

# Shanghai Fosun Pharmaceutical (Group) Co., Ltd.

## Articles of Association

*Note:* In the main text of these Articles of Association and the footnotes thereof: the “PRC” refers to the People’s Republic of China; “Company Law” refers to the “Company Law of the People’s Republic of China”; “Securities Law” refers to the “Securities Law of the People’s Republic of China”; “Mandatory Provision” refers to the “Mandatory Provisions for Articles of Association of Companies to be Listed Overseas” (Zheng Wei Fa [1994] No. 21) jointly promulgated by the former Securities Committee of the State Council and the former State Economic System Restructuring Commission (hereinafter as State Economic Restructuring Commission) ; the “Zheng Jian Hai Han” refers to the “Circular Regarding Comments on the Amendments to Articles of Association of Companies Listed in Hong Kong” (Zheng Jian Hai Han [1995] No.1) jointly issued by the Overseas Listing Department of the China Securities Regulatory Commission and the Production System Department of the former State Economic Restructuring Commission; the “Opinions” refers to the “Opinions on Further Standardising Operations and Intensifying Reforms of Companies Listed Overseas” (Guo Jing Mao Qi Gai [1999] No. 230) jointly issued by the State Economic and Trade Commission and the China Securities Regulatory Commission; “Listing Rules” refers to “The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” issued by The Stock Exchange of Hong Kong Limited (hereinafter as “SEHK”); “Opinions of HKEx” refers to the opinions given by the Hong Kong Exchanges and Clearing Limited.

## **CHAPTER 1 GENERAL PROVISIONS**

**Article 1** Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (hereinafter as “the Company”) was established as a joint stock limited company according to the Company Law, the Securities Law, and other relevant laws, administrative legislation, rules and regulations.

Upon approval by the municipal government of Shanghai in accordance with Hu Fu [1998] Document No.23, the five shareholders of the former Shanghai Fosun Industries Co., Ltd., in their capacities as promoters of a joint stock company, transformed Shanghai Fosun Industries Co., Ltd. into a joint stock limited company legally by issuing shares to the public. The Company was registered with the Shanghai Administration for Industry and Commerce on 10 July, 1998 and obtained the Business License, the promoters of the Company are: Shanghai Fosun High Technology (Group) Company Limited, Shanghai Guangxin Technology Development Company, Shanghai Yingfu Information Development Company Limited, Shanghai Shenxin Industry (Group) Limited Company and Shanghai Xidatang Science and Technological Investment Company Limited.

The Company shall establish an organization of the Communist Party to carry out the activities of the party in accordance with the charter of the Communist Party of China. The Company shall provide the necessary conditions for the activities of the party organization.

**Article 2** As approved by the China Securities Regulatory Commission (hereinafter as the “CSRC”) on 25 June, 1998, the Company initially issued 50,000,000 Renminbi ordinary shares to the public, and listed such shares on the Shanghai Stock Exchange on 7 August, 1998.

**Article 3** Registered Name of the Company

Name in Chinese: 上海復星醫藥(集團)股份有限公司

Name in English: Shanghai Fosun Pharmaceutical (Group) Co., Ltd.

**Article 4** Address: 9th Floor, No. 510 Caoyang Road, Shanghai

Postcode: 200063

**Article 5** The Chairman is the legal representative of the Company. If a director who serves as the legal representative resigns, he/she shall be deemed to have also resigned as the legal representative at the same time. If the legal representative resigns, the Company shall determine a new legal representative within thirty (30) days from the date of the legal representative's resignation.

The legal consequences of civil activities performed by the legal representative in the name of the Company shall be borne by the Company. Any restriction on the authority of the legal representative imposed by these Articles of Association or the shareholders' general meeting shall not be asserted against bona fide counterparties. If the legal representative causes damage to others in the performance of his/her duties, the civil liability thus incurred shall be borne by the Company. After the Company has assumed such civil liability, it may, in accordance with the law or the provisions of these Articles of Association, seek compensation from the legal representative who is at fault.

**Article 6** The Company is a joint stock limited company with perpetual existence.

**Article 7** Shareholders shall be liable to the Company to the extent of the shares held by them, whereas the Company is liable to the liabilities thereof with all property of the Company.

**Article 8** These Articles of Association was adopted by special resolutions at the shareholders' general meeting of the Company and approved by the competent examination authorities.

Since the effective date of these Articles of Association, the original Articles of Association of the Company and its amendments were lapsed automatically.

Commencing from the effective date of these Articles of Association, it will become a legally binding document regulating the organization and behavior of the Company, as well as the rights and obligations between the Company and its shareholders and among the Company's shareholders.

**Article 9** These Articles of Association shall also be legally binding on the Company and its shareholders, directors and senior management members. All of the aforesaid persons shall have the right, according to these Articles of Association, to propose claims relating to the affairs of the Company.

Pursuant to these Articles of Association, shareholders may pursue action against other shareholders, against directors and senior management members of the Company, and against the Company, and the Company may pursue action against its shareholders, directors and senior management members.

The aforementioned actions shall include instituting legal proceedings with a court.

**Article 10**           The senior management members mentioned herein refer to the chief executive officer, president, vice-president, Secretary to the Board, financial controller of the Company, or other personnel employed by the Board whose duties are the same as or similar to the aforementioned members.

**Article 11**           The Company may invest in other enterprises; in case it is provided by law, it shall not be an investor bearing joint liability for the debts of the enterprises it invested in.

**Article 12**           Subject to the relevant laws, administrative regulations and the Listing Rules, the Company has the financing and borrowing rights, including (but not limited to) issuing Company bonds and has the right to mortgage or pledge its properties; the Company also has the right to act as a guarantor for any third party. However, the Company shall not prejudice or abolish the rights of shareholders of any type when exercising the above rights.

## **CHAPTER 2 OBJECTIVE AND SCOPE OF BUSINESS**

- Article 13**           The objective of business of the Company are: fully utilize the competitive strengths of legal person shareholders to tap idle capital of the society with a view to adjusting and balancing industrial structure, supporting the national pillar industries, accumulating capital for the nation and increasing the rewards of shareholders.
- Article 14**           As approved by the company registration authorities, the business scope of the Company is biochemical products, reagents, biological four technical services, manufacturing and sales of self-developed products, instruments and meters, electronic products, computer, chemical raw materials (except dangerous goods), advisory services; export of self-produced products and related technologies of the Group; import of raw and supplementary materials, machinery facilities, instruments and meters, spare parts and related technologies for the Group's production and scientific research.

## CHAPTER 3 SHARES AND REGISTERED CAPITAL

### Section 1 Issue of Shares

- Article 15** The Company shall have common shares at any times; with the approval of the department for examination and approval of companies as authorized by the State Council, the Company may also create other types of shares when needed. Each share of the same class shall have the same rights. Shares of the same class issued at the same time shall be issued on the same terms and at the same price per share; the subscriber shall pay the same price per share for each share subscribed for.
- Article 16** All shares issued by the Company shall have nominal values, with each share having a nominal value of RMB One (1) Yuan.
- The RMB aforementioned refers to the statutory currency of the People's Republic of China.
- Article 17** Shares issued to investors and subscribed in RMB shall be called "domestic-invested shares". Shares issued to investors and subscribed in a currency other than RMB shall be called "foreign-invested shares". Foreign-invested shares listed overseas shall be called "overseas-listed foreign-invested shares".
- Both shareholders of domestic and overseas-listed foreign-invested shares are shareholders of ordinary shares, and shall have the same rights and obligations.
- Article 18** Foreign-invested shares issued by the Company and listed on SEHK shall be called "H shares". H shares was approved for listing by SEHK, with nominal values denominated in RMB, and subscribed and traded in HKD.
- The aforementioned "foreign currency" shall refer to the statutory currency, other than RMB, of another country or region, which is recognized by the competent foreign exchange authority of the State and can be used for payment of the Company's shares.
- Article 19** Before issuing the H shares, the total number of shares of the Company was one billion nine hundred and four million three hundred and ninety two thousand three hundred and sixty four (1,904,392,364) shares, all of which were domestic-invested shares.

**Article 20** On 5 April 2012, with the approval of the China Securities Regulatory Commission Document No. 2012[444], the Company issued the overseas-listed foreign-invested shares (H shares) and obtained the approval from SEHK. The H shares of the Company are listed on SEHK on 30 October 2012.

The capital structure of the Company is: two billion and one hundred and eighteen million and four hundred and eighty-eight thousand and eight hundred and twenty-five (2,118,488,825) domestic shares and five hundred and fifty-one million and nine hundred and forty thousand and five hundred (551,940,500) overseas listed foreign shares.

**Article 21** The registered capital of the Company is Renminbi two billion and six hundred and seventy million and four hundred and twenty-nine thousand and three hundred and twenty-five (2,670,429,325) Yuan.

Changes in registered capital of the Company shall be registered with the competent authority for market regulation.

**Article 22** The Company may approve the increase in capital in accordance with its business and development needs and subject to the relevant provisions of these Articles of Association.

The Company can increase its capital by the following ways:

- (1) issuing shares to unspecific parties;
- (2) issuing shares to specific parties;
- (3) issuing new shares to existing shareholders;
- (4) conversion of common reserve fund into capital;
- (5) other means that are prescribed by laws, administrative regulations and the CSRC.

Issues of new shares by the Company shall be subject to approval as prescribed by these Articles of Association of the Company and shall follow the procedures specified in the relevant laws and administrative regulations of the State.

**Article 23** The shares of the Company may be transferred in accordance with the law.

## **Section 2 Reduction of Capital and Repurchase of Shares**

**Article 24** The Company may reduce its registered capital pursuant to the procedures stipulated in the Company Law, other relevant provisions and these Articles of Association.

**Article 25** When the Company reduces its registered capital, it shall prepare a balance sheet and a list of assets.

The Company will notify the creditors within ten (10) days upon adoption of the resolution to reduce the registered capital at the shareholders' general meeting and will within thirty (30) days make announcements on the media that meet the conditions stipulated by the securities regulatory authorities in the place where the shares of the Company are listed, or the National Enterprise Credit Information Publicity System. The creditors shall have the right to require the Company to settle the debts or provide corresponding security within thirty (30) days after receipt of the notice thereof or, if the creditors have not received the said notice, within forty-five (45) days from the date of the announcement.

**Article 26** The Company may not repurchase its own shares except pursuant to laws, administrative regulations, departmental regulations, these Articles of Association and the relevant rules of securities regulatory authorities of the location where the Company's shares are listed under one of the following circumstances:

- (1) reduction of the registered capital of the Company;
- (2) merging with another company holding shares of the Company;
- (3) utilizing its shares for the employee share ownership scheme or equity incentive scheme;
- (4) shareholders requiring the Company to acquire their shares for the reason of objecting to the resolutions at the general meeting concerning the merger or division of the Company;
- (5) utilizing its shares for conversion of corporate bonds which are convertible into shares issued by the Company;
- (6) the share repurchase is necessary to preserve the value of the Company and the interests of its shareholders;
- (7) such other circumstances stipulated in laws, administrative regulations, departmental rules and by the relevant rules of securities regulatory authorities of the location where the Company's shares are listed.

Repurchase of the Company's shares in accordance with the reasons set out in items (1) to (2) above shall be subject to a resolution passed at a shareholders' general meeting. Repurchase of the Company's shares in accordance with the reasons set out in items (3), (5) and (6) above shall be considered and approved at the Board meeting with the attendance of more than two-thirds (2/3) of the Directors.

After the Company has repurchased its shares in accordance with Clause (1) of this Article, such shares shall be cancelled within ten (10) days upon acquisition under the circumstance set out in Item (1), or shall be transferred or cancelled within six (6) months in the circumstances set out in Items (2) and (4).

The shares of the Company repurchased pursuant to items (3), (5) and (6) of this Article in aggregate shall not exceed ten percent (10%) of the total shares issued by the Company; and the shares repurchased shall be transferred or cancelled within three (3) years after publishing announcement on the repurchase result and share changes.

If the aforesaid matters involving repurchase of the Company's shares are otherwise stipulated by the laws, administrative regulations, departmental rules, regulatory documents, the Articles of Association and the relevant laws, regulations and regulatory documents of securities regulatory authorities of the location where the Company's shares are listed, such provisions shall be complied with.

**Article 27** The repurchases by the Company of its own shares may be carried out in such ways as recognized by laws, administrative regulations and the CSRC and/or in compliance with the requirements under the Code on Takeovers and Mergers and Share Repurchases issued by the Securities and Futures Commission of Hong Kong and the Listing Rules.

**Article 28** Upon the repurchase of the shares by the Company in accordance with laws, the Company shall transfer or cancel such part of the shares within the time limit as stipulated in laws and administrative regulations. In the event of cancellation, the Company shall register the change of registered capital with the original company registration authority after the cancellation of the portion of shares concerned.

**Article 29** Unless the Company is under liquidation, the Company shall comply with the laws, administrative regulations, the relevant regulations of securities regulatory authorities at the location where the Company's shares are listed and these Articles of Association when repurchasing its outstanding shares.

### **Section 3    Transfer of Shares**

**Article 30**                    The Company shall not accept its own shares to be the subject of a pledge.

**Article 31**                    The shares of the Company may be transferred, given, inherited and pledged in accordance with the provisions of relevant laws, administrative regulations and these Articles of Association.

The registration for the transfer of any H share must be conducted in Hong Kong.

**Article 32**                    Shares already issued by the Company before its public offering shall not be transferred within one (1) year after the shares of the Company are listed on the stock exchange.

The directors and senior management members shall report to the Company about their shareholdings in the Company and changes thereof and shall not transfer more than twenty twenty-five (25%) of the shares of the Company held thereby per annum during their terms of office as determined at the time of their appointment; the shares they hold in the Company shall not be transferred within one (1) year after the shares of the Company are listed. The aforesaid persons shall not transfer the shares of the Company they hold within half year after they have terminated service with the Company. If the aforesaid matters are otherwise stipulated by the laws, administrative regulations, the relevant regulations of securities regulatory authorities of the location where the Company's shares are listed or these Articles of Association, such provisions shall be complied with.

**Article 33**                    If the directors, senior management members and shareholders holding more than five percent (5%) of the total shares of the Company sell the shares or other securities of equity nature held thereby within six (6) months after buying the same or buy shares or other equity securities within six (6) months after selling the same, the earnings arising therefrom shall belong to the Company and the Board of the Company will take back the said earnings. However, the provisions herein shall not apply to a securities company which comes to hold more than five percent (5%) of the shares by buying the shares remaining after an exclusive sale, and the selling otherwise required by the securities regulatory authorities of the State Council.

Shares or other securities of equity nature held by the directors, senior management members and natural person shareholders referred to in the preceding paragraph include the shares or other securities of equity nature held by their spouses, parents, children and held by them using others' accounts.

If the Board of the Company fails to comply with the provision in the first paragraph, the shareholders shall have the right to require the Board to execute the provision within thirty (30) days. If the Board fails to execute the provision within the aforesaid period, the shareholders shall have the right to directly institute legal proceedings in their own names for the interest of the Company at the People's court.

If the Board fails to comply with the provision in the first paragraph, the responsible directors shall bear joint liability according to law.

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

**Article 34** The Company or the Company's subsidiaries (including the Company's affiliates) shall not provide financial assistance in the form of gifts, advances, guarantees or loans for the acquisition of shares of the Company or its parent company by others, except for the implementation of the Company's employee share ownership scheme.

In the interest of the Company, by resolution of the shareholders' general meeting, or by resolution of the Board as authorized by these Articles of Association or the shareholders' general meeting, the Company may provide financial assistance for others to acquire shares of the Company or its parent company, provided that the cumulative total amount of the financial assistance shall not exceed ten percent (10%) of the total amount of issued share capital. Resolutions of the Board shall be approved by more than two-thirds (2/3) of all directors.

#### **Section 5 Shares and Shareholders' Register**

**Article 35** A share certificate is the proof issued by the Company which proves the holding of shares by a shareholder. The Company's shares shall all be registered shares.

Matters specified in the share certificates of the Company shall include matters required by the stock exchange on which the Company's shares are listed, besides those specified in Company Law.

**Article 36** Share certificates shall be signed by the Chairman. Where senior management members of the Company are required to sign the shares by the stock exchange on which the Company's shares are listed, the share certificates shall be signed by the relevant senior management personnel, and shall come into effect after affixing the seal or printing the seal of the Company on the share certificates. Affixing the seal of the Company on the share certificates shall be authorized by the Board. The signature of the Chairman or relevant senior management members of the Company may also be printed on the share certificates.

- Article 37** In accordance with the two Articles of these Articles of Association preceding this Article, the trading of the shares of the Company in a non-paper form shall otherwise comply with the regulations of the securities regulatory authority of the location where the Company's shares are listed.
- Article 38** The Company shall establish a register of shareholders in accordance with the requirements of the securities registry of the location where the Company's shares are listed.
- The register shall constitute adequate evidence of the holding of shares in the Company by shareholders unless there is evidence to the contrary.
- Article 39** The register of holders of overseas-listed foreign-invested shares shall be maintained in accordance with the regulations of securities regulatory authorities at the location where the Company's shares are listed. Among which, the original register of H shareholders shall be maintained in Hong Kong.
- The Company shall maintain a duplicate of the register of holders of overseas listed foreign-invested shares at the Company's domicile; The appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the register of holders of overseas listed foreign-invested shares at all times.
- If there is any inconsistency between the original and the duplicate of the register of holders of overseas-listed foreign-invested shares, the original version shall prevail.
- Article 40** The Company shall maintain a complete register of shareholders.
- The register of shareholders shall include the following:
- (1) the register of shareholders maintained at the Company's domicile (other than such registers described in Items (2), (3) and (4) of this Article);
  - (2) the register of holders of domestic-invested shares maintained at the domestic securities registration and clearing houses;
  - (3) the register of holders of overseas-listed foreign-invested shares of the Company maintained at the place where the overseas stock exchange on which the shares are listed is located;
  - (4) the register of shareholders maintained at such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

- Article 41** Any shareholders of H shares may transfer all or part of the shares in the Company owned thereby by the written transfer instruments commonly used in Hong Kong, or the instruments of transfers signed or with signature printed. The aforesaid transfer of shares may be effected via standard transfer forms stipulated by the SEHK. The instrument of transfer maybe signed by hand, or signed by hand or with signatures printed if the transferor or transferee is a recognized clearing house or its nominee as defined by the Hong Kong Securities and Futures Ordinance.
- All instruments of transfer must be maintained at the legal address of the Company, address of the clearing agency or such places as the Board may specify from time to time.
- Article 42** If there are provisions in the PRC laws and regulations and the laws and regulations of the location where the Company's shares are listed stipulating the closure of the register of members prior to the shareholders' general meeting or the record date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.
- Article 43** When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate and engage in other activities that shall involve equity determination, the Board shall designate a day to be the equity registration date. Shareholders whose names appear in the register of shareholders at the end of the registration date shall be shareholders of the Company.
- Article 44** If any shareholder recorded in the register of shareholders, or anybody requesting his/her name to be recorded in such register, has lost his/her share certificates (namely the "original share certificates") may apply to the Company for reissuance of new share certificates in respect of the said stock (namely the "related stock").
- Applications for the reissue of shares lost by holders of domestic-invested shares shall be processed pursuant to the relevant regulations of the Company Law.
- Applications for the reissuance of shares lost by holders of overseas-listed foreign-invested shares shall be processed pursuant to the law, rules of the stock exchange and other relevant regulations of the place where the original of the register of holders of overseas-listed foreign-invested shares is kept.
- Article 45** The Company shall not be liable of indemnity for anyone suffering from damages on account of the cancellation of the original share certificates or the reissuance of new share certificates, unless the party involved is able to prove fraudulent act on the part of the Company.

