager in his work, and may exercise certain functions and powers of the general manager as delegated by the general manager with specific work assignments to be decided by the general manager and filed with the Board.

**Article 141** The Board may delegate certain functions and powers of the Board to the general manager in accordance with the relevant laws and regulations and the Articles of Association.

**Article 142** The general manager may resign before the expiration of his term of service. The specific procedures and measures for the resignation of the general manager shall be stipulated in the appointment contract entered into between the general manager and the Company.

**Article 143** The general manager may be present at a meeting of the Board. The general manager has no voting rights at the Board meetings unless he is also a director.

**Article 144** The general manager of the Company, in exercising his functions and powers, shall act honestly and diligently in accordance with the laws, administrative regulations and the Articles of Association. The general manager of the Company shall not exploit his position and powers to accept bribes or other illegal income or expropriate the Company's property.

Where losses are caused to the Company as a result of the violation of the laws, administrative regulations, departmental rules or the Articles of Association by senior management in the course of performing his duties, such senior management shall be liable to compensation.

## Chapter 13 Board of Supervisors

- Article 145** The Company shall set up a board of supervisors which shall exercise supervision functions according to the laws, administrative regulations and the Articles of Association.
- Article 146** The Board of Supervisors shall consist of three (3) supervisors, one of which shall be the chairman of the Board of Supervisors. The term of office of each supervisor shall be a period of three (3) years and shall be eligible for re-election.
- The appointment and dismissal of the chairman of the Board of Supervisors shall be passed by more than two-thirds (inclusive) of its members.
- Article 147** If the term of office of a supervisor expires but re-election is not made forthwith, or the number of the supervisors fall below the minimum requirement due to a supervisor's resignation within his term of office, the resigning supervisor shall continue to carry out his duties in accordance with the laws, administrative regulations and the Articles of Association before the elected supervisor takes office.
- Article 148** The Board of Supervisors shall comprise an appropriate proportion of the employee representatives of the Company, which shall not be less than one third (1/3) of the total number of members of the Board of Supervisors. Supervisors, except employee supervisors, shall be appointed or dismissed at the general meetings, while employee representatives shall be appointed or dismissed at employee representative meetings, employee meetings or by other forms of democratic election by the employees of the Company.
- The Board of Supervisors shall have more than half of external supervisors (namely the supervisors, including representatives of shareholders, not holding any positions in the Company, same hereinafter), and the external supervisors shall have authority to report separately at the general meetings on the honesty and diligence of the members of senior management of the Company.
- Article 149** The Company's directors, general manager, vice general managers and other senior management shall not concurrently serve as supervisors.

## Article 150

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

- (1) to examine the Company's financial position;
- (2) to supervise the performance by the directors and senior management when discharging their duties to the Company, to supervise any act in violation of the laws, administrative regulations and the Articles of Association, and to propose to remove the directors or senior management who violate the laws, administrative regulations, the Articles of Association or resolutions of general meetings. The Board of Supervisors of the Company shall notify the Board or report to the general meeting, and make timely disclosure, if it discovers that the directors or senior management has violated the laws and regulations and the Articles of Association;
- (3) to demand rectification from the directors or senior management when the acts of such persons are harmful to the Company's interest;
- (4) to verify the financial information such as financial reports, business reports and profit distribution plans to be submitted by the Board at the general meetings and, should any queries arise, to engage, in the name of the Company, certified public accountants and practicing auditors for a re-examination of the aforesaid information;
- (5) to propose to convene an extraordinary general meeting and to convene and preside over a general meeting when the Board fails to perform the duties of convening and presiding over the general meeting under the Company Law;
- (6) to submit proposals to the general meetings;
- (7) to propose the convening of extraordinary meetings of the Board;
- (8) to represent the Company in negotiating with or in bringing legal actions against the directors and senior management according to the relevant provisions under the Company Law;
- (9) to review and audit the share issuance documents and the Company's regular report prepared by the Board and propose written review and audit opinions. Supervisors shall sign the written confirmation opinions;
- (10) such other functions and powers as prescribed by the laws, administrative regulations and the Articles of Association.

Supervisors shall attend meetings of the Board, and shall raise enquiries or make suggestions on the matters to be resolved by the Board.

**Article 151** The Board of Supervisors shall convene at least one meeting every six months, which shall be convened by the chairman of the Board of Supervisors. All supervisors shall be notified by fax, post, mail or other means 10 days before the regular meeting. As approved by all supervisors, the requirement of notice period for a regular meeting of the Board of Supervisors can be exempted.

If the chairman of the Board of Supervisors is unable or fails to perform his duties, a supervisor jointly elected by more than one half of the supervisors shall convene and preside over the meeting.

A supervisor may propose to convene an extraordinary meeting of the Board of Supervisors. All supervisors shall be notified by fax, post, mail or other means 5 days before the meeting. As approved by all supervisors, the requirement of notice period for an extraordinary meeting of the Board of Supervisors can be exempted. Resolutions of the Board of Supervisors shall be passed by more than half of the supervisors.

**Article 152** Notice of a meeting of the Board of Supervisors shall contain the following information:

- (1) the date, venue and duration of the meeting;
- (2) the reasons for holding the meeting and the matters to be discussed;
- (3) the issue date of the notice.

**Article 153** The Board of Supervisors shall formulate rules of procedures for the meetings of the Board of Supervisors, specifying the method for discussion and voting procedures of meetings, in order to ensure the efficient work and scientific decision making of the Board of Supervisors. The rules of procedures for the meetings of the Board of Supervisors stipulate the convening of the meeting and procedures for voting of the Board of Supervisors, which shall be attached as an annex to the Articles of Association, formulated by the Board of Supervisors and approved at the general meeting.

**Article 154** The method for discussion at the meetings of the Board of Supervisors: Each supervisor shall have one vote only and the resolutions shall be passed by open or written ballot.

The procedures for voting: A supervisor may cast an affirmative, an opposing or an abstention vote. Each attending supervisor shall indicate his intention by choosing one of the above. The chairman of the meeting shall request any supervisor who fails to choose any of the above or has chosen two or more of the above to vote again, and such supervisor shall be regarded as having abstained from voting if he refuses to vote again. Any supervisor who leaves the meeting and does not return and has not voted by choosing any of the above shall be regarded as having abstained from voting.

The resolutions of the Board of Supervisors shall be passed by over two-third (inclusive) of the members of the Board of Supervisors by voting.

The Board of Supervisors shall record all decisions on matters discussed in the minutes, which shall be signed by the supervisors present at the meeting. The supervisors shall be entitled to make particular illustrative statements regarding their opinions expressed at the meeting recorded in the minutes.

The Company shall disclose the announcement on the resolutions of the Board of Supervisors; if the supervisor objects or waives his or her rights, the reason for such objection or waiver shall be disclosed.

