

**ARTICLES OF ASSOCIATION  
OF  
REMEGEN CO., LTD.**

RemeGen Co., Ltd.  
May 2020

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** In order to protect the legal interests of the Company, its shareholders and creditors and to regulate the organization and activities of the Company, the Articles of Association are formulated in accordance with the Company Law of the People's Republic of China (中華人民共和國公司法) (the “**Company Law**”), the Securities Law of the People's Republic of China, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定)(the “**Special Provisions**”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款), the Letter of the Opinion on the Supplemental Amendments to the Articles of Association of Companies to be Listed in Hong Kong jointly promulgated by the overseas listing department of the China Securities Regulatory Commission (the “**CSRC**”) and the production system department of the former State Commission for Restructuring the Economic System, the Opinions on Further Assistance in Regulated Operation and In-depth Reform of Companies Listed outside the PRC, the Reply of the State Council on the Adjustment to the Provisions of the Notice Period for Convening the General Meeting and Other Matters Applicable to the Overseas Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), and other relevant provisions of laws, regulations and regulatory documents.

**Article 2** The Company is a joint stock limited company (the “**Company**”) established in accordance with the Company Law, the Special Provisions and other relevant provisions.

RemeGen Co., Ltd. was established on 4 July 2008. The Company was established by means of promotion based on the change of RemeGen Co., Ltd. into a joint stock limited company as a whole under the laws of the PRC, and was registered with the Administration for Industry and Commerce of Yantai Economic and Technological Development Area (煙台經濟技術開發區市場監督管理局) on 12 May 2020 and obtained a business license. The Company's unified social credit code is 91370600676820877R. All the shareholders of the former RemeGen Co., Ltd. are the founders of the Company as follows: Yantai Rongda Venture Capital Center (Limited Partnership) (煙台榮達創業投資中心(有限合夥)), I-NOVA Limited, Fang Jianmin, Fund for the transformation of National Science and Technology Major Project (國投(上海)科技成果轉化創業投資基金企業(有限合夥)), PAG Growth Prosperity Holding I (HK) Limited, Yantai Rongqian Enterprise Management Center (Limited Partnership) (煙台榮謙企業管理中心(有限合夥)), Yantai Rongyi Enterprise Management Center (Limited Partnership) (煙台榮益企業管理中心(有限合夥)), Wholly Sunbeam Limited, Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司), RongChang Holding Group LTD., RC- Biology Investment Ltd, Yantai Rongshi Enterprise Management Center (Limited Partnership) (煙台榮實企業管理中心(有限合夥)), Metroplus International Limited, SDIC Chuanghe National Leading Fund of Emerging Industries VC (Limited Partnership) (國投創合國家新興產業創業投資引導基金(有限合夥)), Beijing Lapam Healthcare Investment Center LLP (北京龍磐健康醫療投資中心(有限合夥)), LBC Sunshine Healthcare Fund L.P., LAV Remegen Limited, Vivo Capital Fund IX, L.P., Lu Thai Textile Co., Ltd. (魯泰紡織股份有限公司), Janchor Partners Pan-Asian Master Fund, TIBET Lapam

Yijing Venture Capital Center LLP (西藏龍磐怡景創業投資中心(有限合夥)), Nanjing Huatai Healthcare Investment I LLP (南京華泰大健康一號股權投資合夥企業(有限合夥)), Shandong Jifu Jingu New Kinetic Energy Equity Investment Fund Partnership (Limited Partnership) (山東吉富金谷新動能股權投資基金合夥企業(有限合夥)), Suzhou Likang Equity Investment Center (Limited Partnership) (蘇州禮康股權投資中心(有限合夥)), Hangzhou Chuanghe Select Venture Capital (Limited Partnership) (杭州創合精選創業投資合夥企業(有限合夥)), Weihai Luxin Fuwei Equity Investment Fund Partnership(Limited Partnership) (威海魯信福威股權投資基金合夥企業(有限合夥)), Govtor Capital Co., Ltd. (江蘇高科技投資集團有限公司), Jiangsu International Trust Corporation Limited (江蘇省國際信託有限責任公司), MINTU Infrastructure Development Holdings Co., Limited, ORBIMED PARTNERS MASTER FUND LIMITED, Small Medium Enterprises Development Fund (Shenzhen) LLP(中小企業發展基金(深圳有限合夥)), Yantai Rongjian Enterprise Management Center (Limited Partnership) (煙台榮建企業管理中心(有限合夥)), Yan Tai Hong Da Investment Limited (煙台鴻大投資有限公司), Yantai Economic Development Investment Company (煙台市經濟發展投資公司), Hudson Bay Master Fund LTD, PAG Growth Holding IV(HK) Limited, Suzhou Lirui Equity Investment Center (Limited Partnership) (蘇州禮瑞股權投資中心(有限合夥)), Senming Capital Limited, CRF Investment Holdings Company Limited, Shanghai Tan Ying Investment Partnership(L.P.) (上海檀英投資合夥企業(有限合夥)), ORBIMED GENESIS MASTER FUND, L.P., Nanjing Huatai Healthcare Investment II LLP (南京華泰大健康二號股權投資合夥企業(有限合夥)), Nanjing Daoan Management Center GP(南京道安企業管理中心(普通合夥)).