## **CHAPTER 4 SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING**

### **Section 1 Shareholders**

**Article 46** Company's shareholders are those who hold the Company's stock and have their names recorded in the register of shareholders.

Shareholders shall enjoy their rights and assume their responsibilities according to the type of stock held by them. Shareholders holding the same type of stock shall enjoy equal rights and assume equal responsibilities.

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

**Article 47** Shareholders of company's ordinary shares shall enjoy the following rights to:

- (1) Receive dividends and profit distribution in other forms depending on the shares held;
- (2) Request to call, convene, preside over or attend shareholders' general meetings and exercise voting rights either in person or by proxy in accordance with the relevant laws;
- (3) Supervise, manage, present suggestions on or make inquiries about the business operation activities of the Company;
- (4) Transfer, give or pledge the shares they held in accordance with laws, administrative regulations and these Articles of Association;
- (5) Obtain relevant information according to the stipulations of these Articles of Association, including:
  1. Obtaining these Articles of Association after paying the cost;
  2. Having the right to inspect and make copies of the register of shareholders;
  3. Status of the equity of the Company;
  4. Having the right to inspect and make copies of the minutes of shareholders' general meetings and resolutions of Board meetings;
  5. Having the right to inspect and make copies of the financial and accounting reports and (for shareholders who meet the relevant requirements) the accounting books and accounting documents of the Company.

- (6) Object to resolutions of the shareholders' general meeting concerning merger or division of the Company, and require the Company to acquire their shares;
- (7) On termination or liquidation of the Company, participate in distribution of the Company's remaining assets according to its stock share;
- (8) Other circumstances stipulated in laws, administrative regulations and these Articles of Association.

The Company shall not utilize any of its powers to freeze or otherwise impair the rights attached to any shares directly or indirectly held by any person only on the ground that the said person did not disclosed his/her equity to the Company.

#### **Article 48**

Shareholders requesting to inspect or make copies of materials of the Company shall comply with the provisions of the Company Law, the Securities Law and other laws and administrative regulations.

If any shareholder requests for the access of the relevant information as set out in the preceding Article or obtaining information, the said shareholder shall submit a written request to the Company, stating the purpose of such access and providing the Company with written documents as evidence of the type and number of shares held by the said shareholder, and the Company shall provide the said information upon authentication of the capacity thereof and the purpose of the inspection in accordance with the provisions of relevant laws, administrative regulations, regulatory documents and these Articles of Association.

When inspecting and making copies of documents and information of the Company, the shareholders of the Company shall sign a non-disclosure agreement with the Company before inspecting documents involving the Company's trade secrets and other documents required to be kept confidential. Shareholders and the accounting firms, law firms and other intermediaries appointed by them shall comply with the provisions of laws and administrative regulations relating to the protection of state secrets, trade secrets, privacy and personal information, and shall bear the legal responsibility for the disclosure of such secrets.

#### **Article 49**

If any resolution of a shareholder's general meeting or Board meeting is in violation of the laws and administrative regulations, the shareholders shall have the right to request the People's court to invalidate the said resolution.

The controlling shareholder(s) and actual controller(s) should not restrict or obstruct small and medium investors to exercise their voting rights in accordance with laws and should not infringe the legal rights of the Company and small and medium investors.

If the meeting convening procedures and voting method of the shareholders' general meetings or Board meetings are in violation of the laws and administrative regulations or these Articles of Association or if the contents of any resolution are in breach of these Articles of Association, the shareholders shall have the right to request the People's court to cancel the said procedures, method or resolution within sixty (60) days after the resolution has been made, except that there are only minor defects in meeting convening procedures or voting methods of the shareholder's meetings or Board meetings, and such defects have no substantial impact on the resolutions.

If relevant parties such as the Board and shareholders dispute the validity of a resolution of a shareholders' general meeting, they shall promptly file a lawsuit with the People's court. Before the People's court makes a judgement or ruling, such as to revoke a resolution, the relevant parties shall execute the resolution of the shareholders' general meeting. The Company, its directors and senior management shall perform their duties diligently to ensure the normal operation of the Company. If the People's court makes a judgement or ruling on the relevant matter, the Company shall fulfil its obligations to disclose the information in accordance with laws, administrative regulations, the regulations of the CSRC and stock exchanges, fully explain the impact of the judgement or ruling, and actively cooperate with the authorities in the enforcement of the judgement or ruling after it has come into effect. Where previous matters need to be corrected, the Company shall handle the correction in a timely manner and fulfil its obligations to disclose the information accordingly.

#### **Article 50**

A resolution of the shareholders' general meeting or Board meeting of the Company shall not be valid under any of the following circumstances:

- (1) no shareholders' general meeting or Board meeting has been convened to pass the resolution;
- (2) the resolution is not voted on at the shareholders' general meeting or Board meeting;
- (3) the number of persons attending the meeting or the number of voting rights held by them does not reach the number of persons or the number of voting rights held as stipulated in the Company Law or these Articles of Association;
- (4) the number of persons or the number of voting rights held by them voting for the resolution does not reach the number of persons or the number of voting rights held as stipulated in the Company Law or these Articles of Association.

## **Article 51**

If any director or senior management member other than a member of the audit committee of the Board (hereinafter as the “Audit Committee”) violates laws and administrative regulations or these Articles of Association in fulfilling his/her duties, thereby causing any loss to the Company, the shareholder(s) severally or jointly holding one percent (1%) or more shares of the Company for more than one hundred and eighty (180) consecutive days shall have the right to request the Audit Committee in writing to institute legal proceedings at the People’s court; if members of the Audit Committee violates laws and administrative regulations or these Articles of Association in fulfilling its duties, thereby causing any loss to the Company, the aforesaid shareholders shall have the right to request the Board in writing to institute legal proceedings at the People’s court.

If the Audit Committee or the Board refuses to institute legal proceedings after receipt of the aforesaid written request or fails to institute legal proceedings within thirty (30) days after receipt of the said request, or if under urgent circumstances that any delay of legal proceedings may cause irrecoverable damages to the interests of the Company, the shareholders specified in the preceding paragraph shall have the right to directly institute legal proceedings at the People’s court in their own names for the interest of the Company.

If any other person infringes upon the legitimate rights and interests of the Company, thereby causing any loss to the Company, the shareholders specified in Paragraph 1 of this Article may institute legal proceedings at the People’s court pursuant to the preceding two paragraphs.

If the directors, supervisors or senior management members of a wholly-owned subsidiary of the Company violate laws, administrative regulations or the provisions of these Articles of Association in performing their duties, and cause the Company to suffer a loss, or if the legitimate rights and interests of a wholly-owned subsidiary of the Company are infringed by other parties and a loss is incurred, shareholders either individually or jointly holding more than one percent (1%) of the Company’s shares for more than one hundred and eighty (180) consecutive days may, in accordance with the first three paragraphs of Article 189 of the Company Law, submit a written request to the supervisory committee or board of directors of the wholly-owned subsidiary to file a lawsuit with the People’s court, or directly file a lawsuit with the People’s court in their own name.

If a wholly-owned subsidiary of the Company does not have a supervisory committee or supervisors but has an audit committee, the provisions of Paragraphs 1 and 2 of this Article shall apply.

- Article 52** If any director or senior management member violates the laws and administrative regulations or these Articles of Association, thereby causing any loss to the shareholders, the shareholders may institute legal proceedings at the People's court.
- Article 53** Shareholders of the Company's ordinary shares shall assume the following responsibilities:
- (1) Observing laws, administrative regulations and these Articles of Association;
  - (2) Paying in share capital according to the subscribed shares and manner of participation;
  - (3) Not to withdraw their share capital except under the circumstances stipulated in laws and administrative regulations;
  - (4) Not abusing shareholder rights to damage the interests of the Company or other shareholders; not abusing the independent status of legal persons or limited liability of shareholders to damage the interests of the Company's creditors;
  - (5) Fulfilling other obligations stipulated in laws, administrative regulations and these Articles of Association.
- Article 54** If any shareholder of the Company abuses shareholder's rights, thereby causing any loss to the Company or other shareholders, the said shareholder shall be liable for compensation according to law.
- If any shareholder abuses the independent status of a legal person or limited liability of shareholder or evades debts, thereby seriously damaging the interests of the creditors of the Company, the said shareholder shall bear joint liability for the Company's debts.
- Article 55** The controlling shareholders and de facto controllers of the Company shall exercise their rights and fulfil their obligations in accordance with laws, administrative regulations, the requirements of the CSRC and stock exchanges to safeguard the interests of the Company.
- Article 56** Controlling shareholders and de facto controllers of the Company shall comply with the following provisions:
- (1) to exercise their rights as shareholders in accordance with the law and not to abuse their control or use their connected relationship to prejudice the legitimate interests of the Company or other shareholders;
  - (2) to strictly fulfil their public statements and various undertakings and not to change or waive such statements and undertakings unilaterally;

- (3) to fulfil their information disclosure obligations in strict accordance with relevant regulations, proactively cooperate with the Company in information disclosure and inform the Company in a timely manner of material events that have occurred or are expected to occur;
- (4) not to appropriate the Company's funds in any way;
- (5) not to order, instruct, or request the Company and its relevant personnel to provide guarantees in violation of laws and regulations;
- (6) not to make use of the Company's undisclosed material information to gain benefits, or disclose in any way undisclosed material information relating to the Company, or engage in insider trading, short-swing trading, market manipulation or other illegal and unlawful acts;
- (7) not to prejudice the legitimate interests of the Company and other shareholders through unfair connected transactions, profit distribution, asset restructuring, external investment or any other means;
- (8) to ensure the integrity of the Company's assets, and the independence of its personnel, finance, organization and business, and not to affect the independence of the Company in any way;
- (9) laws, administrative regulations, regulations of the CSRC, rules of stock exchanges and other requirements of these Articles of Association.

If a controlling shareholder or de facto controller of the Company does not serve as a director of the Company but actually executes the Company's affairs, the provisions of these Articles of Association regarding the directors' fiduciary duty and duty to act with diligence shall apply.

If a controlling shareholder or de facto controller of the Company instructs a director or senior management member to engage in an act that is detrimental to the interests of the Company or its shareholders, he/she shall bear joint and several liability with the director or senior management member.

#### **Article 57**

If a controlling shareholder or de facto controller pledges the shares of the Company that he/she holds or effectively controls, he/she shall maintain the stability of the Company's control and that of its production and operation.

- Article 58** If a controlling shareholder or de facto controller transfers the shares of the Company held by him/her, he/she shall comply with the restrictive provisions on the transfer of shares set out in laws, administrative regulations, the regulations of the CSRC and stock exchanges, as well as his/her undertakings in respect of restrictions on the transfer of shares.
- Article 59** Except for their obligations under the relevant laws, administrative regulations or the listing rules of the stock exchange where the Company's shares are listed, the controlling shareholders, in exercising their rights as shareholders, shall not make any decision detrimental to the benefits of all or some shareholders in connection with the following issues:
- (1) Discharging the directors of their responsibility to act in good faith in the interest of the most benefits of the Company;
  - (2) Approving the directors to deprive in any way the Company of its property (for their own interest or for the interest of others), including (but not limited to) any favorable opportunity of the Company;
  - (3) Approving the directors to deprive other shareholders of their personal rights and interests (for their own interest or the interest of others), including (but not limited to) any right to distribution and right to vote, but excluding company reorganization as submitted to the general meeting for approval according to these Articles of Association.
- Article 60** The term “controlling shareholder” referred to in the preceding Article shall mean a person who satisfies any one of the following conditions:
- (1) Such person acting individually, or in concerted with other parties, has the power to elect more than half of the Board members;
  - (2) Such person acting individually, or in concerted with other parties, can exercise thirty percent (30%) or more (including thirty percent (30%)) of the voting rights of the Company, or control the exercise of thirty percent (30%) or more (including thirty percent (30%)) of the voting rights of the Company;
  - (3) Such person acting individually, or in concerted with other parties, the said person holds thirty percent (30%) or more (including thirty percent (30%)) of the outstanding shares of the Company;
  - (4) Such person has de facto control of the Company in other ways when acting individually or in concerted with other parties.

## **Section 2 General Provisions of Shareholders' General Meeting**

### **Article 61**

The shareholders' general meeting of the Company is composed of all shareholders. The shareholders' general meeting is the governing body of the Company and performs the following functions:

- (1) Electing and changing directors who are not employees' representatives, and making decisions on the remuneration of such directors;
- (2) Considering and approving the reports of the Board;
- (3) Considering and approving the Company's profit distribution plan and loss compensation plan;
- (4) To resolve on the increases/decreases in the registered capital of the Company;
- (5) To resolve on the issuance of the Company's bonds;
- (6) To resolve on the merger, division, dissolution, liquidation or transformation of the Company;
- (7) Revising these Articles of Association;
- (8) To resolve on the appointment or dismissal of the public accountants' firm which undertakes the audit work of the Company;
- (9) Considering and approving matters relating to the external guarantees stipulated in Article 62 of these Articles of Association;
- (10) Considering the Company's purchase or disposal of major assets within one year with a transaction amount exceeding thirty percent (30%) of the latest audited total assets of the Company (other than asset disposals between the Company and its holding subsidiaries, and among the holding subsidiaries);
- (11) Considering and approving matters related to changes in the use of proceeds from share offerings;
- (12) Considering equity incentive plans and employee share ownership schemes;

- (13) Considering the Company's connected transaction with associates, of which the transaction amount is over thirty million (\$30,000,000) and accounts for over five percent (5%) of the Company's latest audited absolute value of net assets (relevant regulatory requirements regarding examination and approval of connected transactions of the location where the Company's shares are listed shall be applicable);
- (14) Considering the motions from shareholders representing more than one percent (1%) of the total number of voting shares of the Company;
- (15) Other matters which, in accordance with the laws, administrative regulations, departmental rules, and the requirements of the securities regulatory authorities of the locations where the Company's shares are listed or these Articles of Association, shall be decided at a shareholders' general meeting.

The shareholders' general meeting may authorize the Board to resolve the issuance of corporate bonds.

The Company may, by resolution of the shareholders' general meeting, or by resolution of the Board as authorized by these Articles of Association or the shareholders' general meeting, issue shares and corporate bonds convertible into shares. The specific implementation of such issuance shall be in compliance with laws, administrative regulations, and regulations of the CSRC and stock exchanges.

Unless otherwise provided by laws, administrative regulations, regulations of the CSRC and stock exchanges, the aforesaid function of the shareholders' general meeting shall not be exercised by the Board or other institutions and individuals by way of delegation. Under necessary and reasonable circumstances, regarding particular issues related to matters being resolved which are unable to be immediately decided upon in the general meeting, the board can be authorized by the general meeting, to the extent permitted by law, administrative regulations and these Articles of Association, to make decision within the scope authorized by the general meeting.

## **Article 62**

The following guarantees to be given by the Company and its controlled subsidiaries to external parties shall be considered and approved by the shareholders' general meeting:

- (1) A guarantee in a single amount in excess of ten percent (10%) of the Company's latest audited net assets;
- (2) A guarantee to be provided in favour of a party with an asset-liability ratio in excess of seventy percent (70%);

- (3) Any guarantee provided after the total amount of external guarantee provided by the Company and its holding subsidiaries has exceeded thirty percent (30%) of the Company's latest audited total assets;
- (4) Any guarantee provided after the total amount of external guarantee provided by the Company and its holding subsidiaries has exceeded fifty (50%) of the Company's latest audited net assets;
- (5) The guarantees in respect of the amount of guarantee provided by the Company and its holding subsidiaries to other parties, according to the twelve (12) consecutive months accumulative calculation principle for the amount of guarantee, has exceeded thirty percent (30%) of the Company's latest audited total assets;
- (6) The guarantees to be provided in favour of shareholders, de facto controllers and the affiliated parties thereof;
- (7) other guarantee which, as required by the laws, regulations, listing rules of relevant stock exchange or by these Articles of Association, must be approved by the shareholders' general meeting.

Where the shareholders' general meeting is reviewing a resolution on guarantees to be provided to shareholders, de facto controllers and its related parties, such shareholders, or shareholders under the control of such de facto controllers, shall abstain from voting. Such resolution shall be approved by a majority of the voting rights held by the other shareholders present at the meeting

#### **Article 63**

Save for exceptional circumstances such as the Company being in a state of emergency, unless approved at the shareholders' general meeting by way of special resolution, the Company may not enter into any contract with anyone other than a direct or senior management members to leave all or a significant part of the Company's business under his/her management.

#### **Article 64**

Shareholders' general meetings shall be classified as annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once (1) per year within six (6) months from the end of the previous accounting year.

Under any of the following circumstances, the Company shall convene an extraordinary general meeting within two (2) months from the date on which the circumstance in question occurs:

- (1) The number of directors falls short of the minimum number required by the Company Law or is less than two-thirds (2/3) of the number required by these Articles of Association;

- (2) The un-recovered losses of the Company amount to one-third (1/3) of the total amount of its share capital;
- (3) It is required by the shareholder(s) individually or jointly holding ten percent (10%) or more (including 10%) equity of the Company;
- (4) The Board deems such extraordinary general meeting necessary;
- (5) The Audit Committee proposes such extraordinary general meeting;
- (6) Such other circumstances stipulated in laws, administrative regulations, departmental rules, relevant rules of securities regulatory authorities of the location where the Company's stocks are listed or other circumstances stipulated in these Articles of Association.

### **Section 3 Convening of Shareholders' General Meetings**

#### **Article 65**

The Board shall convene the shareholders' general meeting on time and within a prescribed period.

With the approval of a majority of all Independent Non-Executive Directors, Independent Non-Executive Directors may propose to the Board the convening of an extraordinary general meeting. Regarding the proposal of the Independent Non-Executive Directors to convene an extraordinary general meeting, the Board shall, pursuant to relevant laws, administrative regulations and these Articles of Association, give a written reply on whether or not agreeing to convene the extraordinary general meeting within ten (10) days after receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five (5) days after the resolution has been made by the Board. If the Board does not agree to hold the extraordinary general meeting, it shall give its reasons and make an announcement in respect thereof.

#### **Article 66**

When the Audit Committee proposes to the Board the convening of an extraordinary general meeting, it shall put forward its proposal to the Board in writing. The Board shall, pursuant to the relevant laws, administrative regulations and these Articles of Association, give a written reply on whether or not agreeing to convene the extraordinary general meeting within ten (10) days after receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five (5) days after the resolution has been made by the Board. In the event of any change to the original proposal set forth in the notice, the consent of the Audit Committee shall be required.

If the Board does not agree to hold the extraordinary general meeting or fails to give a written reply within ten (10) days after receipt of the proposal, it shall be deemed as being unable to perform or having failed to perform the duty of convening the extraordinary general meeting, and the Audit Committee may convene and preside over the meeting by itself.