The minutes of the meetings of the Board of Supervisors shall be kept at the domicile of the Company and be kept for the Company's record for a term of at least 10 years

**Article 155**

Where the Board of Supervisors discovered unusual operation of the Company, it shall conduct investigations. It shall engage professionals such as lawyers and certified public accountants for assistance if necessary, and the reasonable expenses incurred thereby shall be borne by the Company.

**Article 156**

The supervisors shall discharge their supervising duties diligently in accordance with the requirements of the laws, administrative regulations and the Articles of Association.

Supervisors shall not harm the interests of the Company by taking advantage of their related party relationship with the Company. The responsible supervisors shall be liable for any losses incurred by the Company as a result of such harm. Supervisors breaching the requirements of the laws and regulations or the Articles of Association during the course of discharging their duties to the Company where losses are incurred to the Company, such supervisors shall be liable for compensation.

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

### **Article 157**

A person may not serve as a director, supervisor, general manager, or any other senior management member of the Company if any of the following circumstances applies:

- (1) a person without civil capacity or with restricted civil capacity;
- (2) a person who has committed an offence of corruption, bribery, embezzlement of property, misappropriation of property or disruption of the socialist economic order and has been punished because of committing such offence; or who has been deprived of his political rights on committing an offence, in each case where less than five (5) years have elapsed since the date of the enforcement of such punishment or deprivation;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and he is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business license revoked and ordered for closure due to a violation of law and he is personally liable for that, where less than three (3) years has elapsed since the date of the revocation of the business license;
- (5) a person who has a relatively large amount of debts outstanding and past due;
- (6) a person who is under criminal investigation or prosecution by a judicial organization for violation of the criminal law where the said investigation or prosecution is not yet concluded;
- (7) a person who is not eligible for enterprise leadership according to the laws and administrative regulations;
- (8) not a natural person;
- (9) a person convicted of contravention of provisions of the relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five (5) years have elapsed since the date of the conviction;
- (10) a person prohibited by the CSRC from access to securities market where the said prohibition has not yet expired;

- (11) a person publicly identified by a stock exchange to be unsuitable to act as a director, supervisor and senior management of the Company where the said prohibition has not yet expired;
- (12) other circumstances as prescribed by the laws and regulations of the place where the Company's shares are listed.

Any election or appointment of directors in violation of this Article shall be invalid. The Company shall dismiss the directors if they are involved in the said circumstances during their respective term of office.

#### **Article 158**

Directors and senior management members shall observe the laws, administrative regulations and the Articles of Association, and fulfill the following obligations of loyalty to the Company:

- (1) not to abuse their functions and powers to take bribes or other unlawful income, and not to misappropriate the Company's property;
- (2) not to misappropriate the funds of the Company;
- (3) not to deposit any assets or money of the Company in any accounts under their names or in the names of other persons;
- (4) not to lend the money of the Company to other persons or provide guarantee for other persons with the property of the Company in violation of the Articles of Association or without the approval of the general meeting or the Board;
- (5) not to enter into any contract or conduct any transaction with the Company in violation of the Articles of Association or without the approval of the general meeting;
- (6) without the approval of the general meeting, not to take advantage of their positions to seek for themselves or others any business opportunities which should be available to the Company, or to conduct any business similar to those of the Company for themselves or others;
- (7) not to take as their own any commission for any transaction with the Company;
- (8) not to disclose any secret of the Company without authorization;
- (9) not to use his related party relationships to harm the interests of the Company;
- (10) to fulfill other obligations of loyalty as stipulated by the laws, administrative regulations, departmental rules and the Articles of Association.

The Company shall sign a contract with the directors, specifying the rights and obligations between the Company and the directors, the term of office of the directors, the responsibilities of the directors for violating laws and regulations and the Articles of Association, and the compensation for the Company's early termination of the contract for cause.

Directors' income derived from violation of this Article shall belong to the Company. Directors shall be liable to compensate any loss incurred to the Company.

Independent directors shall perform their duties in accordance with laws, administrative regulations, department rules and provisions hereof.

#### **Article 159**

Directors and senior management members shall observe the laws, administrative regulations and the Articles of Association and fulfill the following obligations of diligence to the Company:

- (1) to prudently, conscientiously and diligently exercise the rights granted by the Company, so as to ensure that the business practices of the Company comply with the State laws, administrative regulations and the requirements of various economic policies of the State, and that its commercial activities are within the scope of business specified in the business license;
- (2) to treat all shareholders impartially;
- (3) to keep informed of the operation and management conditions of the Company;
- (4) directors and senior management shall approve the share issuance documents and the regular reports of the Company in written form, and to assure that the information disclosed by the Company is true, accurate and complete;
- (5) to honestly provide the Board of Supervisors with relevant information and data, and not to prevent the Board of Supervisors or supervisors from performing their duties and powers;
- (6) to fulfill other obligations of diligence as stipulated by the laws, administrative regulations, departmental rules and the Articles of Association.

If directors, supervisors and senior management cannot guarantee the authenticity, accuracy and completeness of the contents of share issuance documents and regular reports or disagree with these contents, they shall express their opinions and state their reasons in written confirmation opinions, and the Company shall disclose them. If the Company chooses not to disclose them, directors, supervisors and senior management may directly apply for disclosure.



**Article 160** The validity of an act of a director, general manager and any other senior management member on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his office, election or qualification.

**Article 161** In addition to the obligations imposed by the laws, administrative regulations or required by the stock exchange where the Company's shares are listed, in the exercise of the functions and powers conferred on him, each of the Company's directors, supervisors, general manager and other senior management members owes the following obligations to each shareholder:

- (1) not to cause the Company to go beyond the scope of business as stipulated in its business license;
- (2) to act honestly in the best interests of the Company;
- (3) not to expropriate in any form the Company's property, including (but not limited to) usurpation of opportunities advantageous to the Company;
- (4) not to expropriate the individual rights of shareholders, including (but not limited to) rights to distribution and voting rights, save for the restructuring of the Company approved at the general meeting in accordance with the Articles of Association.

**Article 162** Each of the Company's directors, supervisors, general manager and other senior management members 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.

Unless otherwise legally authorized hereof or by the Board, no director can act on his or her own name on behalf of the Company or the Board. If a third party may reasonably believe that the director is acting on behalf of the Company or the Board, the director acting in his or her own name shall declare his or her position and identity in advance.