**Article 3** The Chinese name of the Company: 榮昌生物製藥(煙台)股份有限公司

English name: RemeGen Co., Ltd.

Domicile: No. 58 Middle Beijing Road, Yantai Development Zone, Yantai, China (Shandong) Pilot Free Trade Zone

Postcode: 264006

**Article 4** The Company is a joint stock limited company with perpetual existence.

**Article 5** The legal representative of the Company is the chairman of the Board of the Company.

**Article 6** All assets of the Company shall be divided into shares of equal value. Shareholders bear responsibilities to the Company to the extent of the number of the shares they subscribe. The Company bears responsibilities for its debts with all its assets.

**Article 7** The Articles of Association shall be a legally binding public document that regulates the Company's organization and activities, the rights and obligations between the Company and its shareholders as well as among the shareholders from the date on which it takes effect.

**Article 8** The Articles of Association shall be binding to the Company, its shareholders, directors, supervisors and senior management members. The aforesaid personnel shall all have the right to propose claims concerning the affairs of the Company in accordance with the Articles of Association.

Pursuant to the Articles of Association, the shareholders may pursue actions against other shareholders, the shareholders may pursue actions against the directors, supervisors, general manager and other senior management members of the Company, the shareholders may pursue actions against the Company and the Company may pursue actions against its shareholders, directors, supervisors, general manager and other senior management.

The actions, as referred to in the preceding paragraph, include the instituting of legal proceedings with a court or filing with an arbitral authority for arbitration.

**Article 9** To the extent permitted by laws and regulations, the Company may invest in other limited liability companies or joint stock limited companies and shall be held responsible for the companies invested by the Company to the extent of the capital contribution made by it.

**Article 10** “Senior management members” referred to in the Articles of Association include general manager, president, deputy president, chief medical officer, chief financial officer and the secretary to the Board of the Company.

## **CHAPTER 2 BUSINESS OBJECTIVES AND SCOPE**

**Article 11** The business objective of the Company: to introduce advanced management technologies, to reach the domestic and international advanced level, and to achieve satisfactory economic benefits for all parties of the joint venture.

**Article 12** Upon registration according to the law, the Company’s business scope is as follows: research and development, production and sales of pharmaceutical products, diagnostic reagent products, and engaging in the technical services related to the above products and their research and development, technology transfer, import or export of goods or technologies (except for those prohibited or required administrative approval by the State). (The projects requiring approvals according to the law can be carried out only after being approved by the relevant authorities)

## CHAPTER 3 SHARE

### Section 1 Issuance of Shares

**Article 13** The stock of the Company shall take the form of shares.

**Article 14** The Company shall issue shares in a transparent, fair and just manner, and each share of the same category shall have the same right.

All shares of the same category issued at the same time shall be issued under the same conditions and at the same price; any entity or individual shall pay the same price for each share.

The domestic shares and overseas listed foreign shares issued by the Company shall enjoy equal rights in the distribution of dividend or distribution in any other form. No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person who is interested directly or indirectly therein have failed to disclose his/her interests to the Company.

**Article 15** All shares issued by the Company shall have a par value and shall be denominated in RMB with each share having a par value of RMB1.00.

The Company shall have ordinary shares at all times. With the approval of authority authorized by the State Council, the Company may have other forms of shares when needed.

**Article 16** The Company may offer its shares to both domestic and foreign investors with the approval of the relevant securities regulatory authority under the State Council.

Foreign investors referred to in the preceding paragraph shall mean those investors in foreign countries, Hong Kong Special Administration Region (“**Hong Kong**”) of the People’s Republic of China (the “**PRC**”), Macau Special Administration Region or Taiwan who subscribe for shares issued by the Company. Domestic investors shall mean those investors in the PRC, excluding the aforementioned regions, who subscribe for shares issued by the Company.

**Article 17** Shares that the Company issues to domestic investors for subscription in RMB shall be known as domestic shares. Shares that the Company issues to foreign investors for subscription in foreign currencies shall be known as foreign shares. Foreign shares offered and listed overseas shall be known as overseas listed foreign shares.