#### **Article 67**

If shareholders require the convening of an extraordinary general meeting or a class general meeting, the following procedures shall be followed:

When shareholders individually or jointly holding more than ten percent (10%) of the Company's shares make a request to the Board for the holding of an extraordinary general meeting, the request shall be in writing. The Board shall, in accordance with the laws, administrative regulations and these Articles of Association, make a written response as to whether or not it agrees that an extraordinary general meeting should be held within ten (10) days after receipt of such request.

If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such general meeting within five (5) days after the resolution has been made by the Board. Any change to the original proposal set forth in the notice shall be subject to approval by the relevant shareholder(s).

If the Board does not agree to convene the extraordinary general meeting or fails to give a written reply within ten (10) days after receipt of the request, the shareholders individually or jointly holding more than ten percent (10%) of shares of the Company shall have the right to request the Audit Committee to convene an extraordinary general meeting, and shall put forward such request to the Audit Committee in writing.

If the Audit Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such general meeting within five (5) days after receipt of the said request. In the event of any change to the original request set forth in the notice, the consent of the relevant shareholder(s) shall be obtained.

If the Audit Committee fails to serve the notice of such general meeting within the prescribed period, it shall be deemed as having failed to convene and preside over the general meeting, and the shareholder(s) individually or jointly holding ten percent (10%) or more shares of the Company for ninety (90) consecutive days may convene and preside over the meeting on their own, the procedures for convening such meeting shall follow those for convening a general meeting of shareholders by the Board as closely as practicable.

When the shareholders convene a general meeting as the Board has failed to convene the meeting pursuant to the aforesaid provision, the reasonable expenses incurred shall be borne by the Company and shall be deducted from the outstanding amounts payable by the Company to the defaulting Directors.

**Article 68**

When the Audit Committee decides or shareholders decide to convene a general meeting on its/their own, it/they shall notify the Board in writing and file the same in accordance with the requirements of stock exchanges.

For general meetings convened and presided over by shareholders, prior to the announcement of the resolution of the general meeting, the shareholding of the shareholders who convene the meeting shall not be less than ten percent (10%).

For general meetings convened and presided over by the Audit Committee or shareholders, the Audit Committee or the convening shareholders shall, upon issuing a notice of the general meeting and announcing the resolutions thereof, submit the relevant evidential documentation in accordance with the requirements of stock exchanges.

**Article 69**

With regard to a general meeting convened by the Audit Committee or shareholders on its/their own initiative, the Board and its secretary will cooperate accordingly. The Board shall provide a shareholders' register as of the equity registration date.

**Article 70**

The Company shall bear the necessary expenses related to general meetings convened by the Audit Committee or shareholders on its/their own initiative.

**Section 4 Proposals and Notices of General Meetings**

**Article 71**

A written notice of an annual general meeting to be held by the Company shall be given to all shareholders, whose names appear in the register of members, twenty (20) working days before the meeting is held, specifying the matters to be considered at and the date and place of the meeting.

A written notice of an extraordinary general meeting to be held by the Company shall be given to all shareholders, whose names appear in the register of members, fifteen (15) days or ten (10) working days (whichever is longer) before the meeting is held, specifying the matters to be considered at and the date and place of the meeting.

The date of holding the meeting shall not be counted for the purpose of determining any time limit hereunder.

Once the notice of the shareholder's general meeting is given, the venue of onsite general meeting shall not be changed without justifiable reasons. Where a change is necessary, the convener shall, at least two (2) working days prior to the date on which the meeting was originally scheduled, publish an announcement and state the reason.

## **Article 72**

When the Company convenes a shareholders' meeting, the Board, the Audit Committee and shareholder(s) individually or jointly holding more than one percent (1%) of the equity of the Company shall have the right to propose motions to the Company, and the Company shall include in the agenda for the said shareholders' meeting the matters of the said motions falling within the functions and powers of shareholders' meetings.

The contents of the motions shall be within the functions and powers of the shareholders' meeting, feature definite topics and specific issues for resolution, and shall comply with the relevant provisions of the laws, administrative regulations and these Articles of Association.

Shareholder(s) individually or jointly holding more than one percent (1%) of the equity of the Company may submit written provisional motion(s) to the convener ten (10) days before a shareholders' meeting is convened. The convener shall serve a supplementary notice of shareholders' meeting within two (2) days after receipt of the motion(s), announce the contents thereof, and submit the provisional motion(s) to the shareholders' general meeting for consideration. However, this does not apply if the provisional motion violates laws, administrative regulations or the provisions of these Articles of Association or is not within the scope of the terms of reference of the shareholders' general meeting.

Where shareholders subject to the conditions as mentioned above propose a provisional motion before the convening of the shareholders' meeting, such shareholders shall hold no less than one percent (1%) of shares from the date of the notice of such motion to the announcement of the meeting resolution. Shareholders proposing a provisional motion shall provide a written document to the convener certifying the holding of more than one percent (1%) of the Company's shares. If shareholders propose a joint motion by proxies, the shareholders shall issue a written authorization letter to the proxies.

Except as specified in the preceding paragraph, the convener shall not amend the motion(s) set out in the notice of the shareholders' meeting or add any new motion after the said notice has been issued.

Motions not set out in the notice of shareholders' meeting or not complying with the preceding article of these Articles of Association shall not be voted on or resolved at the shareholders' meeting.

**Article 73** A general meeting shall not decide on matters not specified in such announcements.

**Article 74** Notice of the general meeting and shall include the following contents:

- (1) Specification of the equity registration date of shareholders entitled to attend the general meeting;
- (2) The time, venue and deadline for the meeting;
- (3) Matters and proposals submitted for consideration at the meeting;
- (4) Providing the shareholders with such information and explanation as necessary for them to make informed decisions in connection with the matters to be discussed; this principle shall include (but not be limited to) when proposals are made to merge the Company, to repurchase shares of the Company, to reorganize its share capital or to effect any other reorganization of the Company, and specific conditions and contracts (if any) of the proposed transaction shall be provided, and the causes and consequences of any such proposals shall also be properly explained;
- (5) Disclosing the nature and extent of the material interests of any director or senior management members in the transaction to be discussed; and if the effects of the transaction to be discussed on such director or senior management member as shareholders insofar as it differs from the effects on the shareholders of the same class, such differences shall be stated;
- (6) The full text of any special resolution to be proposed at the meeting;
- (7) An obvious statement that all shareholders that are entitled to attend and vote at the general meeting shall be entitled to appoint one or more proxies to attend and vote at such meeting and that such proxies need not be shareholders of the Company;
- (8) State the date and place for delivery of the proxy forms for the meeting;
- (9) Specification of the name and telephone number of the coordinator of the meeting;
- (10) the time and procedures for voting via internet or by other ways.

**Article 75** The notice of a general meeting shall be given to the shareholders (regardless of whether or not they are entitled to vote at the general meeting) in such manner as stipulated under Article 231 of the Articles of Association. If the notice is given by means of an announcement, once such announcement is made, all relevant shareholders shall be deemed to have received such notice.

**Article 76** The accidental omission to give notice of meeting to, or the failure of receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions adopted at the meeting.

Any shareholder entitled to attend and vote at a general meeting shall have the right to appoint one or several persons (who may not be shareholders) to act as his/her proxy(ies) to attend and vote at the meeting on his/her behalf. Such proxy(ies) may, pursuant to the instructions of the shareholder, exercise the following rights:

- (1) the right of the shareholder to speak at the meeting;
- (2) the right to demand, alone or jointly with others, for a poll;
- (3) the right to exercise voting rights on a show of hands or on a poll, provided that where more than one (1) proxy is appointed, the proxies may only exercise such voting rights on a poll.

**Article 77** The proxy form issued by a shareholder appointing another person to attend a general meeting on his/her behalf shall specify the following:

- (1) The name of the appointing party and the class and number of the Company's shares held by him/her/it;
- (2) The name of the proxy;
- (3) The specific instructions from the shareholder, including instructions to vote in favour of, against or abstain from voting on each matter included in the agenda of a general meeting for consideration;
- (4) The date and period of validity of the proxy form;
- (5) Signature of the appointing party. If the appointing party is a corporate shareholder, the proxy form shall be signed legally and validly (including but not limited to having the seal of the corporate entity affixed).

If multiple proxies are appointed, the form of proxy shall state the number of shares each proxy represents respectively.

**Article 78**

If the election of directors is proposed to be discussed at a general meeting, the notice of meeting will adequately disclose the detailed information on the director candidates, which shall at least include:

- (1) Personal particulars, including academic qualifications, working experience, and concurrent positions;
- (2) Whether or not such candidate has any affiliated relationship with the Company, its controlling shareholders and de facto controllers;
- (3) The number of shares of the Company held by such candidate;
- (4) Whether or not such candidate has been punished by the CSRC or any other relevant department or reprimanded by the stock exchange.

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

**Article 79**

After the notice of general meeting is issued, such meeting shall not be postponed or cancelled and the proposals set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefor at least two (2) working days prior to the date on which the meeting was originally scheduled.

**Section 5 Convening of General Meetings****Article 80**

The Board of the Company or any other convener shall take necessary measures to ensure the proper order of the general meeting. The Board or any other convener shall take measures to stop any act disturbing the general meeting, seeking troubles or infringing upon the legitimate rights and interests of shareholders, and shall report such act(s) to the relevant authorities for investigation and handling.

**Article 81**

All the shareholders and proxies thereof in the shareholders' register on the equity registration date shall have the right to attend the general meeting and exercise their voting rights according to the relevant laws, administrative regulations and these Articles of Association.

Shareholders may attend general meetings in personal, or appoint a proxy to attend and vote on his/her behalf.

**Article 82** Individual shareholders attending the meeting in person shall present their identity cards or other valid credentials or proof of their identities; in the case of attendance by proxies, the proxies shall present their valid credential proof and the letter of authorization from shareholders.

Where a shareholder is a legal person, its legal representative or a proxy authorized by its legal representative shall attend the meeting on behalf of such legal person. In case of attendance by legal representatives, they shall present their identity cards, valid certificates of their capacities of legal representatives and; in the case of attendance by proxies, the proxies shall present their identity cards and the letter of authorization duly issued by the legal representatives of the legal person.

**Article 83** Proxy forms shall be lodged at the domicile of the Company or other places specified in the notice of meeting twenty-four (24) hours before convening the meeting for voting relating to the proxy forms, or twenty-four (24) hours before the designated time of voting. Where a proxy form is signed by a person under a power of attorney on behalf of the appointer, the power of attorney or other authorization documents authorizing the signing of the proxy form shall be notarized. A notarially certified copy of that power of attorney or other authorization documents, together with the proxy form, shall be deposited at the domicile of the Company or other places specified in the notice of meeting.

Where such shareholder is a recognized clearing house determined by relevant regulations formulated time to time in Hong Kong (hereinafter referred to as “recognized clearing house”) (or its nominee), such shareholder shall be entitled to appoint one or more persons as it deems fit to act on its behalf at any general meetings or any other class meetings; where more than one person are authorized, the letter of authorization shall specify the number and class of shares represented by each person so authorized. Such persons so authorized shall be entitled to exercise the rights on behalf of the recognized clearing house (or its nominee) as if they were individual shareholders of the Company.

**Article 84** Any form issued to a shareholder by the Board for use by him for appointing a proxy shall allow the shareholder to freely instruct the proxy to vote in favour of or against each resolution relating to each matter to be considered and resolved at the relevant meeting.

**Article 85** Where the appointer has deceased, disability to withdrawn the appointment or the power of attorney to sign an appointment, or where the relevant shares have been transferred, a vote given in accordance with the letter of authorization shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

- Article 86** A register of attendance of the general meeting shall be prepared by the Company. The register shall set forth, among others, the names of attendees (or the attending units), the identity card numbers, number of voting shares held or represented, and names of the appointer (or the appointing unit) thereof.
- Article 87** The convener and the lawyers engaged by the Company shall jointly verify the validity of the shareholders' qualifications based on the register of members provided by the securities registration and clearing authority, and shall register the names of the shareholders as well as the number of the voting shares held thereby.
- The registration for a meeting shall end before the chairman of the meeting announces the number of shareholders and proxies attending the meeting in person and the total number of the voting shares held thereby.
- Article 88** If a shareholders' general meeting requires the attendance of Directors or senior management members, the Directors or senior management members shall do so and answer shareholders' inquiries.
- Article 89** A shareholder's meeting shall be convened by the Board and chaired and presided over by the chairman of the Board. If the chairman is unable to attend the meeting, the chairman shall appoint one (1) deputy chairman (co-chairman) to preside over and take the chair of the meeting. If the chairman is unable to appoint a deputy chairman (co-chairman), one (1) deputy chairman (co-chairman) of the Board elected by a majority of the Directors present shall chair and preside over the meeting. If both the chairman and deputy chairman (co-chairman) of the Board are unable to attend the meeting, or the chairman of the Board are unable to attend the meeting and the deputy chairman (co-chairman) of the Board has not been designated, one (1) Director designated by a majority of the Directors present shall preside over the meeting. If the chairman of the shareholder's meeting has not been designated, a majority of the shareholders attending the meeting may elect one (1) member to act as the chairman of the meeting; if for any reason, the shareholders are unable to elect a chairman, the shareholder (or his/her proxy) holding the largest number of voting rights attending the meeting shall act as chairman of the meeting.
- For a shareholder's meeting convened by the Audit Committee, such meeting shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee is unable to perform or fails to perform his/her duties, one (1) member of the Audit Committee jointly elected by a majority of all members of the Audit Committee shall preside over the meeting.
- For a general meeting convened by the shareholders themselves, such meeting shall be presided over by the convener or a representative elected by the convener.

During the course of a general meeting, if the chairman of the meeting is in breach of the rules of proceedings and renders it impossible for the meeting to continue, with the consent of shareholders present at the meeting and representing more than one half of the total voting rights held by such shareholders, the general meeting may elect one (1) individual to be the chairman of the meeting and the meeting shall continue.

- Article 90** The rules of proceedings for shareholders' general meetings shall be formulated by the Company, which shall stipulate, in details, the procedures for calling and convening the shareholders' general meeting and voting procedures, including notice, registration, consideration and approval of motions, voting, vote counting, announcement of voting results, formation of resolutions of the meeting, minutes of the meeting and its signing, announcements, and the principles for the shareholders' general meeting authorizing the Board. The contents of the authorization shall be clear and specific. The rules of proceedings of shareholders' general meetings shall constitute an appendix to these Articles of Association, which shall be proposed by the Board and approved by the shareholders' general meeting.
- Article 91** During the annual general meeting of shareholders, the Board shall respectively report on their work in the previous year to the general meeting, and each Independent Non-Executive Director shall also make his/her duty report correspondingly.
- Article 92** The Directors and senior management members shall give explanations and statements on the inquiries and suggestions made by shareholders.
- Article 93** The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting in person as well as the total number of voting shares held thereby, which numbers as recorded in the meeting's registration record shall prevail.
- Article 94** Minutes of general meetings shall be kept by the Secretary to the Board. The minutes shall contain the following items:
- (1) the date and time, place and agenda of the meeting, and the name of the convener;
  - (2) the name of the chairman of the meeting, and the names of Directors and senior management members of the Company in attendance at the meeting;
  - (3) the number of shareholders (including proxies) attending the meeting, the total number of voting shares they represent and the percentage of the total number of shares of the Company they represent;

- (4) the discussions in respect of each motion, highlights of the opinions given at the meeting and the results of voting;
- (5) details of the queries or recommendations of the shareholders, and the corresponding answers or explanations;
- (6) the name of lawyers, vote counting officers and scrutinizers;
- (7) other matters which shall be recorded in the minutes of the meeting in accordance with the provisions of these Articles of Association.

**Article 95**

The convener shall ensure the truthfulness, accuracy and completeness of the minutes of the meeting. The Directors present or in attendance at the meeting, the Secretary to the Board, the convener or his/her representative, and the chairman of the meeting shall sign the minutes of the meeting. The minutes of the meeting and the signed attendance record of the shareholders who attended in person, the proxy forms for the proxies present at the meeting and the valid information relating to voting online and by other means shall be kept together for a term of ten (10) years.

**Article 96**

The convener shall ensure that a general meeting is held continuously until final resolutions have been passed. In the event that the general meeting is suspended or the shareholders fail to pass any resolution due to force majeure or other special reasons, necessary measures shall be taken to resume the general meeting as soon as possible or the meeting shall be terminated directly and an announcement of such termination shall be made promptly. At the same time, the convener shall report to the agency of the CSRC in the locality of the Company and the stock exchange.

**Section 6 Voting and Resolutions of General Meetings**

**Article 97**

There shall be two types of resolutions of shareholders' general meetings, namely ordinary resolutions and special resolutions.

An ordinary resolution shall be passed by votes representing more than half of the voting rights represented by the shareholders present at the meeting in favour of the resolution.

A special resolution shall be passed by votes representing more than two-thirds (2/3) of the voting rights represented by the shareholders present at the meeting in favour of the resolution.

The shareholders referred to in this Article include shareholders who appoint proxies to attend a shareholders' general meeting.

**Article 98**

When a shareholder (including proxy) votes at a shareholder's general meeting by exercising his/her voting rights in accordance with the number of shares carrying the right to vote, each share shall have one vote.

The shares held by the Company have no voting rights, and such part of the shareholding shall not be counted as the total number of shares with voting rights held by shareholders attending the meeting.

If a shareholder buys shares with voting rights of the Company in violation of paragraph 1 and paragraph 2 of Article 63 of the Securities Law, the voting rights of such shares in excess of the prescribed proportion may not be exercised for a period of thirty-six (36) months after the buying, and shall not be counted as the total number of shares with voting rights held by shareholders attending the meeting.

The Board, Independent Non-Executive Director(s), shareholder(s) who hold more than one percent (1%) of voting shares or Investor Protection Organization(s) established pursuant to laws, administrative regulations or the provisions of the CSRC may canvass shareholders for votes.

Information including the specific voting preference shall be fully provided to the shareholders for whom voting rights are being solicited. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. Except for statutory conditions, the Company shall not impose any minimum shareholding limitation for soliciting voting rights.

If the relevant laws, administrative regulations or securities regulatory requirements of the location where the Company's shares are listed stipulate that any shareholder shall waive his/her voting right on a certain matter or limits any shareholder to cast affirmative or negative votes on certain matter, and in case of any violation of such relevant stipulation or limitations, votes casted by such shareholders or proxies thereof shall not be adopted.

**Article 99**

Subject to the requirements of the securities regulatory authorities of the location where the shares of the Company are listed, a resolution which relates to purely procedural or administrative matters shall be allowed to be voted on by a show of hands at a general meeting. Save as aforesaid, any vote taken by shareholders must be taken by poll.

**Article 100**

Subject to the requirements of the securities regulatory authorities of the location where the shares of the Company are listed, when voting at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his/her votes for or against in the same way.

**Article 101**

The following matters shall be approved by ordinary resolutions of a general meeting:

- (1) the work reports of the Board;
- (2) the plans formulated by the Board for profit distribution and making up losses;
- (3) the appointment and removal of members of the Board (except for employee Directors) and their remuneration and the payment methods thereof;
- (4) such other matters other than those required by laws, administrative regulations or these Articles of Association to be approved by special resolutions.