**Article 163** Each of the Company's directors, supervisors, general manager and other senior management members shall perform his duties in accordance with the principle of good faith and shall not put himself in a position where his duties and his interests may be in conflict. This principle includes (but not limited to) discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his functions and powers and not to exceed those powers;

- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of others and, unless and to the extent permitted by the laws, administrative regulations or with the informed consent of shareholders given at the general meeting, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except in accordance with the Articles of Association or with the informed consent of shareholders given at the general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders given at the general meeting, not to use the Company's property for his own benefit by any means;
- (7) not to exploit his position to accept bribes or other illegal income or misappropriate the Company's property by any means, including (but not limited to) opportunities advantageous to the Company;
- (8) without the informed consent of shareholders given at the general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by the Articles of Association, faithfully execute his duties and protect the Company's interests, and not to exploit his position and the functions and powers in the Company to advance his own private interests;
- (10) not to compete with the Company in any form unless with the consent of shareholders given at the general meeting;
- (11) not to misappropriate the Company's funds, not to open accounts in his own name or other names for the deposit of the Company's assets or funds and not to provide guarantee for the shareholder(s) of the Company or other individual(s) with the Company's assets;
- (12) unless otherwise permitted by informed shareholders in general meeting, not to leak out confidential information relating to the Company acquired by him in the course of and during his tenure and not to use such information in purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other competent government authorities is permitted if:
  1. such disclosure is made under compulsion of law;
  2. disclosure is required for public interests;

3. disclosure is required for the interests of the relevant director, supervisor, general manager and other senior management members.

The aforesaid officers' income derived from violation of this Article shall belong to the Company, and such officers shall be liable to compensate any loss incurred to the Company.

#### **Article 164**

Each of the directors, supervisors, general manager and other senior management members of the Company shall not cause the following persons or institutions (the "associates") to do what he is prohibited from doing:

- (1) the spouse or minor child of any of the directors, supervisors, general manager and other senior management members of the Company;
- (2) a person acting in the capacity of trustee of any of the directors, supervisors, general manager and other senior management members of the Company, or any person referred to in sub-paragraph (1) of this Article;
- (3) a person acting in the capacity of partner of any of the directors, supervisors, general manager and other senior management members of the Company, or any person referred to in sub-paragraphs (1) and (2) of this Article;
- (4) a company in which any of the directors, supervisors, general manager and other senior management members of the Company, alone or jointly with one or more persons referred to in sub-paragraphs (1), (2) and (3) of this Article or other directors, supervisors, general manager and other senior management members of the Company have de facto controlling interest; and
- (5) a director, supervisor, general manager and other senior management member of the controlled company referred to in sub-paragraph (4) of this Article.

#### **Article 165**

The fiduciary duties of a director, supervisor, general manager and other senior management member of the Company do not necessarily cease with the termination of their tenure. The duty of confidentiality in relation to trade secrets of the Company shall remain valid upon the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the occurrence of the event concerned, and the circumstances and conditions under which the relationships between them and the Company are terminated.

**Article 166** Except for circumstances prescribed in Article 56 of the Articles of Association, a director, supervisor, general manager and other senior management member of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at a general meeting.

**Article 167** Where a director, supervisor, general manager and other senior management member 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 the contract of service of the director, supervisor, general manager and other senior management member with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the Board under normal circumstances.

Unless the interested director, supervisor, general manager and other senior management member of the Company discloses his interests to the Board in accordance with the preceding paragraph (1) of this Article and the contract, transaction or arrangement is approved by the Board at a meeting in which the interested director, supervisor, general manager and other senior management member of the Company 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 senior management member of the Company.

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

**Article 168** Where a director, supervisor, general manager and other senior management member of the Company gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding Article of this chapter to be a sufficient disclosure of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

**Article 169** The Company shall not in any manner pay taxes for its directors, supervisors, general manager and other senior management members of the Company.

**Article 170** The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with the making of a loan, to a director, supervisor, general manager and other senior management member of the Company or of the Company's parent company or any of their respective associates.

However, the following transactions are not subject to such prohibition:

- (1) the provision by the Company of a loan or guarantee for a loan to a company which is a subsidiary of the Company;
- (2) the provision by the Company of a loan or guarantee in connection with the making of a loan or any other funds to any of the directors, supervisors, general manager and other senior management members of the Company to pay the expenses incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties to the Company, in accordance with the terms of the engagement contract approved at general meeting; and
- (3) the Company may make a loan or provide a guarantee in connection with the making of a loan to any of the relevant director, supervisor, general manager and other senior management member of the Company or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the provision of guarantee in connection with the making of a loan.

**Article 171** A loan made by the Company in breach of the provision of the preceding Article shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

**Article 172** A loan guarantee provided by the Company in breach of paragraph 1 of Article 170 shall not be enforceable against the Company, except that:

- (1) the loan was advanced to an associate of any of the directors, supervisors, general manager and other senior management members of the Company or of the Company's parent company where the lender did not know the relevant circumstances;
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 173** For the purposes of the foregoing provisions of this chapter, a guarantee includes the undertaking of responsibility or provision of property to secure the performance of obligations by the obligor.

**Article 174**

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

- (1) claim damages from the relevant director, supervisor, general manager and other senior management member in compensation for losses incurred to the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the relevant director, supervisor, general manager and other senior management member or with a third party (where such third party knows or should know that there is such a breach of duties by such director, supervisor, general manager and other senior management member of the Company);
- (3) demand the relevant director, supervisor, general manager and other senior management member to surrender the profits made by him as a result of breaching his duties;
- (4) recover any monies received by the relevant director, supervisor, general manager and other senior management member which should have been otherwise received by the Company, including (but not limited to) commissions;
- (5) demand payment of the interest earned or which may have been earned by the relevant director, supervisor, general manager and other senior management member on the monies that should have been paid to the Company; and
- (6) request for judgment through legal proceedings that the properties acquired by directors, supervisors, general manager and other senior management members through their breach of duties shall belong to the Company.

**Article 175**

The Company shall, with the prior approval at the general meeting, enter into a contract in writing with a director or supervisor wherein his emoluments are stipulated, including:

- (1) emoluments in respect of his service as a director, supervisor or senior management member of the Company;
- (2) emoluments in respect of his service as a director, supervisor or senior management member of any subsidiaries of the Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company or any of its subsidiaries; and
- (4) compensation for loss of office or retirement from office of such director or supervisor.

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a director or supervisor against the Company for any benefits in respect of the aforesaid matters.

The Company shall, on a regular basis, disclose to shareholders the emoluments obtained by the directors, supervisors and senior management members from the Company.

**Article 176**

The contract concerning the emoluments between the Company and its directors or supervisors should provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject to the prior approval at the general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement.

A takeover of the Company referred to in the preceding paragraph means any of the followings:

- (1) a take-over offer made by any person to all the shareholders;
- (2) a take-over offer made by any person with the purpose of the offeror becoming a "controlling shareholder". The "controlling shareholder" has the same meaning as defined in the Articles of Association.

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

**Chapter 15 Financial and Accounting Systems**

**Article 177**

The Company shall formulate its financial and accounting systems in accordance with the laws, administrative regulations and requirements of relevant PRC authorities.