Shares listed on an overseas stock exchange upon approval by the department authorized by the State Council and by the overseas securities regulatory authority shall be collectively known as overseas listed shares.

The foreign shares issued by the Company and listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) are known in abbreviation as “H Shares”. These are shares which have been approved for listing on the Hong Kong Stock Exchange, have a par value denominated in RMB, and are subscribed to and traded in foreign currencies.

Foreign currencies referred to in the preceding paragraph mean the lawful currencies, other than RMB, of other countries or regions, which are recognized by the foreign exchange authority of the State and can be used to pay to the Company for the shares.

To the extent as permitted by relevant law, administrative regulations and department rules, shareholders of the Company may list the unlisted shares they hold on an overseas stock exchange upon approval by the regulatory authorities such as securities regulatory authority under the State Council. Listing of the aforesaid shares on an overseas stock exchange shall also comply with the regulatory procedure, regulations and requirements of the overseas securities market.

Before the initial public offering of overseas listed foreign shares, the share capital of the Company was RMB401,819,202, and the total number of shares was 401,819,202 shares, all of which are ordinary shares. The equity structure is listed as follows:

No.	Name of Shareholder	Number of shares held (0'000 shares)	Percentage of shareholding	Method of capital contribution	Time of capital contribution
1	Yantai Rongda Venture Capital Center (Limited Partnership) (煙台榮達創業投資中心(有限合夥))	10,238.1891	25.48%	By conversion of net assets into shares	March 31, 2020
2	RongChang Holding Group LTD.	1,168.3725	2.91%	By conversion of net assets into shares	March 31, 2020
3	Yantai Rongqian Enterprise Management Center (Limited Partnership) (煙台榮謙企業管理中心(有限合夥))	1,850.7388	4.61%	By conversion of net assets into shares	March 31, 2020
4	Yantai Rongshi Enterprise Management Center (Limited Partnership) (煙台榮實企業管理中心(有限合夥))	919.0203	2.29%	By conversion of net assets into shares	March 31, 2020
5	Yantai Rongyi Enterprise Management Center (Limited Partnership) (煙台榮益企業管理中心(有限合夥))	1,663.0337	4.14%	By conversion of net assets into shares	March 31, 2020
6	Yantai Rongjian Enterprise Management Center (Limited Partnership) (煙台榮建企業管理中心(有限合夥))	216.3655	0.54%	By conversion of net assets into shares	March 31, 2020
7	RC-Biology Investment Ltd	1,081.8262	2.69%	By conversion of net assets into shares	March 31, 2020
8	Fang Jianmin	2,621.8320	6.52%	By conversion of net assets into shares	March 31, 2020
9	I-NOVA Limited	3,960.0000	9.86%	By conversion of net assets into shares	March 31, 2020
10	Yantai Economic Development Investment Company (煙台市經濟發展投資公司)	206.0663	0.51%	By conversion of net assets into shares	March 31, 2020
11	Wholly Sunbeam Limited	1,569.3711	3.91%	By conversion of net assets into shares	March 31, 2020
12	Yan Tai Hong Da Investment Limited (煙台鴻大投資有限公司)	217.4603	0.54%	By conversion of net assets into shares	March 31, 2020

No.	Name of Shareholder	Number of shares held (0'000 shares)	Percentage of shareholding	Method of capital contribution	Time of capital contribution
13	Metroplus International Limited	785.5771	1.96%	By conversion of net assets into shares	March 31, 2020
14	Govtor Capital Co., Ltd. (江蘇高科技投資集團有限公司)	262.4263	0.65%	By conversion of net assets into shares	March 31, 2020
15	Jiangsu International Trust Corporation Limited (江蘇省國際信託有限責任公司)	239.1734	0.59%	By conversion of net assets into shares	March 31, 2020
16	MINTU Infrastructure Development Holdings Co., Limited (民圖基礎設施發展控股有限公司)	232.5294	0.58%	By conversion of net assets into shares	March 31, 2020
17	Lu Thai Textile Co., Ltd. (魯泰紡織股份有限公司)	421.8265	1.05%	By conversion of net assets into shares	March 31, 2020
18	SDIC Chuanghe National Leading Fund of Emerging Industries VC (Limited Partnership) (國投創合國家新興產業創業投資引導基金(有限合夥))	753.8084	1.88%	By conversion of net assets into shares	March 31, 2020
19	Beijing Lapam Healthcare Investment Center LLP (北京龍磐健康醫療投資中心(有限合夥))	753.8084	1.88%	By conversion of net assets into shares	March 31, 2020
20	Fund for the transformation of National Science and Technology Major Project (國投(上海)科技成果轉化創業投資基金企業(有限合夥))	2,473.2556	6.16%	By conversion of net assets into shares	March 31, 2020
21	Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司)	1,281.3478	3.19%	By conversion of net assets into shares	March 31, 2020
22	Small Medium Enterprises Development Fund (Shenzhen) LLP (中小企業發展基金(深圳有限合夥))	226.1426	0.56%	By conversion of net assets into shares	March 31, 2020
23	Senming Capital Limited	150.7616	0.37%	By conversion of net assets into shares	March 31, 2020
24	Shandong Jifu Jingu New Kinetic Energy Equity Investment Fund Partnership (Limited Partnership) (山東吉富金谷新動能股權投資基金合夥企業(有限合夥))	326.7431	0.81%	By conversion of net assets into shares	March 31, 2020
25	Nanjing Huatai Healthcare Investment I LLP (南京華泰大健康一號股權投資合夥企業(有限合夥))	347.5226	0.85%	By conversion of net assets into shares	March 31, 2020
26	Nanjing Huatai Healthcare Investment II LLP (南京華泰大健康二號股權投資合夥企業(有限合夥))	23.8110	0.06%	By conversion of net assets into shares	March 31, 2020
27	Nanjing Daoan Management Center GP (南京道安企業管理中心(普通合夥))	5.5702	0.01%	By conversion of net assets into shares	March 31, 2020