**Article 102**

The following matters shall be approved by special resolutions of a shareholder's meeting:

- (1) the increase or reduction of the Company's registered capital;
- (2) the Company repurchases the Company's shares and issues any class of shares, warrants and other similar securities of the Company;
- (3) the spin-off, demerger, merger, dissolution and liquidation of the Company;
- (4) amendments to these Articles of Association;
- (5) any asset disposals other than daily operations of the Company and its controlled subsidiaries with the total asset or transaction amount exceeding thirty percent (30%) of the Company's latest audited total assets, calculated according to the twelve (12) consecutive months accumulative principle, regardless the subject matter of the transaction is connected in nature or not (except asset disposals incurred between the Company and its controlled subsidiaries, among the Company's controlled subsidiaries);
- (6) any guarantee provided after the amount of external guarantees provided by the Company and its controlled subsidiaries, calculated according to the twelve (12) consecutive months accumulative principle for the amount of guarantees, has exceeded thirty percent (30%) of the Company's latest total audited assets;
- (7) equity incentive plans;
- (8) authorization of the Board to issue shares;

- (9) such other matters as may be required by laws, administrative regulations or these Articles of Association or which, pursuant to ordinary resolutions passed at shareholder's meetings, are considered to have material effects on the Company and require approval by special resolutions.

#### **Article 103**

When connected transactions are being considered at a general meeting, the related shareholders shall abstain from voting, and the number of voting shares held by them shall not be counted toward the total number of valid votes. An announcement of the resolutions of the general meeting shall fully disclose the results of voting by shareholders who are not related to such transactions.

The abstention and voting procedures for connected transactions shall be as follows:

- (1) when a connected transaction is considered at a general meeting, the chairman of the meeting shall announce the list of the related shareholders, and the total number of voting shares held by shareholders not related to such transaction and present at the meeting, and the percentage of such voting shares in the total number of shares in the Company.
- (2) the related shareholders shall, on their own initiative, propose to the Board to abstain from voting, and the chairman of the meeting shall demand the proxies of related shareholders to abstain from voting.
- (3) if the Chairman of the Board attends the shareholders' general meeting as the proxies of the related shareholders, the chairman of the Board shall delegate one (1) deputy chairman (co-chairman) of the Board or another Director to preside over the meeting when such connected transaction is being considered and voted upon.
- (4) if the related shareholders disagree with the decision of the convener, they shall have the right to report the same to the relevant securities regulatory authorities and may obtain a decision from a People's court as to whether or not they are related to and entitled to vote upon the connected transaction, but before a final and valid decision is made by the relevant securities regulatory authority or the People's court or other competent authorities, such shareholders shall abstain from voting, and the number of voting shares they represent shall not be counted toward the total number of valid votes.
- (5) related shareholders who shall abstain from voting may participate in the discussion relating to the connected transaction to which they are related, and make explanation and statements to the general meeting in relation to the reasons for and the background of the transaction and as to whether or not the transaction is fair and lawful.

**Article 104**

The Company may provide conveniences to shareholders to facilitate their participation in general meetings through online voting, provided that the legality and validity of the general meeting are assured. A shareholders' general meeting may be convened physically by setting up a venue, or by means of electronic communication. Shareholders who participate in a general meeting through the above means are deemed to be present.

**Article 105**

The lists of candidates for election of Directors shall be submitted to the relevant general meetings in the form of motion for voting.

Methods of and procedures for nominating a candidate for Director shall be:

- (1) The Board may submit a resolution to the Board for the nomination of candidates for non-employee Director. One or more shareholders individually or jointly hold more than three percent (3%) of the outstanding shares issued by the Company may nominate candidates for non-employee Director. Candidates for Independent Non-Executive Director can be nominated by the Board or shareholders individually or jointly holds more than one percent (1%) of shares issued by the Company.
- (2) The employee representative in the Board shall be elected by employees of the Company in employee representative meetings, employee meetings or any other form of democratic election.
- (3) The manner and procedure for the nomination of Independent Non-Executive Director shall be executed in compliance to the relevant requirements of the law, administrative regulations and departmental rules.

For voting at a general meeting in relation to the election of non-employee Directors, the cumulative voting system may be adopted in accordance with the provisions of these Articles of Association or a resolution of the general meeting.

The cumulative voting system shall be adopted when two (2) or more Independent Non-Executive Directors are elected at a shareholders' general meeting.

The cumulative voting system shall be adopted when a single shareholder of the Company and the persons acting in concert are interested in thirty percent (30%) or above of the shares.

- Article 106** Save where the cumulative voting system is adopted, all motions shall be voted upon at a general meeting separately. Where there are different motions for the same matter, such motions shall be voted upon according to the order in which they are proposed. Unless a general meeting is adjourned or no resolution can be adopted thereat due to force majeure or other special reasons, no proposed resolution shall be set aside or rejected for voting at the general meeting.
- Article 107** When considering a motion at the general meeting, no change will be made thereto. If changes are made thereto, such changes shall be treated as a new motion which shall not be processed for voting at the general meeting.
- Article 108** Before a resolution is voted on at the general meeting, two representatives of the shareholders shall be elected as counting officers and scrutinizers. In case any shareholder who is related to the matter under consideration, their proxies shall not participate in vote counting or scrutinizing.
- When the shareholders are voting on the motions, an auditor or registrars or an external accountant qualified for being the Company's auditor (either one of the three) and the lawyer and shareholders' representative shall count and scrutinize the votes jointly, and the voting result shall be announced forthwith. Voting results for the resolutions shall be recorded in the minutes of the meeting.
- Shareholders of the Company or their proxies that vote online or by other means shall have the right to check and inspect their voting results through the corresponding voting system.
- Article 109** The ending time of the on-site general meeting shall not be earlier than that of online voting or voting by other means. The chairman of the meeting shall announce the voting status and results of each motion, and whether or not the motions have been passed accordingly.
- Prior to the formal announcement of voting results, the Company, counting officers, scrutinizers, shareholders, internet voting service provider and other relevant parties in relation to voting on-site at the general meeting, online or by other means shall be obliged to keep the voting results confidential.
- Article 110** Shareholders attending the general meeting shall express opinions on the motions for voting in the following ways: "for", "against" or "abstain". Being the nominal holders of shares subject to the Stock Connect, the securities registration and settlement institutions may express opinions according to the intentions of actual holders.
- On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way.

Ballot papers that are left in blank, unduly completed or illegible or that have not been used shall be deemed to be a waiver of voting right by the voter, and the voting results corresponding to the number of shares they hold shall be treated as “abstain from voting”.

**Article 111**

In the event that the chairman of a general meeting has any doubt as to the voting result in respect of a resolution tabled at the meeting, he may organize a count of the numbers of votes casted. If the chairman of the meeting fails to count the votes, any shareholder or proxy present at the meeting who objects to the result announced by the chairman of the meeting shall have the right to demand that the numbers of votes casted be counted immediately after the announcement of the voting result, in which case the chairman of the meeting shall have organize a count of the numbers of votes casted immediately.

**Article 112**

In the event that the numbers of votes casted are counted at a general meeting, the results of such counting shall be recorded in the minutes of the meeting.

The minutes of a general meeting, together with the register of attendance signed by shareholders present at the meeting and the proxy forms for proxies attending the meeting, shall be kept at the domicile of the Company.

**Article 113**

Shareholders may inspect copies of the minutes of general meetings free of charge during the business hours of the Company. Where any shareholder requests the Company to provide copies of such minutes, the Company shall send such copies within seven (7) days after receipt of a reasonable fee.

**Article 114**

The resolutions of a general meeting shall be announced promptly, and shall indicate the number of shareholders and proxies attended the meeting, the total number of voting shares held by them, the percentage of such voting shares in the total number of voting shares in the Company, the voting method, the voting results in respect of each motion and the details of each resolution passed, and the information as required by stock exchanges at the location where the Company’s shares are listed.

Where material issues affecting the interests of small and medium investors are being considered in the shareholders’ general meeting, the votes by small and medium investors shall be counted individually. The individual counting results shall be publicly disclosed in a timely manner.

**Article 115**

Where a motion has not been adopted or a resolution of a previous general meeting has been modified in the current general meeting, the same shall be highlighted in the announcement of the resolutions of the general meeting.

**Article 116** Where a motion in relation to the election of Directors has been adopted at a general meeting, the appointment of the new Directors shall take effect on the day the said resolution has been considered and approved in the general meeting.

**Article 117** Where a motion in relation to the payment of cash dividends, the giving of bonus shares or the capitalisation of capital reserves has been adopted at a general meeting, the Company shall implement the specific plans within two (2) months after the conclusion of the general meeting.

## **Section 7 Special Procedures for Voting by Class Shareholders**

**Article 118** Shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall enjoy rights and assume obligations pursuant to the provisions of laws, administrative regulations and these Articles of Association.

**Article 119** Any variation or abrogation of the rights of class shareholders proposed by the Company shall be approved by a special resolution of a general meeting and by the shareholders of the affected class at a separate class meeting convened in accordance with Articles 121 to 125.

**Article 120** The following circumstances shall be deemed to be circumstances where the variation or abrogation of the rights of shareholders of a certain class is involved:

- (1) increasing or decreasing the number of shares of that class, or increasing or decreasing the number of shares of another class having the same or more rights of voting, distribution or other privileges as compared with shares of such class;
- (2) converting all or part of the shares of such class into shares of other classes, or converting all or part of the shares of other classes into shares of such class or granting rights to effect such conversions;
- (3) removing or reducing rights to receive accrued dividends or cumulative dividends attached to the shares of such class;
- (4) reducing or removing the right, attached to shares of such class, to receive priority dividends or, in the event of the liquidation of the Company, to receive priority distribution of property;
- (5) increasing, removing or reducing the right of conversion, options, voting rights, the right to transfer, priority in placement and the right to acquire securities of the Company attached to shares of such class;

- (6) removing or reducing the right, attached to shares of such class, to receive sums payable by the Company in particular currencies;
- (7) creating a new class of shares having the same or more rights of voting, distribution or other privileges when compared with the shares of such class;
- (8) imposing restrictions on the transfer or ownership of the shares of such class or increasing such restrictions;
- (9) issuing subscription rights or share conversion rights in respect of shares of such class or another class;
- (10) increasing the rights and privileges of the shares of another classes;
- (11) a restructuring proposal of the Company will result in different classes of shareholders having to assume disproportionate liabilities in such restructuring;
- (12) varying or repealing the terms provided in these Articles of Association.

#### **Article 121**

Shareholders of the affected class, whether or not originally having the right to vote at general meetings, shall have the right to vote at the relevant class meeting in relation to any of the matters under rules (2) to (8) and (11) to (12) of the preceding Article, but interested shareholders shall not be entitled to vote at the relevant class meeting.

Interested shareholders mentioned in the preceding paragraph shall have the following meanings:

- (1) in the case of an offer to all shareholders by the Company to repurchase its own shares on a pro rata basis or a repurchase by the Company of its own shares on a stock exchange by open transaction in accordance with the provisions of Article 27 of these Articles of Association, “interested shareholder” shall mean the controlling shareholder as defined in the Article 60 of these Articles of Association;
- (2) in the case of a repurchase by the Company of its own shares by an off-market agreement in accordance with the provisions of Article 27 of these Articles of Association, “interested shareholders” shall mean the shareholders connected with such agreement;
- (3) in the case of a restructuring proposal of the Company, “interested shareholder” shall mean a shareholder of a class assuming a smaller proportion of liabilities than the other shareholders of such class or who has interests different from those of the other shareholders of the same class.

- Article 122** A resolution of a class meeting shall be passed in accordance with aforesaid rules by at least a two-thirds (2/3) majority of the voting rights held by the shareholders present and entitled to vote at the class meeting.
- Article 123** Written notice of a meeting of any class of shareholders of the Company shall be issued with reference to the requirements of the notice for holding an extraordinary general meeting specified in Article 71 of these Articles of Association to all shareholders of such class whose names appear on the register of members, specifying the matters to be considered at and the date and place of the meeting.
- Article 124** Notice of a class meeting only shall be given to shareholders entitled to vote thereat.
- The procedures for class meetings shall be as similar as possible to those of general meetings, and the terms of these Articles of Association relating to the procedures for general meetings shall apply to class meetings.
- Article 125** In addition to holders of shares of other classes, the holders of domestic-invested shares and holders of overseas listed foreign-invested shares are deemed to be different classes of shareholders.
- The special procedures for voting by class shareholders shall not apply in the following circumstances:
- (1) where the Company issues, subject to approval by a special resolution of a general meeting, domestic-invested shares and overseas listed foreign-invested shares once every twelve (12) months, either separately or concurrently, and the numbers of domestic-invested shares and overseas listed foreign-invested shares proposed to be issued do not exceed twenty percent (20%) of its outstanding domestic-invested shares and overseas listed foreign-invested shares respectively;
  - (2) where the Company's plan to issue domestic-invested shares and overseas listed foreign-invested shares at the time of establishment is completed within fifteen (15) months from the date of approval by the securities regulatory authorities of the State Council;
  - (3) After the approval by the securities regulatory authority under the State Council or other approving authorities (if applicable), the conversion of the Company's domestic-invested share into foreign-invested share, and listing and trading of such shares in an overseas stock exchange.

## CHAPTER 5 BOARD OF DIRECTORS

### Section 1 Directors

#### Article 126

Directors of the Company shall be natural persons. A person may not serve as a Director of the Company in case of any of the following circumstances:

- (1) a person without civil or with restricted civil capacity;
- (2) a person who has committed an offence of corruption, bribery, conversion of property, misappropriation of property or sabotaging the market economic order of socialism and has been punished therefor; or who has been deprived of his/her political rights, in each case where less than five (5) years have elapsed since the date of the completion of implementation of such punishment or deprivation; or who has been sentenced without probation, where less than two (2) years have elapsed from the date of the expiration of probation;
- (3) a person who is a former director, factory manager or president of a company or enterprise (has the same meaning of “manager” under the Company Law) which is insolvent and under liquidation and he/she 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 such 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 was ordered to shut down due to a violation of the law and who incurred personal liability, where less than three (3) years have elapsed since the date of such revocation of the business license and order of shutting down;
- (5) a person who has a relatively large amount of personal debts due and outstanding and has been listed as a person subject to enforcement for trust-breaking by the People’s Court;
- (6) a person who has been prohibited from entering the securities market due to the measures taken by the CSRC, and the term of such prohibition has not expired;
- (7) a person publicly deemed by a stock exchange as unsuitable to serve as a director, senior management, etc. of a listed company, and the relevant limitation period has not expired;
- (8) a non-natural person;

- (9) Such other circumstances prescribed by laws, administrative regulations and departmental rules.

In case of an election or appointment of Directors in violation of the stipulations set out herein, such election, appointment or engagement shall be null and void. In case of the above circumstances on any Director during his/her tenure, the Company shall remove him/her from office and stop him/her from performing duties.

#### **Article 127**

The term of office of the Directors shall be three years. Upon maturity of the current term of office, a Director shall be eligible to offer himself/herself for reelection and reappointment.

Non-employee Directors shall be elected or replaced at the shareholders' general meeting, and may be removed by the shareholders' general meeting before the expiration of their term of office. The term of office of non-employee Directors shall commence from the date of appointment up to the maturity of the current term of office of the Board.

In the event that the terms of non-employee Directors fall upon maturity whereas new members of the Board are not re-elected in time, the existing Directors shall continue to perform Directors' duties in accordance with the laws, administrative regulations, departmental rules and these Articles of Association until the re-elected Directors assume their office.

Senior management members may concurrently serve as a non-employee Director, provided that the aggregate number of the Directors who concurrently serve as senior management members shall not exceed one-third (1/3) of all Directors of the Company.

Written notices of the intention to nominate candidates for election as non-employee Directors and of the candidates' acceptance of such nominations shall be sent to the Company, after the notice of general meeting relating to the election of such Directors was issued at least seven (7) days before the date of the relevant general meeting.

The number of non-employee Directors elected for each tenure shall not be less than the one prescribed by these Articles of Association, nor exceed the maximum number of Directors determined by the general meeting through an ordinary resolution; when the number of non-employee Directors approved through voting exceeds the maximum number of non-employee Directors intended to be elected, the non-employee Directors shall be determined in the descending order from the candidate of the highest vote according to the maximum number of non-employee Directors intended.

The external Directors shall have sufficient time and necessary knowledge and abilities in performing his/her duties. When external Directors perform his/her duties, the Company shall provide necessary information. Among them, Independent Non-Executive Directors may directly report to the general meeting, securities regulatory authorities of the State Council or other relevant departments.

The general meeting may, subject to compliance with the provisions of relevant laws and administrative regulations, remove or dismiss a non-employee Director whose tenure has not matured through an ordinary resolution (compensation that may be requested for according to any agreements shall not be affected thereby).

The Directors shall not be required to hold shares of the Company.

#### **Article 128**

Directors shall comply with the provisions of the law, administrative regulations and these Articles of Association, perform their fiduciary obligations to the Company, shall take measures to avoid conflicts between their own interests and the interests of the Company and shall not exploit his/her position to seek illegitimate benefits.

Directors shall perform their fiduciary obligations to the Company as follows:

- (1) not to expropriate the Company's property or misappropriate the Company's funds;
- (2) not to open accounts in his/her own name or others' names for the deposit of the Company's funds;
- (3) not to exploit his/her position to accept bribes or other illegal income;
- (4) not to directly or indirectly enter into agreements or transactions with the Company without reporting to the Board or the shareholders' general meeting and being approved by the Board or the shareholders' general meeting by way of resolution pursuant to the provision of these Articles of Association;
- (5) not to exploit his/her position in the Company to procure business opportunities for himself/herself or others that are available to the Company, unless such business opportunities have been reported to the Board or the shareholders' general meeting and approved by the shareholders' general meeting by way of resolution, or the Company is prohibited from utilizing such business opportunities pursuant to the provision of the laws, administrative legislations or these Articles of Association;

- (6) not to operate on his/her own or on behalf of others businesses similar to those of the Company without reporting to the Board or the shareholders' general meeting and being approved by the shareholders' general meeting by way of resolution;
- (7) not to accept commissions from transactions with the Company's from others for his/her own benefits;
- (8) not to disclose confidential information of the Company without permission;
- (9) not to exploit his connected relationship to prejudice the interests of the Company;
- (10) to perform other fiduciary duties specified by laws, administrative regulations, departmental rules and these Articles of Association.

Income generated by any Directors in violation of this Article shall be returned to the Company; and such person(s) shall be liable for indemnification for any loss so caused to the Company.

Where close relatives of a Director or senior management member of the Company, enterprises directly or indirectly controlled by Directors, senior management or their close relatives, or other related parties of Directors or senior management member enter into contract or conduct transactions with the Company, subparagraph (4) in the second paragraph of this Article shall apply.

#### **Article 129**

Directors shall comply with the provisions of the law, administrative regulations and these Articles of Association, perform their diligence obligations to the Company, and exercise the reasonable care that shall be generally possessed by a manager for the best interests of the Company when performing their duties.