**Article 178**

The financial year of the Company shall coincide with the calendar year, i.e. from January 1 to December 31 on the Gregorian calendar.

At the end of each financial year, the Company shall prepare a financial report which shall be audited and certified in compliance with the laws.

The Company shall prepare and submit to the CSRC and the stock exchange its annual financial reports within four (4) months from the ending date of each financial year, prepare and submit to the CSRC and the stock exchange the half year financial reports within two (2) months from the ending date of the first six (6) months of each financial year, and prepare the quarterly reports within one (1) month from the ending dates of the first three (3) months and first nine (9) months of each financial year respectively.

The aforesaid financial reports shall be prepared in accordance with the relevant laws, administrative regulations and departmental rules.

The financial statements of the Company shall be prepared in accordance with not only the PRC accounting standards and regulations, but also the international accounting standards or the accounting standards of the overseas place where the Company's shares are listed. If the financial statements prepared under the two accounting standards are discrepant significantly, such discrepancy shall be indicated in the notes to the financial statements. For purposes of the Company's distribution of after-tax profits of a given financial year, the lesser of the amounts of after-tax profits shown in the aforementioned two kinds of financial statements shall prevail.

The interim results or financial information published 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 overseas place where the Company's shares are listed.

**Article 179**

The Board of the Company shall present before the shareholders at every annual general meeting such financial reports to be prepared by the Company as required by the relevant laws, administrative regulations or normative documents promulgated by the local governments and competent authorities.

At the annual general meeting, the Board and Board of Supervisors shall report their work of the previous year at the general meeting. Every independent director shall also give a work report.

**Article 180**

The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

**Article 181**

The financial reports of the Company shall be made available for shareholders' inspection at the Company twenty (20) days before the date of every annual general meeting. Each shareholder of the Company shall be entitled to a copy of the financial reports referred to in this chapter.

The financial reports mentioned in the preceding paragraph shall include the directors' report and the balance sheet (including all other documents to be attached in accordance with the requirements of the PRC laws, other laws and administrative regulations), the profit and loss statement or the statement of income and expense or (in non-violation of the PRC laws) financial highlights approved by the Hong Kong Stock Exchange.



The Company shall deliver or send such financial report to every holder of its overseas-listed foreign shares by hand or by pre-paid post at the addresses of such shareholders as recorded in the register of members of H Shares no less than 21 days before the date of the annual general meeting. The Company may proceed by way of announcements, including announcement via the Company's website, provided that such announcements are in compliance with the laws, administrative regulations and the listing rules of the stock exchange where the Company's shares are listed.

**Article 182**

The Company shall publish two financial reports each financial year, i.e. the interim financial report published within 60 days after the end of the first six (6) months of the financial year and the annual financial report published within 120 days after the end of the financial year.

Other regulations of the listing rules of the stock exchange where the Company's shares are listed shall prevail.

**Chapter 16 Profit Distribution**

**Article 183**

Profit distribution plan

When allocating the after-tax profits of the current year, the Company shall allocate 10% of its profit to the statutory common reserve fund. In the event that the accumulated statutory common reserve fund of the Company has reached at least 50% of the registered capital of the Company, no further allocation is required.

In the event that the statutory common reserve fund of the Company is insufficient to make up the losses of the Company for the previous year, before allocating the statutory common reserve fund in accordance with the provision of the preceding paragraph, the Company shall first make up the losses by using the profits for the current year.

After allocating the statutory common reserve fund from the after-tax profits of the Company, the Company may allocate the discretionary reserve fund according to the resolution of the general meeting.

After making up for the losses and making contributions to the reserve fund, any remaining after-tax profits shall be distributed by the Company to the shareholders in proportion to their respective shareholdings according to the resolutions adopted at the general meeting.

Where the general meeting violates the preceding paragraph and decides on the distribution of profits to shareholders prior to making up the losses of the Company and allocating to the statutory common reserve fund, shareholders must return the profit so distributed to the Company.

The shares of the Company held by the Company shall not be entitled to any profit distribution.

**Article 184**

Capital reserve fund includes the following items:

- (1) premium received when shares are issued at a premium to their par value;
- (2) other income required to be included in the capital reserve fund by the competent finance department of the State Council.

**Article 185**

The reserve funds of the Company shall be used to make up the losses of the Company, expand its production and operation or increase its capital. However, the capital reserve fund shall not be used to make up any losses of the Company.

In capitalizing the statutory common reserve fund, the remaining balance of such fund shall not be less than 25% of the registered capital of the Company prior to such capitalization.

The Board shall complete matters of dividends (or share) distribution within two (2) months after the resolution on the profit distribution plan is resolved at the general meeting of the Company.

**Article 186**

The Company may distribute dividends in the form of (or a combination of two or more of the followings):

- (1) cash;
- (2) shares;
- (3) a combination of both cash and shares;
- (4) other means as permitted by the laws, administrative regulations, departmental rules and regulatory rules in the place where the Company's shares are listed

The Company's profit distribution policies are as follows:

- (1) Principles of dividend distribution: fully consider and listen to the opinions of shareholders, especially minority shareholders, and independent directors; properly maintain the balance between short-term benefits and long-term development and prevent the Company's profit distribution from harming its business operational abilities; adhere to the distribution of cash dividends, value reasonable investment return to investors, ensure continuity and stability of profit distribution and comply with relevant requirements of laws and regulations.

- (2) The distribution form of profits: on the premise that the Company conforms to the principles of distribution of profits, the Company may distribute dividends in the form of cash, shares or a combination of both, and the cash dividends shall take precedence over the share dividends. When cash dividend conditions are met, the cash dividends shall be used for profit distribution.
- (3) Decision-making mechanism and procedures for profit distribution: the Company's profit distribution scheme is formulated by the Board taking into account factors including the Company's actual operation, future profitability, business development planning, cash flow, shareholders' returns, social capital costs and external financing environment. When formulating the annual profit distribution scheme or interim profit distribution scheme, the Board shall carefully study and demonstrate the timing, conditions and minimum proportion of the Company's cash dividend, the conditions for adjustment, the requirements of its decision-making procedures, etc. The proposal shall be approved by more than half of all directors and more than half of all independent directors. Independent directors shall express independent opinions on the profit distribution scheme, which shall be disclosed in a timely manner. Independent directors may collect opinions from minority shareholders and prepare a distribution proposal to be directly submitted to the Board for its consideration. Where the Company generates profits in the current year, but no profit distribution proposal, including cash dividends, is made by the Board, independent directors shall express independent opinions thereon. The Company shall also disclose the reasons thereof and the intended use and arrangement of the Company's retained capital.

Where the profit distribution scheme for the current year cannot be determined in accordance with the established cash dividend policy or the minimum cash dividend ratio under special circumstances, specific reasons and clear opinions of the independent directors shall be disclosed in the annual report; under such circumstances, the Company's profit distribution plan for the said year shall be approved by more than two-thirds of the voting rights held by shareholders present at the general meeting.