Directors shall perform their diligence obligations to the Company as follows:

- (1) to exercise the rights accredited by the Company in cautious, serious and due diligent manners so as to ensure that the commercial behaviours of the Company be in compliance with the PRC laws, administrative regulations and economic policies, and the commercial activities not exceeding the scope of business stipulated in the business license;
- (2) to treat all shareholders in a fair and equitable manner;
- (3) to acquire the knowledge of the business operation and management of the Company on a timely basis;

- (4) to sign the written confirmation of securities issuance documents and regular reports of the Company, ensure that the Company discloses information in a timely and fair manner, and ensure the truthfulness, accuracy and completeness of the information disclosed by the Company;
- (5) to provide the relevant true details and data to the Audit Committee, and not to interfere with the Audit Committee in its exercise of powers;
- (6) to perform other due diligence obligations imposed by laws, administrative regulations, departmental rules and these Articles of Association.

**Article 130** A Director shall be deemed to have failed to perform his/her duties if he/she fails to attend two (2) consecutive meetings of the Board in person or other Directors to attend such meetings on his behalf. The Board shall make recommendations to shareholders' general meeting to replace such Director.

**Article 131** Directors may resign before expiry of their terms of office. The Directors intending to resign shall submit to the Company a written resignation report. The resignation shall take effect on the date of the receipt of the resignation report by the Company. The relevant information shall be disclosed within two (2) trading days by the Company.

In the event that the resignation of any Director during his/her term of office results in the number of members of the Board being less than the statutory quorum, the existing Directors shall continue to perform their duties in accordance with laws, administrative regulations and departmental rules and these Articles of Association until the reelected Directors assume their office.

**Article 132** The Company shall establish a management system for the resignation of Directors, clarifying the protective measures regarding accountability and compensation for unfulfilled public undertakings and other outstanding matters. Upon effective resignation or expiration of his/her term of office, a Director shall complete his/her hand-over procedures with the Board. The fiduciary duties of such Director towards the Company and shareholders shall not be necessarily released upon the expiration of his tenure of office. His/Her obligation of confidentiality in respect of the Company's trade secrets shall survive after expiration of his/her tenure until the same falls into public domain. The duration of other fiduciary obligations shall be decided on the basis of the principle of fairness, the time lapse between the occurrence of the event concerned and the departure, and on the circumstances and conditions under which the relationship between the Director and the Company are terminated. The responsibilities that Directors should bear for performing their duties during their term of office shall not be exempted or terminated due to their resignation.

The fiduciary obligations referred to in the preceding paragraph shall apply equally to senior management members.

**Article 133** The shareholders' general meeting may remove non-employee Directors by way of resolution. The removal shall take effect on the date of the resolution.

Where a non-employee Director is remove before the expiration of his/her term of office without justifiable reasons, the Director may demand compensation from the Company.

**Article 134** No Director shall act, in their personal capacity, on behalf of the Company or the Board beyond provisions of these Articles of Association or without legitimate authorisation by the Board. A Director shall, when acting in his/her personal capacity, state his/her standings and identities in advance if a third party reasonably believe that the said Director is acting on behalf of the Company or the Board.

**Article 135** Where a Director causes damages to others in performing his/her duties, the Company shall be liable for compensation; the Director shall also be liable for compensation if there is intent or gross negligence on his/her part.

Any Director who violates any laws, administrative regulations, departmental rules or these Articles of Association in performing his/her duties and thereby incurring losses to the Company shall be liable for indemnification for such losses.

## **Section 2 Board of Directors**

**Article 136** The Company shall establish a Board which shall consist of twelve (12) Directors, of which: external Directors (referring to Directors which are not employed by the Company) shall account for one-half (1/2) or more of the number of Directors in the Board, Independent Non-Executive Directors (referring to Directors which are independent from the Company's shareholders and not employed within the Company) shall account for one-third (1/3) or more of the number of Directors in the Board, and at least one (1) Independent Non-Executive Director shall be an accounting professional.

Where the number of employees is greater than three hundred (300), the Board shall include one (1) member who is a employee representative. The employee representative of the Board shall be elected by employees of the Company in employee representative meetings, employee meetings or other form of democratic election. The employee representative meeting and the employee meeting shall determine the commencement of the employee Director by way of resolution, and the maturity of his/her term is the same as non-employee Directors of the same session.

**Article 137**

The Board shall exercise the following functions and powers:

- (1) to convene and report its work to shareholders' general meetings;
- (2) to implement the resolutions of shareholders' general meetings;
- (3) to decide on the Company's business and investment plans;
- (4) to decide the Company's plans on annual financial budgets;
- (5) to formulate the Company's profit distribution plans and plans on making up losses;
- (6) to formulate the proposals for increase or decrease of the registered capital of the Company, issuance of bonds or other securities of the Company and listing plans;
- (7) to formulate plans for substantial acquisition, acquisition of shares of the Company or merger, division, dissolution and alteration of corporate form of the Company;
- (8) except it is otherwise stipulated by the laws, administrative regulations, departmental rules, relevant regulations of the securities regulatory authorities of the location where the Company's shares are listed and these Articles of Association, to decide upon the asset disposal of the Company and its controlled subsidiaries (except those reviewed by the general meeting), decide upon the asset disposals between the Company and its controlled subsidiaries, among its controlled subsidiaries, and decide upon the merger or division of its controlled subsidiaries;
- (9) to determine the establishment of the Company's internal management organization;
- (10) to appoint or dismiss senior management members of the Company, and to determine the remunerations, incentives and punishments of such members;
- (11) to formulate the basic management system of the Company;
- (12) to formulate proposals for amendments to these Articles of Association;
- (13) to manage information disclosure of the Company;
- (14) to propose at shareholders' general meetings for the appointment or change of the accounting' firm conducting auditing for the Company;

- (15) to hear the work report and inspect the work of the chief executive officer of the Company;
- (16) to exercise any other duties and powers specified in the relevant laws, administrative regulations, departmental rules and conferred by these Articles of Association and the shareholders' general meetings.

Matters which are out of the scope of authorization by the general meeting, shall be submitted to the general meeting for review.

Except specific situations approved by the SEHK, a Director shall not vote on the resolution of the Board in relation to any contract or arrangement or any other proposal in which he/she or any of his/her associates (as defined by the Listing Rules) is materially interested; and shall not be included in determining whether a quorum of the meeting is present.

Where a Director has connected relations with a resolution matter of the Board in relation to an enterprise or individual, he/she shall submit a written report to the Board in a timely manner. Directors with connected relations shall neither vote nor act as a proxy of other Directors to vote on the resolution. The Board meeting shall be held with the attendance of more than half of the Directors with no connected relation, and resolutions in Board meeting shall be passed by more than half of the Directors with no connected relation. The matter shall be submitted to the general meeting for review if the Directors with no connected relation present at the Board meeting are less than three (3) persons.

If the Board determines that a major shareholder (as defined by the Listing Rules) or Director is materially interested in matters to be considered by the Board, the related matters shall not be processed by circulation of documents or by subordinated committees (except a committee specifically established for this matter pursuant to a resolution approved at the Board meeting), the Board shall convene a Board meeting for such matter. Independent non-executive Directors, who themselves and their associates (as defined by Listing Rules) have no material interests shall attend the relevant Board meeting.

**Article 138**           The Board of the Company shall explain to the shareholders' general meeting any non-standard auditing opinions issued by the certified accountants regarding the financial reports of the Company.

**Article 139**           The Board shall formulate the rules of procedures of Board meetings to ensure the Board to implement the resolutions passed at the shareholders' general meeting, work efficiently and be scientific in decision making.

The rules of the procedures of Board meetings stipulate the convening and voting procedures of Board meetings. Such rules shall be included in, or as an appendix to, these Articles of Association, formulated by the Board and approved by the shareholders' general meeting.

**Article 140**

The Board shall establish the Audit Committee, nomination committee, remuneration and appraisal committee and strategic committee, and may establish other specialized committees pursuant to applicable laws, administrative regulations, departmental rules, regulatory documents and provisions of the securities regulatory authority of the location where the Company's shares are listed. Each specialized committee shall be authorized by these Articles of Association and the Board to perform its duties, and the proposals from the specialized committees shall be submitted to the Board for consideration and approval. The terms of reference of the specialized committees shall be formulated by the Board. All members of specialized committees shall be Directors, of which the Audit Committee, nomination committee, remuneration and appraisal committee shall have Independent Non-Executive Directors accounting for the majority of the members and acting as the convener, and the convener of Audit Committee shall be an accounting professional.

**Article 141**

Specialized committees may engage intermediaries for professional advices and the relevant expenses shall be borne by the Company.

**Article 142**

Each of the specialized committee shall be responsible to the Board and shall report to the Board the results of examination within its scope of duty. The proposals of each specialized committee shall be submitted to the Board for consideration and approval.

**Article 143**

The Board shall exercise its powers in accordance with laws, administrative regulations, the requirements of the securities regulatory authorities of the location where the shares of the Company are listed and the Procedural Rules of the Board.

**Article 144**

The Board shall review and determine the act of asset disposals of the Company and its controlled subsidiaries, except assets disposals which shall be considered by shareholders' general meeting. Material asset disposals shall be submitted to shareholders' general meeting for consideration upon consideration and approval by the Board.

Connected transactions between the Company and controlled subsidiaries (except those between the Company and its controlled subsidiaries, or among its controlled subsidiaries), except for those which shall be considered by the shareholders' general meeting, shall be reviewed by the Board. The Board may, within its scope of its authority, authorize the chief executive officer and/or the President to approve the relevant connected transactions.

Material asset disposals and connected transactions which are required to be submitted to the shareholders' general meeting for consideration shall be deemed as material matters. The Board shall organize an review of the same performed by experts and professionals, and submit the same to the shareholders' general meeting for approval.

External guarantees of the Company and its controlled subsidiaries, except for those which shall be considered by the shareholders' general meeting, must be reviewed by the Board. External guarantees which shall be reviewed by the Board, shall be reviewed, agreed and resolved upon by more than two-thirds (2/3) of the Directors present at the Board meeting. In the event of violation of the approval authorization or review procedure of external guarantees by a general meeting and a Board meeting as prescribed in these Articles of Association, the responsible person shall be held responsible for the corresponding legal responsibility and economic responsibility.

If the aforesaid matters concern with provisions stipulated in other laws, administrative regulations, departmental rules, regulatory documents or are otherwise prescribed by these Articles of Association, such provisions shall be complied with.

**Article 145**

The Board consists of one (1) chairman of the Board, and may consist of deputy chairman(s) (co-chairman(s)) of the Board. The chairman and deputy chairman(s) (co-chairman(s)) shall be elected by the Board with the approval of more than half of the total number of Directors of the Board.

**Article 146**

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

- (1) to preside over shareholders' general meetings and to convene and preside over Board meetings;
- (2) to supervise and check on the implementation of resolutions of the Board;
- (3) to sign the shares, bonds of the company and other marketable securities;
- (4) to sign important documents of the Board and other documents which shall be signed by the Company's legal representative;
- (5) to exercise the duties and powers of a legal representative;
- (6) in emergency situations of force majeure such as extraordinarily serious natural disasters, to exercise special disposal rights with respect to the Company's business in compliance with laws, regulations and for the Company's benefits, and report to the Company's Board and shareholders' general meetings afterwards;

(7) to exercise such other duties and powers conferred by the Board.

If the aforesaid matters are related to the provisions of other laws, administrative regulations, departmental rules, regulatory documents or otherwise stipulated in these Articles of Association, such provisions shall be complied with.

**Article 147**

The deputy chairman(s) (co-chairman(s)) of the Company shall assist the Chairman in performing his/her duties. If the Chairman is unable or fails to perform his/her duties, such duties shall be performed by one (1) deputy chairman (co-chairman) designated by the Chairman of the Board. If the Chairman of the Board is unable to designate a deputy chairman (co-chairman), one (1) deputy chairman (co-chairman) elected jointly by a majority of the Directors shall perform such duties. If the deputy chairman (co-chairman) is unable or fails to perform his duties, or there is no current deputy chairman (co-chairman), one (1) Director shall be elected jointly by a majority of the Directors to perform such duties.

**Article 148**

At least four (4) regular meetings of the Board shall be held in each year, which shall be held approximately once (1) each quarter and convened by the Chairman of the Board. Notice of meeting shall be served on all of the Directors at least fourteen (14) days before the date of a regular meeting of the Board. Regular meetings of the Board shall be convened on-site or by electronic communication, and approval by the Board may not be obtained solely by circulation of a written resolution.

The convening of an extraordinary meeting of the Board may be proposed by the shareholders representing more than one-tenth (1/10) of the voting rights, or more than one-third (1/3) of the Directors or the Audit Committee. The Chairman of the Board shall convene and preside over the meeting within ten (10) days upon the receipt of such proposal.

**Article 149**

Notices of extraordinary Board meetings shall be served by hand, post, facsimile, email, phone or other verbal means; the time limit for notice: three (3) days prior to the date of the meeting of the Board.

**Article 150**

Matters which shall be voted and agreed upon by more than two-thirds (2/3) of the members of the Board, shall be notified to all Directors within the time stipulated in these Articles of Association, and sufficient information shall be provided simultaneously. Such matters shall be handled by the procedures which are strictly in compliance with the relevant requirements. Where more than a quarter (1/4) of the Directors or more than two (2) external Directors consider that the materials are insufficient or the arguments are unclear, such Directors may jointly request that the relevant meeting of the Board or the consideration of the relevant matters to be considered at such meeting be adjourned, and the Board shall duly accept and disclose the relevant information in a timely manner.

All the agenda and relevant meeting materials of the regular meetings of the Board shall be promptly delivered to all Directors, and shall be sent at least three (3) days (or within another agreed time limit) before the time when the meeting of the Board or its subordinated committee is scheduled to be held.

Notice of the meeting shall be deemed to have been sent to a Director who has attended the said meeting, and has not raised an objection concerning not receiving the notice before or at the attendance of the meeting.

**Article 151**

A notice of Board meeting shall contain the following details:

- (1) the date and place of the meeting;
- (2) the duration of the meeting;
- (3) the purpose and the matters to be considered;
- (4) the date of the notice.

**Article 152**

Unless otherwise stipulated in the Articles of Association, the Board meeting may not be held unless more than half of the Directors are present. Except matters which, according to the provisions of laws, administrative regulations, departmental rules, regulatory documents or these Articles of Association, shall be passed by more than two-thirds (2/3) of the Directors, resolutions proposed by the Board shall be passed by more than half of all the Directors.

One (1) Director shall receive one (1) vote in the voting of a resolution of the Board.

In the event of an equality of votes, the Chairman of the Board shall be entitled to one (1) additional vote.

**Article 153**

Voting of resolutions of the Board shall be taken in written form.

In the case of non-physical meeting, provided that the Directors can be assured to fully express opinions, resolutions may be passed by means of facsimile, electronic mail, letters or electronic communication with the resolutions signed by the Directors who have attended the meeting.

**Article 154**

Directors shall attend a meeting of the Board in person. If they are not able to attend the meeting for cause, they may authorize other Directors in writing to attend the meeting on their behalf. A letter of authorization shall indicate the names of the proxy, matters of entrustment, the scope of authorization and its valid term, and shall be signed or sealed by the appointing Director. The appointed director attending the meeting shall exercise the rights of a Director within the scope of authorization. A Director who fails to attend a meeting of the Board in person and fails to authorize any proxy to attend the meeting, shall be deemed to have waived the voting right in such meeting.

Directors who participate in a Board meeting by means of, among others, telephone, video conference, facsimile, electronic mail, letters or electronic communication shall be deemed to have attended in person.

**Article 155**

The Board shall keep minutes of the decisions on matters discussed at meetings. The minutes shall be signed by the Directors present at the meeting. Opinions expressed by Independent Non-Executive Directors shall be set forth in the resolutions of the Board. The minutes of Board meetings shall be kept in corporate archives for a period of ten (10) years.

The first draft of the minutes of each Board meeting or meeting of its subordinated committee shall be provided to all Directors for review within a reasonable period of time after the end of such meetings, the Directors who wish to propose amendments or supplements to the minutes should submit a written report for amendments to the Chairman of the Board within one (1) week upon receipt of the minutes. After the minutes have been finalized, it shall be signed by the attending Directors and the person responsible for recording. The Secretary to the Board shall organize the records and matters considered at the meeting in a serious manner, and sign on the resolutions to hold responsibility of accurate record. The minutes of the Board and its subordinated committee shall be maintained at the domicile of the Company in the PRC for record purpose, and a complete copy thereof shall be sent to each Director as soon as possible. Written resolutions which have not been signed by Directors pursuant to legal procedures, despite each Director has expressed his/her opinion by various means, shall not be deemed to be a legally valid resolution of the Board.

Directors shall be liable for the resolutions of the Board. If a resolution of the Board violates the laws, administrative regulations, these Articles of Association or resolutions of shareholders' meeting, thereby incurring serious losses to the Company, the Directors participating in the resolution shall be liable to indemnify the Company. However, if it can be proved that a Director expressly objected to the resolution in the voting of the resolution, and that such objection is recorded in the minutes of the meeting, such Director may be released from such liability. Directors who, abstained from voting, or did not attend and did not appoint a proxy to attend such meeting shall not be released from such liability; Directors who expressly objected but did not vote against the proposed resolution shall also not be released from such liability.

Secretary of the meeting duly appointed shall maintain the minutes of Board meetings and meetings of its subordinated committee, and shall disclose relevant minutes for reviewing within a reasonable period of time if any Director issues a reasonable notice for the same.

#### **Article 156**

The minutes of Board meetings shall include the following details:

- (1) the date, location and convener's name of the meeting;
- (2) the names of the attending Directors and the Directors appointed as proxies to attend the meeting;
- (3) the agenda;

- (4) the major comments of the Directors;
- (5) the voting method and results of each resolution (the number of votes for, against the resolution and of abstention shall be specifically indicated).

### **Section 3 Independent Non-Executive Directors**

**Article 157** Independent Non-Executive Directors shall diligently perform their duties in accordance with the laws, administrative regulations, departmental rules, regulatory documents, the rules of securities regulatory authorities and stock exchanges at the location where the Company's shares are listed and these Articles of Association. They shall play the role of decision-making, supervising, checking and balancing, and professional advisory in the Board, safeguard the overall interests of the Company, and protect the legitimate rights and interests of minority shareholders.

**Article 158** Independent Non-Executive Directors must maintain their independence. The following persons shall not serve as Independent Non-Executive Directors:

- (1) persons employed by the Company or its subsidiaries, as well as their spouses, parents, children or major social relations;
- (2) natural person shareholders directly or indirectly holding more than one percent (1%) of the issued shares of the Company or who are ranked as the top ten (10) shareholders of the Company, as well as their spouses, parents or children;
- (3) persons holding positions in entities being shareholders of the Company which directly or indirectly hold more than five percent (5%) of the issued shares of the Company or which are ranked as the top five shareholders of the Company, as well as their spouses, parents or children;
- (4) persons holding positions in the subsidiaries of the Company's controlling shareholders or de facto controllers, as well as their spouses, parents or children;
- (5) persons who have major business dealings with the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, or who hold positions in entities with which they have major business dealings and their controlling shareholders or de facto controllers;

- (6) persons providing financial, legal, consulting or sponsorship services to the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, including but not limited to all members of the project team of the intermediary institution providing the services, reviewers at all levels, signatories of reports, partners, directors, senior management and key persons in charge;
- (7) persons falling into the categories set out in subparagraphs (1) to (6) of this Article within the past twelve (12) months;
- (8) other persons who are not independent as stipulated by the laws, administrative regulations, departmental rules, regulatory documents, the rules of securities regulatory authorities and stock exchanges at the location where the Company's shares are listed and these Articles of Association.