The Board shall consider and approve the profit distribution scheme and submit it to the general meeting for consideration and approval. The profit distribution scheme put forward by the Board shall be resolved at the general meeting according to laws and regulations. Prior to the deliberation of the specific scheme of the cash dividend at the general meeting, the Company shall communicate with the shareholders, especially the medium and small shareholders through various channels, fully listen to the opinions and demands of medium and small shareholders, and timely answer the questions which medium and small shareholders are concerned with. The dividend distribution plan shall be approved by more than half of the voting rights held by the shareholders or proxies of shareholders present at the general meeting.

If share dividends are used for profit distribution, there should be true and reasonable factors such as the growth of the Company, the diluted net assets per share, etc. Share dividend distribution may be implemented singly or in combination with cash dividend distribution. When the Company distributes its dividends by share dividend or by the combination of share dividend and cash dividend, the distribution scheme shall be considered and approved at the general meeting of the Company by special resolution.

(4) Conditions, proportion and interval of cash dividends

When distributing profits through cash dividends, the Company shall satisfy the following conditions at the same time:

- (i) The distributable profit of the Company of the current year (i.e. the remaining after-tax profit after making up of the Company's loss and withdrawal of the common reserve fund) is positive value;
- (ii) The distributed profits shall not exceed the Company's accumulated distributable profits;
- (iii) Standard audit report without reserved opinions to the annual financial report of the Company for the current year is issued by audit institution;
- (iv) The Company has no plans for major external investment or major cash expenditure (except investment project by raised funds).

Major investment plan or major cash expenditure means that the cumulative expenditure in proposed external investment, acquisition of assets or procurement of equipment within the next 12 months will reach or exceed the 30% of latest audited total asset of the Company and is above RMB50 million.

Subject to compliance with the above conditions for cash dividends, the Board shall take a full consideration of factors including the industry characteristics, development stage, operation model, profitability and whether there is significant capital expenditure arrangements, distinguish the following situations and propose differentiated cash dividend policy according to the procedures stipulated in the Articles of Association:

- (i) If the Company is at a mature development stage without significant capital expenditure arrangement, the lowest proportion of cash dividends in the said distribution of profits shall reach 80%;

- (ii) If the Company is at a mature development stage with significant capital expenditure arrangement, the lowest proportion of cash dividends in the said distribution of profits shall reach 40%;
- (iii) If the Company is at a growth development stage with significant capital expenditure arrangement, the lowest proportion of cash dividends in the said distribution of profits shall reach 20%;
- (iv) If the development stage of the Company is difficult to distinguish but there is significant capital expenditure arrangement, it can be handled according to the preceding stipulations.

If a shareholder occupies any fund of the Company in violation of provisions, the Company shall make a deduction from the dividends being distributed to this shareholder so as to repay the fund being occupied.

The annual profit allocated by the Company in cash shall not be less than 20% of the distributable profit realized in the current year, and the accumulated profit distributed in cash in the last three years shall not be less than 30% of the annual distributable profits realized in the last three years.

If conditions are met, the Board may propose interim cash dividend based on the Company's profitability, as permitted by relevant laws and regulations.

- (5) The adjustment mechanism of the profit distribution policy:

The Company will demonstrate with prudence the adjustments to the profit distribution policy based on changes in actual conditions, including its production and operations, capital requirements and long-term development. The adjusted profit distribution policy shall uphold the principle of protecting shareholders' interests and shall not violate the provisions of relevant laws, regulations and regulatory documents. Independent directors shall express opinions on the proposals in relation to the adjustments to the profit distribution policy, which shall be submitted for approval at a general meeting for consideration by the Board of the Company and be passed by more than two-thirds of the voting rights held by shareholders present at such general meeting. The Company shall facilitate minority shareholder's participation by adopting a combination of both on-site voting and online voting at its general meetings.

**Article 187**

Any amount paid up in advance of calls on any share carries interest but shall not entitle the relevant shareholder to participate in respect thereof in a dividend subsequently declared.

**Article 188**

The Company shall appoint receiving agents on behalf of the holders of overseas-listed foreign shares to receive and keep on behalf of the relevant shareholders the dividends distributed by the Company in respect of overseas-listed foreign shares and other payables, and to make payment to such shareholders.

The receiving agents appointed by the Company shall meet the requirements of the laws of the place where the Company's shares are listed or the relevant regulations of the stock exchange.

The receiving agents appointed by the Company for holders of overseas-listed foreign shares which are listed in Hong Kong Stock Exchange shall be trust companies registered pursuant to Trustee Ordinance of Hong Kong.

Subject to the relevant laws and regulations of the PRC, the Company may exercise power to confiscate the dividends which nobody has claimed only after six (6) years or more of the declaration of such dividends.

The Company has the right to terminate the dispatch of dividend warrants to the holders of overseas-listed foreign shares by mail, provided that such right shall not be exercised until the dividend warrants have not been cashed for two consecutive occasions. However, where the dividend warrant is, for the first time, undelivered to the addressee and returned, the Company may also exercise such right.

The Company has the right to sell, in such manner as the Board thinks fit, any shares of an overseas listed foreign shareholder who is untraceable, subject to the following conditions:

- (1) the Company has distributed dividends for at least 3 times to such shares within 12 years, but none of such dividends was claimed;
- (2) the Company, after the expiration of the 12-year period, made public announcement on one or more of the newspapers at the jurisdiction where the Company is listed, stating its intention to sell such shares, and notified the stock exchange where such shares are listed.

**Article 189**

Cash dividends and other distributions declared by the Company to the holders of domestic shares shall be paid in Renminbi. Cash dividends and other distributions declared by the Company to the holders of overseas-listed foreign capital shares shall be declared and denominated in Renminbi, and paid in Hong Kong dollars. Foreign currencies for the payment of cash dividends and other distributions payable by the Company to the holders of overseas-listed foreign capital shares shall be obtained pursuant to the relevant regulations on the administration of foreign exchange of the State.

**Article 190**

Unless otherwise provided by the relevant laws and administrative regulations, where cash dividends and other distributions are paid in Hong Kong dollars, the exchange rate shall be based on the average middle exchange rate of Hong Kong dollars against Renminbi announced by the People's Bank of China over one calendar week preceding the date where such dividends or other distribution are declared.

Where any resolution concerning cash dividends, bonus issue or capitalization of capital reserve fund is passed at a general meeting, the Company shall implement the specific proposals within two (2) months upon conclusion of the meeting.

The Company shall establish an internal audit system and designate full-time auditing staff to exercise internal audit supervision over the Company's financial income and expenditure and economic activities.

The Company's internal audit system and responsibilities of audit staff shall be implemented after the approval of the Board. The chief auditor shall be responsible to and report work to the Board.

**Chapter 17 Appointment of Accounting Firm****Article 191**

The Company shall appoint an independent accounting firm which has obtained the "qualification for undertaking securities-related business" and is qualified under the relevant regulations of the State to carry out such businesses including audit of accounting statement, verification of net assets and other relevant consultant services. The employment term is one year, and renewal is allowed.

The first accounting firm of the Company may be appointed by the inaugural meeting prior to the first annual general meeting. Such accounting firm shall hold office until the conclusion of the first annual general meeting.

**Article 192**

The term of engagement of an accounting firm shall start from the conclusion of the annual general meeting and end upon the conclusion of the next annual general meeting.

**Article 193**

An accounting firm engaged by the Company shall have the following rights:

- (1) the right of access at any time to the account books, records or vouchers of the Company and the right to require the directors, general manager or other senior management of the Company to provide the relevant information and explanations;
- (2) the right to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties;
- (3) the right to attend general meetings, receive a notice or other information concerning any meetings which shareholders have a right to receive, and to be heard at any general meetings on any matter which relates to it as the accounting firm of the Company.

The Company shall provide true and complete accounting vouchers, books and accounts, financial and accounting reports and other accounting data for the accounting firm engaged without any refusal, withholding and misrepresentation.

**Article 194**

Before the convening of the general meeting, the Board may appoint an accounting firm to fill any casual vacancy in the office of the accounting firm, but while any such vacancy continues, the surviving or continuing accounting firm, if any, may still act.

**Article 195**

The shareholders at general meetings may, by way of ordinary resolutions, remove an accounting firm before the expiration of its office, notwithstanding the stipulations in the contract between the Company and such accounting firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

**Article 196**

The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined at the general meeting.

**Article 197**

The Company's appointment of, removal of and non-reappointment of an accounting firm shall be resolved at general meetings. The resolution of the general meeting shall be filed with the competent securities regulatory authority of the State Council. The Board shall not appoint the accounting firm before resolution at the general meeting.

Where it is proposed that any resolution be passed at a general meeting concerning the appointment of an accounting firm, which is not an incumbent firm, to fill a casual vacancy in the office of the accounting firm, or to reappoint a retiring auditor which was appointed by the Board to fill a casual vacancy, or to remove the accounting firm before the expiration of its term of office, the following provisions shall apply:



- (1) A copy of the proposal about appointment, reappointment or removal shall be sent to the accounting firm proposed to be appointed or to leave its office or the accounting firm which has left its office in the relevant financial year before the notice of meeting is given to the shareholders.

Leaving includes leaving by removal, resignation and retirement.

- (2) If the leaving accounting firm makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall (unless the representations are received too late):
  1. in any notice given to shareholders about a resolution to be made, state the representations that have been made by the accounting firm which is about to leave; and
  2. deliver a copy of the representations to each of the shareholders that are eligible for the notice of general meeting.
- (3) If the accounting firm's representations are not sent in accordance with paragraph (2) above, the relevant accounting firm may require that the representations be read out at the general meeting and may lodge further complaints.
- (4) An accounting firm which is leaving its office shall be entitled to attend:
  1. the general meeting relating to the expiration of its term of office;
  2. any general meeting at which it is proposed to fill the vacancy caused by its removal; and
  3. any general meeting convened on its resignation.

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

## Article 198

Prior to the removal or the non-reappointment of the accounting firm, notice of such removal or non-reappointment shall be given in advance to the accounting firm who shall be entitled to make representation at the general meeting. Where the accounting firm resigns, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

- (1) The accounting firm may tender resignation by delivering a written notice to the Company's legal address. The resignation shall become effective on the date of delivery or on such later date as may be stipulated in such resignation. The written notice shall include the following statement:
  1. a statement to the effect that there are no circumstances relating to its resignation which it considers should be brought to the attention of the shareholders or creditors of the Company; or
  2. a statement of any such circumstances which should be brought to attention.
- (2) The Company shall, within fourteen (14) days after the receipt of the notice as mentioned in paragraph (1) of this Article, serve a copy of the notice to the relevant competent authorities. If the notice contains the statement as mentioned in paragraph (1) 2 of this Article, a copy of such statement shall be placed at the domicile of the Company for the inspection of shareholders. The Company shall also deliver a copy of such statement by hand or by post (with postage paid) to each holder of overseas-listed foreign shares that is entitled to the financial report of the issuer at his address on the register of members. Provided that there shall be no violation of any laws, administrative regulations and listing rules of the stock exchange where the Company's shares are listed, the Company may also deliver through announcement(s) (including posting on the Company's website).
- (3) Where the notice of resignation of the accounting firm contains the statement as mentioned in paragraph (1) 2 of this Article, the accounting firm may require the Board to convene an extraordinary general meeting for the purpose of receiving explanation about its resignation.

## **Chapter 18 Notice, Public Announcement, Information Disclosure and Investor Management**

**Article 199** A notice of the Company may be sent as follows:

- (1) by hand;
- (2) by post;
- (3) by fax or email;
- (4) subject to compliance with the laws, administrative regulations and the listing rules of the stock exchange where the Company's shares are listed, by posting on the websites designated by the Company, Shanghai Stock Exchange and Hong Kong Stock Exchange;
- (5) by public announcement;
- (6) by other ways as the Company and the notified party agreed in advance or any other way which is recognized by the notified party upon receipt of the notice;
- (7) by other ways which are recognized by the relevant regulatory authority of the place where the Company's shares are listed or stipulated in the Articles of Association.

Unless otherwise requires, "announcements" referred to in the Articles of Association shall mean, in relation to announcements to the holders of domestic shares or announcements required by the relevant provisions and the Articles of Association to be published in the PRC, such announcements published in the PRC newspapers designated under the PRC laws and regulations or by the securities regulatory authorities under the State Council; or, in relation to announcements to the holders of foreign-listed shares or announcements required by the relevant provisions and the Articles of Association to be published in Hong Kong, such announcements must be published in accordance with the requirements of the Hong Kong Listing Rules.

The Company must give sufficient notice, so as to give the shareholders whose addresses on the register of members are in Hong Kong sufficient time to exercise their rights or act in accordance with the terms of the notice.

**Article 200** Unless the Articles of Association otherwise requires, the requirements of the preceding article in relation to the ways of notice are applicable to the notices convening general meetings, Board meetings and meetings of the Board of Supervisors by the Company.