Independent Non-Executive Directors shall conduct an annual self-assessment of their independence and submit such self-assessment to the Board. The Board shall assess the independence of incumbent Independent Non-Executive Directors on an annual basis and issue a special opinion in relation thereto, which shall be disclosed at the same time as the annual report prepared pursuant to the regulatory requirements of the domestic location where the Company is listed.

#### **Article 159**

A person holding the position of Independent Non-Executive Director shall satisfy the following conditions:

- (1) possessing the qualification to serve as a director of a listed company in accordance with the laws, administrative regulations and other relevant provisions;
- (2) meeting the independence requirements stipulated in these Articles of Association;
- (3) possessing basic knowledge of the operation of a listed company and being familiar with relevant laws, regulations and rules;
- (4) possessing more than five (5) years' working experience in the legal, accounting or economic field or other experience required for performing the duties as an Independent Non-Executive Director;
- (5) possessing good personal character and no major breach of trust or other adverse records;

- (6) other conditions stipulated by the laws, administrative regulations, departmental rules, regulatory documents, the rules of securities regulatory authorities and stock exchanges at the location where the Company's shares are listed, and these Articles of Association.

#### **Article 160**

As members of the Board, the Independent Non-Executive Directors owe fiduciary obligations and obligation of diligence to the Company and the shareholders as a whole, and shall prudently perform the following duties:

- (1) participate in the decision-making of the Board and express clear opinions on the matters considered;
- (2) supervise matters that indicate potential material conflict of interest between the Company and its controlling shareholders, de facto controllers, Directors and senior management so as to protect the legitimate interests of minority shareholders;
- (3) provide professional and objective advice on the Company's operation and development, thereby facilitating improvement in the standard of the decisions of the Board;
- (4) perform other duties stipulated by the laws, administrative regulations, departmental rules, regulatory documents, the rules of securities regulatory authorities and stock exchanges at the location where the Company's shares are listed, and these Articles of Association.

#### **Article 161**

The Independent Non-Executive Directors shall exercise the following special functions and powers:

- (1) independently engage intermediary institutions to conduct audits, consultations or verifications on specific matters of the Company;
- (2) propose to the Board to convene an extraordinary general meeting;
- (3) propose to convene a Board meeting;
- (4) publicly solicit shareholders' rights from shareholders in accordance with the laws;
- (5) express independent opinions on matters that may prejudice the interests of the Company or minority shareholders;
- (6) exercise other functions and powers stipulated by the laws, administrative regulations, departmental rules, regulatory documents, the securities regulatory authorities and stock exchanges at the location where the Company's shares are listed, and these Articles of Association.

The exercise of the functions and powers listed in subparagraphs (1) to (3) of the preceding paragraph by an Independent Non-Executive Director shall obtain the approval of more than half of all Independent Non-Executive Directors.

Where an Independent Non-Executive Director exercises his/her functions and powers under the first paragraph, the Company shall make disclosure in accordance to the rules of securities regulatory authorities and stock exchanges at the location where the Company's shares are listed. Where the above functions and powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.

#### **Article 162**

The following matters shall be submitted to the Board for consideration after being approved by more than half of all Independent Non-Executive Directors of the Company:

- (1) connected transactions that shall be disclosed;
- (2) proposals for the change or waiver of undertakings by the Company and related parties;
- (3) decisions made and measures taken by the board of directors of the acquired listed company in response to the acquisition;
- (4) other matters stipulated by the laws, administrative regulations, departmental rules, regulatory documents, the rules of securities regulatory authorities and stock exchanges at the location where the Company's shares are listed, and these Articles of Association.

#### **Article 163**

The Company shall establish a mechanism for special meetings which will be attended solely by Independent Non-Executive Directors. Matters such as connected transactions to be reviewed by the Board shall be approved in advance by a special meeting of Independent Non-Executive Directors.

The Company shall regularly or irregularly convene special meetings of Independent Non-Executive Directors. Matters listed in items (1) to (3) of the first paragraph of Article 161 and Article 162 of these Articles of Association shall be considered at the special meetings of Independent Non-Executive Directors.

The special meetings of Independent Non-Executive Directors may study and discuss other matters of the Company as needed.

The special meetings of Independent Non-Executive Directors shall be convened and chaired by one (1) Independent Non-Executive Director jointly elected by more than half of the Independent Non-Executive Directors; and in the event that the convener is not performing or is unable to perform his/her duties, two (2) or more Independent Non-Executive Directors may convene their own meeting and elect one (1) representative to chair the meeting.

Minutes of the special meetings of Independent Non-Executive Directors shall be prepared in accordance with the requirements, and the opinions of the Independent Non-Executive Directors shall be set out in the minutes of the meetings. The Independent Non-Executive Directors shall sign and confirm the minutes of the meetings.

The Company shall provide convenience and support for the convening of the special meetings of Independent Non-Executive Directors.

#### **Section 4 Specialized Committees of the Board**

**Article 164** The Board of the Company shall establish an Audit Committee to exercise the functions and powers of the supervisory committee as stipulated by the Company Law.

**Article 165** The Audit Committee shall consist of three (3) to five (5) members, all of whom shall be Directors who are not senior management members of the Company, of which the majority shall be Independent Non-Executive Directors, and accounting professionals among such Independent Non-Executive Directors shall serve as conveners.

**Article 166** The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, and supervising and evaluating the internal and external audit work and internal control. The following matters shall be submitted to the Board for consideration with the approval of more than half of all members of the Audit Committee:

- (1) disclosure of financial information in financial accounting reports and periodic reports, as well as internal control evaluation reports;
- (2) appointment or dismissal of the accounting firm that undertakes the Company's audit;
- (3) appointment or removal of the Company's financial officer;
- (4) changes in accounting policies and accounting assessments, or corrections of material accounting errors are made for reasons other than changes in accounting standards;

- (5) other matters stipulated by the laws, administrative regulations, departmental rules, regulatory documents, the rules of securities regulatory authorities and stock exchanges at the location where the Company's shares are listed, and these Articles of Association.

#### **Article 167**

The Audit Committee shall convene at least one (1) meeting each quarter. An interim meeting may be convened upon proposal by two (2) or more members, or when the convener deems necessary. Meetings of the Audit Committee shall be held with attendance of more than two-thirds (2/3) of the members.

Resolutions of Audit Committee shall be passed by more than half of all members of the Audit Committee.

When voting on a resolution of the Audit Committee, each Director shall have one (1) vote.

The resolutions of the Audit Committee shall be recorded in the minutes of the meetings in accordance with regulations, and the Audit Committee members attending the meeting shall sign on the minutes.

The terms of reference of the Audit Committee shall be formulated by the Board.

#### **Article 168**

The nomination committee is responsible for formulating the selection criteria and procedures for non-employee Directors and senior management, selecting, reviewing and verifying the candidates and qualifications of non-employee Directors and senior management, and making recommendations to the Board on the following matters:

- (1) nomination or appointment or removal of non-employee Directors;
- (2) appointment or removal of senior management members;
- (3) other matters stipulated by the laws, administrative regulations, departmental rules, regulatory documents, the rules of securities regulatory authorities and stock exchanges at the location where the Company's shares are listed, and these Articles of Association.

If the Board does not adopt or fully adopt the nomination committee's recommendations, the nomination committee's opinion and the specific reasons for non-adoption shall be documented in the Board resolution and disclosed.

**Article 169**

The remuneration and appraisal committee is responsible for formulating the appraisal criteria for Directors and senior management and conducting appraisals, and formulating and reviewing the remuneration policies and proposals, such as the remuneration determination mechanisms, decision-making processes, payment and cessation of payment recovery arrangements for Directors and senior management, and making recommendations to the Board on the following matters:

- (1) the remuneration of Directors and senior management;
- (2) the establishment or modification of share incentive schemes, employee share ownership schemes, interests granted to participants, and the fulfillment of the conditions for exercising the interests;
- (3) the arrangement of share ownership schemes for Directors and senior management in the proposed spin-off of subsidiaries;
- (4) other matters stipulated by the laws, administrative regulations, departmental rules, regulatory documents, the rules of securities regulatory authorities and stock exchanges at the location where the Company's shares are listed, and these Articles of Association.

If the Board does not adopt or fully adopt the remuneration and appraisal committee's recommendations, the remuneration and appraisal committee's opinion and the specific reasons for non-adoption shall be documented in the Board resolution and disclosed.

## **CHAPTER 6 SENIOR MANAGEMENT MEMBERS**

### **Article 170**

The Company shall have one (1) chief executive officer. According to business needs, the Company may set up co-chief executive officer(s) to assist the chief executive officer to assume relevant management responsibilities. The chief executive officer and the co-chief executive officer(s) shall be nominated by the Chairman of the Board, and appointed or dismissed upon decision of the Board.

The President, Vice President(s) and the Chief Financial Officer shall be nominated by the chief executive officer, and appointed or dismissed by the Board. According to business needs, the Company may set up co-president(s) (executive president(s)) to assist the President to assume relevant management responsibilities. The co-president(s) (executive president(s)) shall be nominated by the chief executive officer, and appointed or dismissed by the Board.

The appointment of senior management members is determined by the Board based on the practical situation of the Company.

The Secretary to the Board shall be nominated by the Chairman of the Board, and appointed or dismissed by the Board.

### **Article 171**

Circumstances in which a person shall not serve as a Director and the provisions of the management system for the resignations of Directors as mentioned in these Articles of Association, shall also apply to senior management members.

The fiduciary obligations and diligence obligations of a Director as mentioned in these Articles of Association shall also apply to senior management members.

Senior management members of the Company shall perform their duties honestly and protect the best interests of the Company and all shareholders. Senior management members of the Company shall be liable for compensation according to law for the damages caused to the interests of the Company and public shareholders due to failure to perform their duties honestly or violation of their fiduciary obligations.

### **Article 172**

Personnel who perform administrative duties other than those of Directors and supervisors in the units of controlling shareholder of the Company shall not serve as senior management members of the Company.

Senior management members of the Company are to be remunerated only by the Company and are not to be remunerated by the units under the Company's controlling shareholder on behalf of the Company.

**Article 173** The term of office for the senior management members shall be three (3) years and shall be eligible to renew such tenure.

**Article 174** The chief executive officer shall be accountable to the Board and exercise the following functions and powers:

- (1) to lead the Company's production, operation and management, and report such work to the Board;
- (2) to organize the implementation of resolutions of the Board, the Company's annual business plan and investment plan;
- (3) to draft the plan for the establishment of the Company's internal management organization;
- (4) to draft the Company's basic management system;
- (5) to formulate the specific rules and regulations of the Company;
- (6) to appoint or dismiss the management personnel other than those required to be appointed or dismissed by the Board;
- (7) to draft the salary, benefits, award and punishment system for employees, and decide on the appointment and dismissal of the Company's employee;
- (8) to propose the convening of an extraordinary meeting of the Board;
- (9) to exercise other functions and powers conferred by these Articles of Association or the Board.

If the aforesaid matters concern with provisions of other laws, administrative regulations, departmental rules, regulatory documents or otherwise stipulated in these Articles of Association, such provisions shall be complied with.

The chief executive officer shall attend Board meetings. The chief executive officer who is not a Director shall not be entitled to vote at Board meetings.

**Article 175** The Company shall formulate the detailed working rules of the chief executive officer, which shall be submitted to the Board for approval before implementation.

**Article 176** Senior management members may resign prior to the expiration of his/her term of office. The specific procedures and formalities for such resignation shall be provided for in the employment contract executed between him/her and the Company.

**Article 177** The Company's co-president(s), Vice President(s) shall be nominated by the chief executive officer, the chief executive officer may propose the appointment or dismissal of the co-president(s) (executive president(s)) and Vice President to the Board. The co-president(s) (executive president(s)) shall assist in the work of the President, where the President is unable to perform his duties, one (1) co-president (executive president) shall be designated by the chief executive officer or the Board to perform his duties. If the co-president(s) (executive president(s)) is/are unable or fails to perform his/their duties, or there is/are no current co-president(s) (executive president(s)), one (1) Vice President designated by the chief executive officer or the Board shall perform the duties on his behalf.

**Article 178** The Company shall have a Secretary to the Board, who shall be a senior management member of the Company.

The Secretary to the Board shall comply with the relevant provisions of the law, administrative regulations, departmental rules and these Articles of Association. The Board may establish its secretarial office when necessary.

**Article 179** Secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the Board. His primary duties are:

- (1) to be responsible for the preparation of general meetings and board meetings of the Company, and ensure that the Company has complete organisational documents and records;
- (2) to ensure that the Company prepares and delivers the reports and documents required by competent authorities in accordance with the laws;
- (3) to be responsible for the management of the information of shareholders of the Company, and ensure that the Company's registers of shareholders are properly maintained, and that persons entitled to access to the relevant records and documents are furnished with such records and documents in a prompt manner;
- (4) to handle matters such as information disclosure;
- (5) other duties to be performed as required by relevant laws, administrative regulations and the requirements of security regulatory authorities and stock exchanges at the location where the Company's shares are listed.

**Article 180**

Directors or senior management members of the Company may concurrently act as the Secretary to the Board of the Company. The accountant(s) of the certified public accountant appointed by the Company shall not concurrently act as the Secretary to the Board of the Company.

Provided that where the office of the Secretary to the Board is held concurrently by a Director, and an act is required to be made by a Director and the Secretary to the Board separately, the person who concurrently holds the offices of Director and Secretary to the Board of the Company shall not perform the act in dual capacity.

**Article 181**

Where a senior management member causes damage to others in performing his/her duties, the Company shall be liable for compensation for such damages; the senior management member shall also be liable for compensation for such damages if there is intent or gross negligence on his/her part.

Any senior management member who violates any laws, administrative regulations, departmental rules or these Articles of Association in performing his/her duties and incurs losses to the Company shall be liable for indemnification.

## **CHAPTER 7 QUALIFICATIONS AND DUTIES OF DIRECTORS AND SENIOR MANAGEMENT MEMBERS OF THE COMPANY**

**Article 182** A person may not serve as a Director or senior management member of the Company in the event of any of the following circumstances:

- (1) a person without civil or with restricted civil capacity;
- (2) a person who has committed an offence of corruption, bribery, conversion of property, misappropriation of property or sabotaging the social economic order and thereby has been punished; or who has been deprived of his political rights, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) a person who is a former director, factory manager or president of a company or enterprise (has the same meaning of “manager” under the Company Law) which is insolvent and under liquidation owing to mismanagement, and such person shall be personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of such 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 due to a violation of the law and who incurred personal liability, where less than three years have elapsed since the date of such revocation of the business license;
- (5) a person who has a relatively large amount of personal debts due and outstanding;
- (6) those who have been subject to securities market entry banning measures by the CSRC for an unexpired period.
- (7) any circumstances stipulated by laws and administrative regulations.

If a director is elected or appointed or a senior management member is recruited in violation of the provisions of this Article, such election, appointment or recruitment shall be null and void. The Company shall have the right to dismiss a director or a senior management member if the circumstances of this Article arise during his/her term of office.

**Article 183**

In addition to the obligations as required by laws, administrative regulations or the listing rules of stock exchanges at the location where the Company's shares are listed, the Company's Directors and senior management members, in the exercise of the functions and powers of the Company entrusted to him/her, shall also owe the following duties to each shareholder:

- (1) not to cause the Company to exceed the scope of the business stipulated in its business license;
- (2) to act honestly in the best interest of the Company;
- (3) not to expropriate in any guise the Company's property, including (but not limited to) the 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, except the restructuring of the Company submitted to shareholders' meeting for approval in accordance with these Articles of Association.

**Article 184**

Each of the Company's Directors and senior management members shall, in the exercise of his/her powers and discharge of his/her duties, be liable to exercise the care, diligence and skill that a reasonably prudent person would exercise under comparable circumstances.

**Article 185**

Each of the Company's Directors and senior management members shall exercise his/her powers or discharge his duties in accordance with the principle of fiduciary and shall not put himself/herself in a position where his/her interest and obligations may conflict. This principle shall include (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/her powers and not to exceed such powers;
- (3) to exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the consent of informed shareholders given in a general meeting, not to delegate the exercise of his discretion to others;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

- (5) except that it is otherwise stipulated in these Articles of Association or with the consent of informed shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the consent of informed shareholders given in general meeting, not to use the Company's property for his/her own benefit by any means;
- (7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including (but not limited to) the opportunities advantageous to the Company;
- (8) without the consent of informed shareholders given in general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by these Articles of Association, perform his/her duties honestly and protect the Company's interests, and not to exploit his/her position and powers in the Company for his/her private gains;
- (10) not to compete with the Company in any way unless with the consent of informed shareholders given in general meeting;
- (11) not to misappropriate the Company's funds or lend the Company's funds to others, not to open accounts in his/her own name or other names for the deposit of the Company's assets, and not to provide a guarantee for the debts of 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 divulge the confidential information relating to the Company acquired by him/her during his tenure and not to use such information for the purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental competent authorities is permitted if:
  - 1. the disclosure is made as prescribed by law;
  - 2. the interests of the public require disclosure;
  - 3. the interests of such Directors or senior management members require disclosure.

**Article 186**

Directors or senior management members of the Company shall not direct the following persons or institutions (hereinafter as “associates”) to do what the Directors or senior management members of the Company are prohibited from doing:

- (1) the spouse or minor child of that Director and senior management members;
- (2) a person acting in the capacity of trustee of that Director and senior management member or any person referred to in paragraph (1) of this Article;
- (3) a person acting in the capacity of partner of that Director and senior management member or any person referred to in paragraphs (1) and (2) of this Article;
- (4) a company in which that Director and senior management member, alone or jointly with the person(s) referred to in paragraphs (1), (2) and (3) above or other Directors and senior management members of the Company have a de facto controlling interest;
- (5) the Directors and senior management members of the controlled company referred to in paragraph (4) of this Article.

**Article 187**

The fiduciary duties of the Directors and senior management members of the Company do not necessarily cease with the expiration of their tenure. The duty of confidentiality in relation to trade secrets of the Company survives the expiration of their tenure. Other duties may continue for such period determined on the principle of fairness, depending on the time lapse between the occurrence of the event concerned and the expiration of tenure and the circumstances under which the relationships between them and the Company are terminated.

**Article 188**

Except for circumstances prescribed in Article 59 of these Articles of Association, a Director and senior management member of the Company may be relieved from the liability for specific obligations by the informed consent of shareholders given at a general meeting.

**Article 189**

Where a Director or senior management member of the Company directly or indirectly enters into contract or conducts transaction with the Company in compliance with relevant laws, administrative regulations and requirements of the securities regulatory authority of the location where the Company’s shares are listed, he/she shall report matters in relation to the entering into of contract or the transaction to the Board or the general meeting, and subject to approval by the Board or general meeting through resolution in accordance with these Articles of Association.

Where a close relative of a Director or senior management member of the Company, an enterprise directly or indirectly controlled by a Director or senior management member of their close relative, or other related party of a Director or senior management member enters into contract or conducts transaction with the Company, the aforementioned clause shall apply.