- Article 201** For notice served by hand, the receiver shall sign (or seal) on the reply slip with the receiving date as the delivery date; for notice sent by mail, the 48th hour from the posting in the post office is the delivery date; for notice sent by fax or email or published on websites, the date of sending or publishing is the delivery date; for notice notified by announcement, the first publishing date is the delivery date. Relevant announcements shall be published in compliance with the requirements imposed by the laws, administrative regulations and the listing rules of the stock exchange where the Company's shares are listed.
- Article 202** In the event that the listing rules of the place where the Company's shares are listed require the Company to provide the relevant files in English version and Chinese version by delivery, mail, distribution, issuance, publishing or other manners, where the Company has made appropriate arrangement to confirm its shareholders' intent to receive the English version only or the Chinese version only, and within the permissible scope of the applicable laws and regulations and pursuant to the applicable laws and regulations, the Company may (based on the intent stated by the shareholders) deliver the English version only or the Chinese version only to the relevant shareholders.
- Article 203** From the date of completion of the listing of the Company's share on the STAR Market, the Company shall designate at least one of the China Securities Journal, the Shanghai Securities Journal, Securities Times and Securities Daily, and the official website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) as the medium to publish the Company's announcement and other information to be disclosed.
- Article 204** The office of the Board is the responsible organization for information disclosure, and the secretary to the Board of the Company is responsible for information disclosure matters.
- Article 205** The Company discloses its regular reports and interim reports in accordance with the laws.
- Article 206** The communication between the Company and the investors in the investor management mainly includes:
- (1) the development strategies and operating policies of the Company;
  - (2) statutory information disclosure and its explanation, including regular reports and temporary announcements;
  - (3) the publicly disclosed operation and management information of the Company and its explanation, including the conditions of production and operation, financial conditions, research and development of new products and new technology, operating results and dividends distribution;

- (4) the publicly disclosed significant matters of the Company and its explanation;
- (5) corporate culture, including the core value, mission and operating philosophies of the Company;
- (6) other relevant information of the Company to be disclosed to the public in accordance with the laws and publicly disclosed information.

**Article 207**

The Company will communicate with investors at different levels through various channels, and the method of communication should be as convenient and effective as possible, so as to facilitate investor participation. The method of communication between the Company and investors includes but not limited to:

- (1) announcement, including regular reports and interim reports;
- (2) general meeting;
- (3) the Company's website;
- (4) telephone consultation;
- (5) mailing;
- (6) presentation or press release;
- (7) media interview and report;
- (8) advertisement, leaflet and other promotional information;
- (9) site visiting;
- (10) Other method of communication.

To help visitors understand the businesses and operations of the Company, while at the same time avoiding access to undisclosed major information by such visitors, the Company shall make reasonable and proper arrangements during the reception.

## **Chapter 19 Merger and Division of the Company**

### **Article 208**

In the event of the merger or division of the Company, a plan shall be proposed by the Board of the Company and shall be approved in accordance with the procedures stipulated in the Articles of Association, and the relevant examining and approving formalities shall be processed as required by law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request that the Company or the shareholders who consent to such plan purchase their shares at a fair price. A special document of the Company's resolution on the merger or division should be prepared for inspection by the shareholders.

The aforesaid documents shall also be delivered to the holders of overseas-listed foreign capital shares by post. Subject to the laws, administrative regulations and the listing rules of the stock exchange where the Company's shares are listed, the Company may deliver by announcement (including publishing on the Company's website).

### **Article 209**

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

In the event of merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and an inventory of assets. The Company shall notify its creditors within 10 days of the date of the Company's resolution on merger and shall make newspaper announcement within 30 days of the date of the Company's resolution on merger. Creditors may, within 30 days after receipt of such notice from the Company, or within 45 days of the date of the newspaper announcement for those who do not receive such notice, to demand that the Company repay their debts or provide a corresponding guarantee for such debts.

In a merger, debt obligations and liabilities of parties to the merger shall be taken over by the continuing company or the newly established company after the merger.

Consolidation by merger means that a company merges with another company, and the company being merged will dissolve. Consolidation by integration means that more than two companies are integrated to incorporate a new company, and all parties integrated will dissolve.

**Article 210**

In a division, the assets shall be split in an appropriate manner.

In case of a division of the Company, the parties concerned shall prepare balance sheets and an inventory of assets. The Company shall notify all creditors within 10 days after adoption of the resolution on division and shall make an announcement in newspapers within 30 days.

The debts of the Company before the division shall be borne by the companies established after division jointly and severally, save as otherwise agreed in writing between the Company and the creditors in respect of debt settlement before division.

**Article 211**

In the event of merger or division of the Company, the Company shall, in accordance with the laws, apply for change in its registration with the company registration authority for any changes of its registered information caused thereby. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with the laws. Where a new company is established, the Company shall apply for registration of incorporation in accordance with the laws.

**Chapter 20 Dissolution and Liquidation of the Company****Article 212**

The Company shall be dissolved upon the occurrence of any of the following events:

- (1) expiration of the term of business provided in the Articles of Association or other cause of dissolution as specified therein;
- (2) a resolution on dissolution is passed at the general meeting;
- (3) dissolution is required due to the merger or division of the Company;
- (4) the Company is declared bankrupt due to its failure to repay debts due;
- (5) the Company has its business license revoked or is ordered to close down or dissolved for breaches of the laws and administrative regulations;
- (6) the Company suffers significant hardships in operation and management that cannot be resolved through other means, and its continuation may cause substantial loss in shareholders' interests, shareholders representing 10% or above of the total voting rights of the Company may plead the people's court to dissolve the Company, and the people's court dissolves the Company accordingly.

In the circumstances under item (1), the Company may continue to exist by modification of the Articles of Association if approved by more than two-thirds of the shareholders with voting rights present at the the general meeting.

**Article 213**

Where the Company is dissolved pursuant to sub-paragraphs (1), (2), (5) or (6) of the preceding paragraph, it shall establish a liquidation committee within 15 days as of the dissolution circumstance arises. And the liquidation shall be thereby started. The liquidation committee shall comprise directors or those determined at the general meeting. If the liquidation committee is not duly set up within 15 days, the creditors may plead the people's court to designate related persons to form a liquidation committee to carry out the liquidation.

Where the Company is dissolved pursuant to sub-paragraph (4) of the preceding article, a liquidation committee comprised shareholders, relevant authorities and professionals shall be formed by the people's court for carrying out the liquidation. Where the Company is ordered to be dissolved according to law due to breach of laws and administrative regulations, a liquidation committee comprised shareholders, relevant authorities and professionals shall be formed by the relevant competent authority for carrying out the liquidation.

**Article 214**

Where the Board resolves to liquidate the Company for any reason other than bankruptcy, the Board shall include a statement in its notice convening a meeting of shareholders for such issue, stating the Board has performed a full investigation on the Company, and believes the debts of the Company could be fully repaid within 12 months as of the commencement of the liquidation.

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

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

**Article 215**

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

- (1) checking the Company's assets and preparing a balance sheet and an inventory of assets, respectively;
- (2) notifying the creditors by notice or announcement;
- (3) dealing with the outstanding liquidation-related business of the Company;
- (4) paying off outstanding taxes as well as taxes arising in the course of liquidation;
- (5) claiming credits and paying off debts;



- (6) disposing of the remaining assets of the Company after the settlement of debts;
- (7) representing the Company in any civil proceedings.