**Article 190**

Where a Director or senior management member of the Company gives, before first taking into consideration of entering into the relevant contract or transaction mentioned in the preceding article, to the Board a notice in writing as soon as possible stating that, by reason of the facts specified in the notice, he/she is interested in contracts or transactions of any description which may subsequently be entered into or made by the Company. Under such circumstances, such notice shall be deemed for the purposes of the preceding article of this Chapter to be a sufficient disclosure by him/her, so far as the contents stated in such notice is concerned.

**Article 191**

The Company shall not in any manner pay taxes for its Directors or senior management members.

**Article 192**

The Company shall not directly or indirectly extend a loan to, or provide any security for making a loan to a Director, supervisor (if any) or senior management member of the Company or of a controlling shareholder or any of their respective associates.

However, the preceding paragraph shall not apply to the following transactions:

- (1) the provision by the Company of a loan or a guarantee for a loan to a subsidiary thereof;
- (2) the provision by the Company, in accordance with the terms of the employment contract approved by the shareholders in general meeting, of a loan or a guarantee for a loan or any other funds to any of its Directors or senior management members for the payment of the expenses incurred or to be incurred by him/her for the purposes of the Company or for the purpose of performing his/her duties in the Company;
- (3) If the ordinary course of business of the Company includes extension of loans and provision of guarantees for loans, the Company may extend a loan or provide a guarantee for a loan to any of the relevant Directors or senior management members or their respective associates on normal commercial terms and conditions.

**Article 193**

A loan extended by the Company in breach of the preceding Article shall become forthwith repayable by the recipient of the loan regardless of the terms of the loan.

- Article 194** A loan guarantee provided by the Company in breach of Paragraph (1) of Article 192 shall be unenforceable against the Company; except for the following circumstances:
- (1) when a loan is extended an associate of any of the Directors, supervisors (if any) or senior management members of the Company or a controlling shareholder, the lender do not the relevant circumstances;
  - (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.
- Article 195** For the purposes of the foresaid provisions of the Chapter, a guarantee shall include the act of the guarantor to undertake liabilities or provision of property to secure the performance of obligations by the obligor.
- Article 196** Directors and senior management of the Company shall be liable for damages caused to the Company in violation of the provisions of laws, administrative regulations or these Articles of Association when performing their duties for the Company.
- Article 197** The Company shall enter into a contract in writing with a Director in respect of emolument matters. The emoluments of non-employee Directors shall be determined by the general meeting.
- Except the contract mentioned above, no proceedings may be brought by a Director against the Company for his/her own benefits in respect of the matters mentioned in this Article.
- Article 198** The contract for emoluments entered into between the Company and its Directors may prescribe that in the event of a takeover of the Company, the Company's Directors shall, subject to the prior approval of the shareholders in general meeting, have the right to receive compensation or other payments for their loss of office or retirement, such compensation shall be fair, and shall not impair the legitimate rights and interests of the Company nor involve any transfer of benefit. A takeover of the Company as referred to above shall mean:
- (1) a takeover offer made by any person to all shareholders;
  - (2) an offer made by any person with a view that the offeror shall become a "controlling shareholder" (as defined in Article 60 of these Articles of Association).
- If the relevant Director 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 said offer made. The expenses incurred in distributing such sum proportionally shall be borne by the relevant Director and shall not be paid out of such sum.

## **CHAPTER 8 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDITING**

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

- Article 199** The Company shall formulate its financial and accounting system in accordance with the laws, administrative regulations and provisions of relevant departments of the State.
- The fiscal year of the Company shall coincide with the calendar year, i.e. from January 1 to December 31 of each year shall be a fiscal year.
- The Company's accounts shall be prepared in Chinese with amounts denominated in Renminbi.
- At the end of each fiscal year, the Company shall prepare a financial report which shall be examined and verified in compliance with the laws.
- Article 200** The Company shall submit and disclose its annual reports to the agency of the CSRC and the domestic and overseas stock exchanges within four (4) months upon the expiration of each fiscal year, its interim reports to the agency of the CSRC and the domestic and overseas stock exchanges within two (2) months upon the expiration of the first six (6) months of each fiscal year, and its quarterly reports in accordance with relevant requirements of the stock exchanges.
- The aforesaid financial reports shall be prepared in compliance with the provisions of relevant laws, administrative regulations and the rules of securities regulatory authorities and stock exchanges at the location where the Company's shares are listed.
- Article 201** The Board shall place before the shareholders at every annual general meeting such financial reports required by any laws, administrative regulations or regulatory documents promulgated by local governments and competent authorities to be prepared by the Company.
- Article 202** The Company shall deliver or send the report from the Board together with the annual financial reports to shareholders of overseas-listed foreign-invested shares via means (including but not limited to email, announcement etc.) as stipulated in accordance with laws, administrative regulations and requirements of the securities regulatory authority of the location where the Company's shares are listed at least twenty one (21) days before the date of general meeting; if such report is sent by prepaid post, it shall be sent to the addresses recorded in the register of shareholders.

- Article 203** The financial statements of the Company shall, besides in accordance with the accounting standards and regulations of the PRC, be prepared in accordance with either international accounting standards or that of the overseas location where the Company's shares are listed. If there is any material discrepancy between the financial statements prepared in accordance with the two accounting standards respectively, explanations shall be made in the notes of the financial statements. When the Company distributes its after-tax profits for an accounting year, the lower of the after-tax profits as shown in such two financial statements shall be adopted.
- Article 204** Any interim results or financial information published or disclosed by the Company must also be prepared in accordance with the accounting standards and regulations of the PRC, and also in accordance with either international accounting standards or that of the overseas location where the Company's shares are listed.
- Article 205** The Company shall publish its financial reports twice every fiscal year, that is, the interim report shall be published within two (2) months upon the expiration of the first six (6) months of each fiscal year and the annual report shall be published within four (4) months upon the expiration of each fiscal year.
- Article 206** The Company shall not keep accounts other than those provided by laws. Funds of the Company shall not be deposited in an account maintained in the name of any individual.
- Article 207** Capital reserve fund shall include the following items:
- (1) premium received from issuance of shares at a premium exceeding their par value;
  - (2) any other income which shall be included in the capital reserve fund as stipulated by the competent finance department under the State Council.
- Article 208** When distributing each year's after-tax profits, the Company shall set aside ten percent (10%) of its after-tax profits for the Company's statutory surplus reserve fund. When the aggregate statutory surplus reserve fund is more than fifty percent (50%) of the Company's registered capital, the Company may not make any further allocation thereto.
- Where the Company's statutory surplus reserve fund is not enough to make up losses of the Company for the preceding years, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory surplus reserve fund in accordance with the preceding paragraph.

Subject to a resolution of the shareholders' general meeting, after allocation has been made to the Company's statutory surplus reserve fund from its after-tax profits, the Company may also set aside a fund for the discretionary reserve fund.

The remaining profit after taxation, after recovery of losses and appropriation of reserve funds, shall be distributed to shareholders in proportion to their shareholdings, except it is prescribed hereby not to be distributed in proportion to shareholdings.

If a shareholders' general meeting violates the Company Law in the distribution of profits to the shareholders, the profits distributed in violation of the provisions shall be returned to the Company by the shareholders; and the shareholders as well as the directors and senior management members responsible shall be liable for compensation for any loss incurred by the Company.

No profit distribution shall be made in respect of the shares of the Company which are held by the Company.

#### **Article 209**

The common reserve funds of the company shall be used to make up for the losses, expansion of the Company's production or operation or increase the registered capital of the Company.

In terms of requiring offsetting the losses of the Company by the common reserve funds, the discretionary reserve fund and statutory reserve fund shall be utilized firstly to make up the losses. Where they are not enough to make up such losses, the capital reserve fund may be utilized according to relevant requirements.

When the statutory common reserve fund is converted into additional registered capital, the amount of the said fund remaining shall not be less than twenty-five percent (25%) of the registered capital of the Company before the conversion.

#### **Article 210**

After the profit distribution plan has been resolved at a shareholders' general meeting, the Board shall complete the dividend (or share) distribution within two (2) months after the holding of such meeting.

If the Board of the Company has formulated specific plan based on the interim dividend distribution conditions and upper caps as considered and approved at the annual general meeting, the dividend (or share) distribution shall be completed within two (2) months after the passing of relevant resolution of the Board.

- Article 211**      Payments of cash dividends or other payments made by the Company to holders of its domestic-invested shares shall be in Renminbi. Payments of cash dividends or other payments made by the Company to holders of H shares shall be denominated and declared in Renminbi and paid in Hong Kong Dollars. The foreign currency required for the cash dividend paid or other payments made by the Company to holders of H shares shall be handled in accordance with the relevant foreign exchange control regulations of the State;
- Any dividend paid for the shares in advance of calls shall be entitled to interest, however, prepayment does not confer the right to the shareholder to participate in dividend subsequently declared.
- The Board shall be entitled to the forfeiture of unclaimed dividends, however, such power shall only be exercised 6 years or more after the date of announcement of such dividend.
- Article 212**      When distributing dividends to its shareholders, the Company shall, in accordance with the tax law of the PRC, withhold and pay on behalf of the shareholders the tax payable on their dividend income on the basis of the amount distributed.
- Article 213**      The Company shall appoint receiving agents on behalf of the holders of overseas-listed foreign-invested shares to receive on behalf of such shareholders the dividends declared and all other amounts payable by the Company in respect of such shares.
- The receiving agents appointed by the Company shall satisfy the relevant requirements of the laws of the location and relevant regulations of the stock exchange where the Company's shares are listed.
- The receiving agents appointed by the Company for H shareholders shall be a company registered as a trust company under the "Trustee Ordinance" of Hong Kong.
- The Company shall have the right to terminate delivery of dividend vouchers by mail to a certain holder of overseas-listed foreign-invested shares, however, the Company shall only exercise such right after the dividend vouchers have not been cashed for two consecutive times. The said right may also be exercised if the vouchers failed to be served to the recipient for the first time and was returned.
- Article 214**      The profit distribution policies, decision making procedures and mechanism of the Company are as follows:
- (1) The principle for profit distribution: The Company implements continuous and stable profit distribution policies which lay emphasis on bringing reasonable investment returns for the investors and maintaining sustainable development of the Company.

- (2) Means of profit distribution and the interval: The Company may distribute its profit by means of cash, shares or a combination of cash and shares. If the Company satisfies the conditions for cash dividends, priority should be given to profit distribution by means of cash dividends.

The Company makes a profit distribution each year in principle, and the Board may propose to distribute interim cash dividends under the circumstances of the Company.

- (3) Specific conditions and ratios of cash dividend: Under the circumstances that the profit of the year and the accumulated undistributed profit are both positive, the cash dividends for the year of the Company should not be less than 10% of the distributable profit realized for the year in principle if the Company does not have any major investment plans or incur any significant cash expenses. The specific plan for distribution shall be decided by the shareholders' general meeting according to the Company's actual operation status of the year.

The Board shall comprehensively take account of the features of the industry where the Company operates, its stage of development, its own business model, and profitability and the factors such as whether there is significant capital expenditure arrangement in distinguishing the following situations and form different cash dividend distribution proposals:

- (1) If the Company is at the mature stage of development and has no significant capital expenditure arrangement, the proportion of cash dividends shall be at least 80% in the profit distribution;
- (2) If the Company is at the mature stage of development and has significant capital expenditure arrangement, the proportion of cash dividends shall be at least 40% in the profit distribution;
- (3) If the Company is at the growth stage and has significant capital expenditure arrangement, the proportion of cash dividends shall be at least 20% in the profit distribution.

If it is difficult to distinguish the Company's stage of development but there is significant capital expenditure arrangement, the profit distribution may be dealt with pursuant to the rules applied in the previous distribution.

- (4) Specific conditions for distribution of dividend in shares: The Company mainly adopts cash dividends as its profit distribution policies. If the revenue of the Company is growing rapidly and the Board considers that the Company's share price does not match the size of its share capital, and the distribution of dividends in shares would be in the interests of all shareholders of the Company as a whole, the Company may propose and implement a proposal on distribution of dividends in shares provided that the above conditions for distributing cash dividends have been satisfied.
- (5) Mechanism and procedures for decision making on profit distribution: The Board shall propose a reasonable dividend distribution proposal and plan based on profitability, capital needs, and the shareholders' return plan of the Company. The proposal for profit distribution of the Company is formulated by the Board and, upon consideration and approval by the Board, shall be proposed at the general meeting for approval. When considering the annual profit distribution proposal at the annual general meeting of the Company, the conditions, proportion caps and amount caps of interim cash distribution for the coming year can also be considered and approved. The upper cap of interim profit distribution for the coming year as considered at the annual general meeting shall not exceed the net profit attributable to shareholders of the Company for the respective period. The Board shall formulate specific interim profit distribution proposal based on the resolution of the general meeting upon fulfillment of profit distribution conditions.

The Board should fully consider the opinions of the Independent Non-Executive Directors and public investors in formulating the proposal for profit distribution. Independent Non-Executive Directors may collect the opinions of small and medium shareholders and prepare a dividend distribution proposal and submit it directly to the Board for consideration and approval. Independent Non-Executive Directors can express their independent opinions if they are in view that the specific cash distribution proposal may undermine the interests of the Company or minority shareholders. If the Board does not accept or fully accept the opinions of Independent Non-Executive Directors, the Board shall record the opinions of Independent Non-Executive Directors and specific reasons for not accepting such opinions under the Board resolution, and make relevant disclosures.

If the Company is able to pay cash dividends and the Board of the Company does not prepare a cash dividend proposal, the Board shall specify the reason for non-payment of cash dividends, the consistency between such reason and the actual circumstances and the use and proceeds of the funds retained by the Company not distributed as dividends.

If the Company is able to pay dividends and the Board of the Company does not prepare a cash dividend proposal, the Company shall perform its information disclosure obligation in accordance with the procedure as mentioned above.

- (6) Adjustments in and amendments to profit distribution policies: The Company shall strictly implement its cash dividend policy as required in these Articles of Association and the specific cash dividend proposal as considered and approved by the shareholders' general meeting.

If the Company adjusts the profit distribution policies due to material changes in external business environment or its own operation conditions, it should justify the adjustments in detail which, upon consideration of the Board, shall be proposed at the general meeting for approvals by way of special resolutions.

The resolution on adjustments in cash dividend policy is formulated by the Board. The adjusted cash dividend policy, upon consideration and approval by the Board, shall be proposed at the general meeting for approval and shall be implemented upon being passed by at least two-thirds (2/3) of the voting rights held by the shareholders attending the shareholders' general meeting.

- (7) Mechanism for dividend supervision: The Audit Committee shall supervise the implementation of the profit distribution policies and the shareholders' return plan of the Company by the Board and the management and their decision making procedures.

The Board and the shareholders' general meeting of the Company should fully consider the opinions of Independent Non-Executive Directors and small and medium investors in making decision on and justifying the profit distribution policy. When the specific cash dividend proposal is considered at the shareholders' general meeting, the shareholders' general meeting should proactively communicate and exchange ideas through multiple channels, including but not limited to setting up hotlines and investor relations mail box, with shareholders, and the small and medium shareholders in particular, and fully listen to the demands of small and medium shareholders.

- (8) Other matters: In case of the misappropriation of company funds by the shareholders, the Company shall deduct the cash dividends distributed to such Shareholders, in order to repay the funds misappropriated.

## **Section 2 Internal Auditing**

- Article 215** The Company shall establish an internal control system to regulate the operation and management activities of the Company, strengthen the management and construction of the Company, enhance the level of risk management of the Company and protect the legitimate interests of shareholders.
- Article 216** The Company shall implement an internal audit system which clarifies the leadership system, duties and powers, staffing, funding security, use of audit results, and accountability in relation to internal audit work. The internal audit system of the Company shall be implemented upon approval by the Board and disclosed to the public.
- Article 217** The internal audit organization of the Company shall supervise and inspect the business activities, risk management, internal control, financial information and other matters of the Company.
- Article 218** The internal audit organization is accountable to the Board.
- The internal audit organization shall be subject to the supervision and guidance of the Audit Committee in the course of its supervision and inspection of the Company's business activities, risk management, internal control and financial information. The internal audit organization shall immediately report directly to the Audit Committee upon discovery of any relevant major issues or leads.
- Article 219** The internal audit organization shall be responsible for the specific organization and implementation of the Company's internal control evaluation. The Company shall issue an annual internal control evaluation report based on the evaluation report and related information issued by the internal audit organization and reviewed by the Audit Committee.
- Article 220** When the Audit Committee communicates with external audit units such as accounting firms and national audit agencies, the internal audit organization shall proactively cooperate and provide necessary support and collaboration.
- Article 221** The audit committee shall participate in the appraisal of the person in charge of internal audit.

### **Section 3 Appointment of Public Accountants' Firms**

**Article 222** The Company shall engage independent public accountants' firms, which are qualified under the relevant regulations of the State and the location where the Company's shares are listed, to perform the tasks of auditing accounting statements, examining the interests of shareholders and other relevant consulting services. The term of engagement shall be one (1) year and eligible for reengagement.

**Article 223** The engagement and removal of the public accountants' firm by the Company shall be determined at shareholders' general meeting. The Board shall not appoint a public accountants' firm prior to the determination at shareholders' general meeting.

**Article 224** The certified public accountants' firm engaged by the Company shall hold office from the conclusion of the current annual general meeting at which the appointment is made until the conclusion of the next annual general meeting. The Company shall not remove the certified public accountants' firm prior to the expiry of the term of appointment without an approval obtained in a general meeting.

**Article 225** The Company's engagement of, removal or and non-reappointment of a certified public accountants' firm shall be determined by shareholders in a general meeting. The Board cannot appoint a certified public accountants' firm before decision has been made at the general meeting.

Where any resolution is intended to be passed at a shareholders' general meeting concerning the appointment of a certified public accountants' firm to fill a casual vacancy of a certified public accountants' firm or to reappoint a certified public accountants' firm which has been appointed for filling such vacancy or to remove a certified public accountants' firm before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the motion on the appointment or removal shall be sent to the firm proposed to be appointed or proposed to leave its post or the firm which has left its post in the relevant fiscal year before notice of the general meeting is given. Leaving its post shall include leaving by removal, resignation and retirement.
- (2) If the leaving accountant's 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 for a resolution to be made, state that representations have been made by the accounting' firm which is about to leave;
  2. attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in these Articles of Association.
- (3) If the firm's representations fail to be sent in accordance with paragraph (2) above, the relevant firm may require that the representations be read out at the shareholders' general meeting and further complaints may be lodged.
- (4) A certified public accountants' firm which is leaving its post shall be entitled to attend:
1. the shareholders' general meeting at which its term of office shall expire;
  2. the shareholders' general meeting for filling the vacancy caused by its dismissal;
  3. the shareholders' general meeting convened for its resignation;

The leaving certified public accountants' firm shall be entitled to receive the notices of, or other communications relating to, all such meetings, and to speak at any such meeting in relation to matters concerning its role as the former certified public accountants' firm of the Company.

#### **Article 226**

The certified public accountants' firm engaged by the Company shall have the following rights:

- (1) the right to inspect at any time the books, records and vouchers of the Company, and to require the Directors and senior management members of the Company to provide any relevant information and explanation thereof;
- (2) the right to require the Company to take all reasonable measures to obtain from its subsidiaries such information and explanations as are necessary for the performance of duties by such public accountants' firm;
- (3) the right to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to be heard at any shareholders' general meeting in relation to matters concerning its role as the public accountants' firm of the Company.

- Article 227** The Company shall guarantee that the accounting evidence, accounting books, financial reports and other accounting information provided to the public accountants' firm it engages are true and complete and it shall neither refuse or withhold any such information nor provide any false information.
- Article 228** The remuneration of a certified public accountants' firm or the manner in which such remuneration is determined shall be decided by the shareholders in general meeting. The remuneration of a certified public accountants' firm engaged by the Board shall be determined by the Board.
- Article 229** The shareholders in general meeting may, by ordinary resolution, dismiss a certified public accountants' firm before the expiration of its term of office, notwithstanding the terms of the contract between the Company and such firm, without prejudice to the firm's right to claim, if any, for damages in respect of such dismissal.
- Article 230** Prior to the dismissal or the non-renewal of the engagement of a certified public accountants' firm, notice of the same shall be given to the certified public accountants' firm concerned ten (10) days in advance, and such firm shall be entitled to make representation at the shareholders' general meeting at the time of voting upon the dismissal of such public accountants' firm.
- Where the certified public accountants' firm resigns from its post, it shall clarify at the shareholders' general meeting whether or not there has been any irregularities on the part of the Company.

## CHAPTER9 NOTICES AND ANNOUNCEMENTS

### Section 1 Notices

- Article 231** The notices of the Company can be issued by the following means:
- (1) by hand;
  - (2) by mail;
  - (3) by facsimile or electronic mail;
  - (4) in compliance with the law, administrative regulations and Listing Rules, by issuing on websites designated by the Company and the SEHK;
  - (5) by public announcements;
  - (6) by other means agreed in advance between the Company and the recipient or such other means approved by the recipient upon notification; or
  - (7) by any other means approved by the securities regulatory authority of the place of listing of Company's shares or prescribed in these Articles of Association.
- Article 232** Where notice issued by the Company to holders of domestic-invested shares is published by means of an announcement, each holder of domestic-invested shares shall be deemed to have received such notice once such announcement is made.
- Article 233** Notices, information or written document issued by the Company to holders of overseas-listed foreign-invested shares shall be served via means (including but not limited to email, announcement etc.) as permitted by laws, administrative regulations and requirements of the securities regulatory authority of the location where the Company's shares are listed.
- Notwithstanding the above requirements, H shareholders can request the Company to deliver the printed version of the above documents by post.
- For joint holders of shares, the Company is only required to serve or mail notices, information or other documents to one of the joint holders.
- Article 234** Shareholders of overseas-listed foreign-invested shares, who fail to provide a registered address or who fail to be contacted due to wrong address or omissions in the address, shall be deemed to have received such notice if the Company exhibits such notice at the legal address of the Company and maintains it for twenty-four (24) hours.

- Article 235** Notices for the convening shareholders' general meetings by the Company shall be given in the form of announcement.
- Article 236** Notices for the convening Board meetings by the Company shall be served by hand, post, facsimile, e-mail, phone or other verbal means.
- Article 237** Where a notice is served by hand, the addressee shall sign his/her name (or affix his/her chop) on the receipt, and the date on which the addressee signs the receipt shall be the date of service; where the notice is delivered by post, the date of service shall be deemed to be the third working days after the date of deposit at the post office; where the notice is delivered in the form of announcement, the date of service is the date when such announcement is first published.

## **Section 2 Announcements**

- Article 238** Unless the context otherwise requires, any reference to an "announcement" in these Articles of Association shall:
- In respect of an announcement to be issued to holders of domestic-invested shares or required to be issued in the PRC pursuant to relevant regulations and these Articles of Association, mean an announcement to be published in such newspapers in the PRC as may be specified or suggested by local laws, administrative regulations or the relevant securities regulatory authority;
- In respect of an announcement to be issued to holders of overseas-listed foreign-invested shares or required to be issued in Hong Kong or other countries or regions to holders of overseas-listed foreign-invested shares pursuant to relevant regulations and these Articles of Association, mean an announcement required to be published on specified websites or newspapers required by the laws and regulations of the relevant country or region (for the purpose of the Listing Rules, including announcements published by the Company on the Company's website or the website of SEHK).
- Article 239** The Company shall not disclose information in other public media in advance of the specified newspapers and specified websites, and shall not replace announcements by the Company by means of press conferences or answering questions from reporters.
- The Board is entitled to adjust the newspapers in which the Company discloses information, but shall ensure that the specified newspaper for information disclosure is in compliance with relevant laws, rules and regulations and the qualifications and conditions stipulated by the CSRC, foreign regulatory authorities and domestic and foreign stock exchanges.

## **CHAPTER 10 MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION**

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

**Article 240** In the event of the merger or division of the Company, a proposal shall be proposed by the Board of the Company and approved in accordance with the procedures stipulated in these Articles of Association and the relevant examination and approval formalities be completed as required by law. Shareholders who oppose the proposal of merger or division of the Company may request the Company to acquire their shares at a reasonable price. A special document of the Company's resolution on the merger or division of the Company shall be prepared for inspection by the shareholders.

The aforesaid document shall also be served to H shareholders in accordance to the provision of Chapter 9 of these Articles of Association.

**Article 241** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

Merger by absorption shall mean the absorption by one company of other company(ies) in which case the absorbed company(ies) shall be dissolved. Merger by new establishment shall mean the merger of two or more companies to form a new company, in which case the parties to the merger shall be dissolved.

**Article 242** Where the consideration of the merger of the Company does not exceed ten percent (10%) of the net assets of the Company, it is not subject to a resolution of the shareholders' general meeting, except as otherwise provided in these Articles of Association and the relevant regulatory requirements of the location where the Company's shares are listed.

Where the merger of the Company is not subject to a resolution of the shareholders' general meeting in accordance with the provisions of the preceding paragraph, it shall be subject to a resolution of the Board.

- Article 243** In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's passing a resolution on the merger, and shall make announcements on newspaper or through the National Enterprise Credit Information Publicity System within thirty (30) days from the date of the Company's resolution on merger. Creditors may, within thirty (30) days upon receipt of such notice from the Company, or within forty-five (45) days from the date of the newspapers announcement for those who do not receive such notice, demand that the Company repay their debts to such creditors or provide a corresponding guarantee for such debts.
- Article 244** After the merger of the Company, claims and liabilities of parties to the merger shall be succeeded by the continuing company or the newly established company.
- Article 245** When the Company is divided, its assets shall be split up accordingly.
- In the event of a division of the Company, balance sheets and inventory of assets shall be prepared. The Company shall notify its creditors within ten (10) days from the date of the Company's passing resolution on division, and shall make announcements on newspaper or National Enterprise Credit Information Publicity System within thirty (30) days from the date of the Company's passing resolution on division.
- Article 246** Unless otherwise agreed by the Company and creditors on settlement of liabilities in writing prior to the division, debts incurred by the Company before its division shall be joint and severally borne by the companies after the division.
- Article 247** When reducing its registered capital, the Company shall notify its creditors within ten (10) days from the passing of the resolution on the reduction of registered capital at the shareholders' general meeting and shall publish an announcement in the newspapers or the National Enterprise Credit Information Publicity System within thirty (30) days. Creditors have the right to request the Company to repay its debts or provide guarantee within thirty (30) days from the date of receipt of the notice, or within forty-five (45) days from the date of the announcement for those who did not receive such notice.
- When the Company reduces its registered capital, it shall reduce its capital contribution or shares in proportion to the shares held by shareholders, except as otherwise provided by law or these Articles of Association.

**Article 248**

If the Company still has losses after making up for them in accordance with the provisions of the second paragraph of Article 209 of these Articles of Association, it may reduce its registered capital to make up losses. Where the registered capital is reduced to make up losses, the Company shall not make distributions to shareholders, nor shall it exempt shareholders from their obligations to make capital contributions or pay for shares.

The provisions of the second paragraph of Article 25 of these Articles of Association shall not apply to the reduction of the registered capital in accordance with the preceding article but the Company shall publish an announcement in newspapers, which meet the conditions prescribed by the securities regulatory authority of the location where the Company's shares are listed, or the National Enterprise Credit Information Publicity System within thirty (30) days from the date of the resolution on the reduction of its registered capital at the shareholders' general meeting.

After reducing its registered capital in accordance with the provisions of the preceding two paragraphs, the Company shall not distribute profits until the cumulative amount of its statutory reserve fund and discretionary reserve fund reaches fifty percent (50%) of its registered capital.

**Article 249**

Where the registered capital is reduced in violation of the Company Law and other relevant regulations, the shareholders shall return the funds they have received. Where the capital contributions of the shareholders are reduced or exempted, it shall be restored to the original state. If losses are caused to the Company, the shareholders and the directors and senior management personnel who are responsible shall bear the liability for compensation.

**Article 250**

When the Company issues new shares to increase its registered capital, the shareholders do not have the pre-emption right to subscribe, except as otherwise provided by these Articles of Association, or the relevant regulatory requirements of the location where the Company's shares are listed, or as determined by the resolution of the shareholders' general meeting that shareholders have the pre-emption right.

**Article 251**

When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, establishment of the company shall be registered in accordance with the law.

When the Company increases or reduces its registered capital, such changes shall be registered with the company registration authority in accordance with law.

## **Section 2   Dissolution and Liquidation**

### **Article 252**

The Company shall be dissolved upon the following reasons:

- (1) the term of operation of the Company prescribed in these Articles of Association has expired, or other causes for dissolution as stipulated in these Articles of Association occur;
- (2) a resolution on dissolution is passed by shareholders at a general meeting;
- (3) dissolution is necessary due to a merger or division of the Company;
- (4) the Company's business license is revoked or the Company is ordered to close down or cancelled according to the law;
- (5) the dissolution is requested by the People's court in accordance with the Company Law.

If the Company is dissolved upon the reasons stipulated in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten (10) days.

### **Article 253**

In the event of the circumstances stipulated in subparagraphs (1) and (2) of Article 252 and that the assets have not been distributed to the shareholders, the Company may continue its operation by amendment of these Articles and Association or by way of resolution at the shareholders' general meeting.

Amendments made to these Articles of Association according to the preceding paragraph or by way of resolution at the shareholders' general meeting shall be passed by at least two-thirds (2/3) of the voting rights held by the shareholders attending the shareholders' general meeting.

### **Article 254**

Where the Company is dissolved under subparagraphs (1), (2), (4) and (5) of Article 252, it shall be liquidated. The Directors, who are the liquidation obligors of the Company, shall set up a liquidation committee within fifteen (15) days from the date when the event of dissolution occurs.

The liquidation committee shall be composed of the Directors, unless it is otherwise provided for in these Articles of Association or otherwise elected by the shareholders' general meeting.

If the liquidation obligors fail to fulfill their obligations of liquidation in a timely manner, thereby causing any loss to the Company or the creditors, they shall be liable for compensation.

**Article 255**

During the liquidation period, the liquidation committee shall exercise the following functions and duties:

- (1) to clear the Company's assets and separately prepare a balance sheet and an inventory of assets;
- (2) to notify creditors by sending a notice or by making an announcement;
- (3) to distribute and settle the Company's outstanding business in relation to the liquidation;
- (4) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (5) to clear all claims and debts;
- (6) to distribute the remaining assets of the Company after the full settlement of debts;
- (7) to represent the Company in any civil proceedings.

**Article 256**

The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and make newspaper announcement on newspaper or National Enterprise Credit Information Publicity System within sixty (60) days from such date. Creditors should, within thirty (30) days upon receipt of the notice, or for those who have not received the notice, within forty-five (45) days from the date of the announcement, declare their claims to the liquidation committee.

When declaring claims, creditors shall state relevant particulars of their claims and provide supporting materials. The liquidation committee shall register the claims.

During the period of declaration of claims, the liquidation committee shall not repay any debt to the creditors.

**Article 257**

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 submit the same to a shareholders' general meeting or the People's court for confirmation.

The assets of the Company shall be applied for liquidation in the order of liquidation costs payable, outstanding salaries and social insurances costs and statutory compensation payable to the staff, outstanding taxes payable, debts payable by the Company. The remaining assets shall be distributed to shareholders in proportion to their respective shareholdings.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities not relating to liquidation. The assets of the Company shall not be distributed to the shareholders before the full settlement of debts in accordance with the provisions of the preceding paragraph.

**Article 258** If the liquidation committee, after clearing the Company's assets and preparing a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to repay its debts, it shall apply to the People's court for bankruptcy liquidation.

After filing for bankruptcy has been accepted by the People's Court, the liquidation committee shall transfer the liquidation matters to the bankruptcy administrator designated by the People's court.

**Article 259** Following the completion of liquidation of the Company, the liquidation committee shall prepare a report on liquidation for submission to the shareholders' general meeting or relevant competent legal court for confirmation, submit the same to the company registration authority and apply for cancellation of registration of the Company.

**Article 260** Members of the liquidation committee shall perform their liquidation obligation and hold fiduciary and diligence obligations.

If members of the liquidation committee neglect to perform their liquidation duties and cause loss to the Company, such members shall be liable for compensation. If members of the liquidation committee cause loss to the Company or its creditors, either willfully or due to gross negligence, such members shall be liable for compensation.

**Article 261** In the event that the Company is declared bankrupt according to law, insolvency liquidation shall be performed pursuant to the relevant law on business bankruptcy.

## **CHAPTER 11   AMENDMENT OF ARTICLES OF ASSOCIATION OF THE COMPANY**

**Article 262**            The Company shall amend these Articles of Association under any of the following circumstances:

- (1) there is a discrepancy between the provisions of these Articles of Association and those of the Company Law or relevant laws and administrative regulations upon amendments thereto;
- (2) there are changes in the situation of the Company, resulting in inconsistencies in relation to the details mentioned in the Articles of Association;
- (3) the shareholders' general meeting determines to amend the Articles of Association.

**Article 263**            The shareholders' general meeting may confer the following rights to the Board of the Company through an ordinary resolution:

- (1) where the Company increases the registered capital, the Board of the Company has the right to amend the contents of these Articles of Association relating to the registered capital of the Company according to the specific circumstances;
- (2) where a change in the sequence of the written words or provisions is required when the Articles of Association approved by the general meeting is submitted to the authority authorized by the State council for examination and approval, the Board of the Company shall have the right to make the corresponding amendments in accordance with the requirements of the securities regulatory authority under the State Council.

The Board may amend these Articles of Association in accordance with the resolution on amendments to these Articles of Association passed at the shareholders' general meeting and the approval opinions of the relevant competent authorities.

**Article 264**            Any amendment to these Articles of Association relating to the registered particulars of the Company shall be registered for the change with the company registration authority in accordance with the laws.

**Article 265**            Any amendment to these Articles of Association shall be subject to announcement if disclosure of the same required by the laws and administrative regulations.

## CHAPTER 12 BY-LAWS

### Article 266

#### Definitions

- (1) Controlling Shareholders, refers to the person defined in Article 60 of these Articles of Association.
- (2) De facto Controller, refers to the natural persons, legal persons or organizations who are able to exercise de facto control over the acts of the Company by an investment relationship, agreement or other arrangements.
- (3) Connected Relationship, refers to the relationship between the controlling shareholders, de facto controller, Directors and senior management members of the Company and the enterprise directly or indirectly controlled thereby, any other relationship that may lead to the transfer of any interests of the Company and relationship with the related party and connected person as defined under the relevant listing rules of places where the shares of the Company are listed on. However, enterprises controlled by the State do not have a connected relationship with each another although they are under the common control of the State.
- (4) Controlled Subsidiaries, refers to subsidiaries in which the Company holds fifty percent (50%) or more of its shares, or is able to determine half or more of its Board members, or is able to exercise de facto control thereof through agreements or other arrangements.
- (5) Daily Operations, refers to acts of the Company and its controlled Subsidiaries, in the attempt to realize its business purposes, conducted within its scope of operation, including the purchase and sale of products and services and the receipt and payment of relevant amounts, bank loans extended within the approved limit and the relevant settlements and other acts which are substantially within the scope of ordinary business and operation of the Company.
- (6) Asset Disposal, refers to acts including (but not limited to) purchase or sale of assets and businesses, appointing or being appointed of management of assets and businesses, donating (including external donations) or receiving assets as a gift, lease in or rental of assets, making investment in establishing legal person entities or purchasing legal person entities or subscribing shares issued by legal person entities, entrusted financing.

- (7) Material Asset Disposal, refers to the asset disposals which shall be submit to shareholders' general meetings for review as required by the provision of the law, administrative regulations, departmental rules, relevant regulations of the securities regulatory authorities of the location where the Company's shares are listed and these Articles of Association.
- (8) External Guarantee, refers to the act when the Company and its controlled subsidiaries providing external guarantees with its creditworthiness pursuant to the provisions of the Civil Code of the People's Republic of China, or external mortgages of its assets pursuant to the provisions of the Civil Code of the People's Republic of China, or external pledges of its tangible assets or rights pursuant to the provisions of the Civil Code of the People's Republic of China, undertakes to the creditors or beneficiary in the event of default of the debtor to repay his debts in accordance with the contracts, the guarantor shall have the obligation to perform such repayment, which shall include the guarantees provided by the Company to others, guarantees provided by the Company to its controlled subsidiaries, guarantees provided by controlled subsidiaries to other controlled subsidiaries (except their controlling shareholders).
- (9) The audited financial indicators used as referencing standards within these Articles of Association shall refer to the calibers of the consolidated statements.

**Article 267** The Board may, pursuant to the provisions of these Articles of Association, formulate the memorandum of association. The memorandum of association shall not be in conflict with the provisions of these Articles of Association.

**Article 268** These Articles of Association shall be written in Chinese, in the event of discrepancy between these Articles of Association and those of other language or different versions, the Chinese version of the articles of association latest approved and registered by the Shanghai Administration for Market Regulation shall prevail.

**Article 269** In these Articles of Association, the terms "more than" and "within" shall include the figure itself, while "no more than", "over", "no less than", "below", "above", "exceeding", "more than half" do not include the figure itself.

**Article 270** The reference of "accountants' firm" shall have the same meaning as "auditors" in these Articles of Association.

**Article 271** The right of interpretation of these Articles of Association shall be vested in the Board of the Company, and the right of making amendments shall be vested in the shareholders' general meeting.

**Article 272**

Matters not covered in the Articles of Association shall be executed in accordance with the Company Law, the Securities Law and rules of securities regulatory authorities of the location where the Company's shares are listed effective from time to time.

These Articles of Association are amended from time to time based on the amendments to relevant laws, administrative regulations, departmental regulations, and the requirements of the securities regulatory authorities of the locations where the Company's shares are listed. If these Articles of Association are in conflict with relevant laws, administrative regulations, departmental regulations and the requirements of the securities regulatory authorities of the location where the shares of the Company are listed, such laws, administrative regulations, departmental regulations and the requirements of the securities regulatory authorities of the locations where the shares of the Company are listed shall prevail.

**Shanghai Fosun Pharmaceutical (Group) Co., Ltd.**

24 June 2025