**Article 216**

As of the date of its establishment, the liquidation committee shall notify the creditors within 10 days and make public announcement on newspaper(s) within 60 days. Creditors shall, within 30 days after receipt of the notice, or for those who do not receive the notice, within 45 days as of the date of the announcement, declare their claims to the liquidation committee. The liquidation committee shall record the claims in accordance with the laws.

Creditors shall provide explanations on and evidence for their claims upon their declarations of such claims. The liquidation committee shall record the creditors' claims.

The liquidation committee shall not pay off any debts to any creditors during the period of credit declaration.

**Article 217**

After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and for the confirmation by general meeting or the relevant competent authorities.

The Company's assets shall be distributed for repayments in the following sequence: Payment of liquidation expenses, staff wages, labor insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the Company's debts.

The Company's residual assets after repayment of its debts in accordance with the preceding paragraph shall be distributed to its shareholders according to the class and proportion of their shareholdings.

During the liquidation period, the Company shall not carry out any business activities irrelevant to the liquidation. The Company's assets shall not be distributed to its shareholders prior to repaying debts in accordance with the foregoing provisions.

**Article 218**

If the liquidation committee, after checking the Company's assets and preparing a balance sheet and an inventory of assets, finds that the Company's assets are insufficient to pay off its debts, it shall immediately file an application to the people's court for bankruptcy.

After the Company is declared bankrupt by the people's court, the liquidation committee shall hand over the liquidation matters to the people's court.

**Article 219**

Upon completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report and a statement of the income and expenses and the account books in respect of the liquidation period, and after verification by the PRC certified public accountants, shall submit the same to the general meeting or the relevant competent authorities for confirmation.

The liquidation committee shall, within 30 days after the general meeting or after obtaining confirmations from the relevant competent authorities, submit the aforesaid documents to the company registration authority, apply for deregistration of the Company, and announce the termination of the Company.

Members of the liquidation committee shall be loyal to their duties and shall perform liquidation obligations according to laws.

The liquidation committee members shall neither take advantage of their powers to accept bribery or other illegal incomes, nor embezzle the Company's property.

The liquidation committee members shall bear the liability for compensation if losses are caused to the Company or the creditors due to their intentional or gross negligence.

The Company declared bankrupt as provided by law shall have bankruptcy liquidation carried out according to relevant enterprise bankruptcy laws.

**Chapter 21 Procedures for Amendment to the Articles of Association****Article 220**

The Articles of Association may be amended in accordance with the laws, administrative regulations and the provisions of the Articles of Association. The Company shall revise the Articles of Association in any of the following cases:

- (1) Any conflict between those matters specified by the Articles of Association and the provisions of laws or administrative regulations after any revision of the PRC Company Law or relevant laws or administrative regulations;
- (2) Any change in the Company's conditions which is not consistent with those matters recorded in the Articles of Association;
- (3) Any amendment of the Articles of Association resolved by the general meeting.

**Article 221**

The following procedures shall be followed when making amendments to the Articles of Association:

- (1) the Board shall first adopt a resolution for amendment to the Articles of Association and prepare a proposal for amendment to the Articles of Association;
- (2) the Board shall convene a general meeting for voting on such proposal thereat;
- (3) the general meeting shall approve such proposal by special resolution;
- (4) the Company shall report the proposal for amendments to the Articles of Association approved at the general meeting to the competent approving authority, which will become effective upon approval (if required);
- (5) the Company shall file the amended Articles of Association with the company registration authority for record.

The Board shall revise the Articles of Association according to resolutions of the general meeting and approval comments of the relevant competent authorities.

**Article 222**

Amendment to Articles of Association passed by resolution at the general meeting which should be reviewed by the competent authorities shall be submitted to competent authorities for approval; if there is any change relating to the registered particulars of the Company, application shall be made for change in registration in accordance with the laws.

Amendment to Articles of Association constitutes information required to be disclosed by laws and regulations, and shall be announced as provided.

## Chapter 22 Settlement of Disputes

### Article 223

The Company follows the rules of dispute resolution below:

- (1) Whenever any disputes or claims arise from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company between a holder of overseas-listed foreign shares and the Company, between a holder of overseas-listed foreign shares and a director, a supervisor, the general manager or other senior management of the Company, and between a holder of overseas-listed foreign shares and a holder of domestic shares, the parties concerned shall resolve such disputes or claims through arbitration.

Where the aforesaid dispute or claim is submitted for arbitration, the entire dispute or claim shall be resolved through arbitration; 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, if they are companies or shareholders, directors, supervisors, general manager or other senior management of the Company, shall abide by the result of arbitration.

Disputes over who is a shareholder and over the register of member do not have to be resolved through arbitration.

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

If the party seeking arbitration elects to arbitrate the dispute or claim at the Hong Kong International Arbitration Centre, then either party may apply to have such arbitration conducted in Shenzhen according to the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (3) The laws of PRC (excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan) shall govern the arbitration of disputes or claims described in paragraph (1) above, unless otherwise provided by the laws or administrative regulations.
- (4) The award of the arbitral body is final and shall be binding on the parties thereto.

## Chapter 23 Supplementary Provisions

**Article 224** Reference to the term “accounting firm” herein shall have the same meaning as ascribed to the terms “auditor”.

Unless otherwise expressly specified in relevant national laws, administrative regulations and regulatory rules of the place where the Company’s shares are listed, the term “Independent Non-Executive Director” herein shall have the same meaning as the term “Independent Director”.

The “related party relationship” herein refers to the relationship between the controlling shareholders, de facto controllers, directors, supervisors, senior management members of the Company and the enterprises under their direct or indirect control, and other relationships which may result in transfer of interests of the Company, as well as the relationship between related parties or connected persons as defined in the listing rules of the stock exchange where the shares of the Company are listed, provided however that related party relationships shall not be considered to be in existence between state-controlled enterprises solely because they are under the common control of the PRC government.

In the Articles of Association, the terms “more than”, “within” and “less than” shall include the given figure, and the terms “exceeding” and “beyond” shall not include the given figure.

**Article 225** The Articles of Association are written in Chinese. Should there be any discrepancies between the versions in other languages and the Chinese version, the latest Chinese version approved and registered shall prevail.

The Board may prepare detailed rules and regulations for the Articles of Association according to the provisions herein. The detailed rules shall not conflict with the regulations of the Articles of Association.

**Article 226** The Articles of Association shall be construed by the Board of the Company. Any matters not covered by the Articles of Association shall be proposed by the Board for consideration and approval at the general meeting.

**Article 227** The Articles of Association shall come into effect from the date on which it is considered and approved at the general meeting of the Company.

\* *For identification purpose only.*