No.	Name of Shareholder	Number of shares held (0'000 shares)	Percentage of shareholding	Method of capital contribution	Time of capital contribution
28	Weihai Luxin Fuwei Equity Investment Fund Partnership (Limited Partnership) (威海魯信福威股權投資基金合夥企業(有限合夥))	263.8326	0.66%	By conversion of net assets into shares	March 31, 2020
29	PAG Growth Prosperity Holding I (HK) Limited	2,110.6602	5.25%	By conversion of net assets into shares	March 31, 2020
30	PAG Growth Holding IV (HK) Limited	200.2231	0.50%	By conversion of net assets into shares	March 31, 2020
31	TIBET Lapam Yijing Venture Capital Center LLP (西藏龍磐怡景創業投資中心(有限合夥))	385.4037	0.96%	By conversion of net assets into shares	March 31, 2020
32	Hangzhou Chuanghe Select Venture Capital (Limited Partnership) (杭州創合精選創業投資合夥企業(有限合夥))	301.5230	0.75%	By conversion of net assets into shares	March 31, 2020
33	LAV Remegen Limited	459.3351	1.14%	By conversion of net assets into shares	March 31, 2020
34	Suzhou Likang Equity Investment Center (Limited Partnership) (蘇州禮康股權投資中心(有限合夥))	306.2235	0.76%	By conversion of net assets into shares	March 31, 2020
35	Suzhou Lirui Equity Investment Center (Limited Partnership) (蘇州禮瑞股權投資中心(有限合夥))	153.1116	0.38%	By conversion of net assets into shares	March 31, 2020
36	LBC Sunshine Healthcare Fund L.P.	472.3198	1.18%	By conversion of net assets into shares	March 31, 2020
37	Janchor Partners Pan-Asian Master Fund	392.7884	0.98%	By conversion of net assets into shares	March 31, 2020
38	Hudson Bay Master Fund LTD	204.5096	0.51%	By conversion of net assets into shares	March 31, 2020
39	ORBIMED PARTNERS MASTER FUND LIMITED	233.7254	0.58%	By conversion of net assets into shares	March 31, 2020
40	ORBIMED GENESIS MASTER FUND, L.P.	58.4313	0.15%	By conversion of net assets into shares	March 31, 2020
41	Vivo Capital Fund IX, L.P.	452.8427	1.13%	By conversion of net assets into shares	March 31, 2020

No.	Name of Shareholder	Number of shares held (0'000 shares)	Percentage of shareholding	Method of capital contribution	Time of capital contribution
42	CRF Investment Holdings Company Limited	97.3856	0.24%	By conversion of net assets into shares	March 31, 2020
43	Shanghai Tan Ying Investment Partnership (L.P.) (上海檀英投資合夥企業(有限合夥))	93.0248	0.23%	By conversion of net assets into shares	March 31, 2020
<b>Total</b>		<b>40181.9202</b>	<b>100.00%</b>	-	

**Article 18** Upon completion of the initial public offering of overseas listed foreign shares, if the Over-allotment Option is not exercised, the capital structure of the Company shall comprise of: 478,356,202 ordinary shares, including 239,294,291 domestic shares, accounting for 50.02% of the total number of ordinary shares of the Company; 132,193,534 unlisted foreign shares, accounting for 27.64% of the total number of ordinary shares of the Company; and 106,868,377 H Shares, accounting for 22.34% of the total number of ordinary shares of the Company.

If the Over-allotment Option is fully exercised, the capital structure of the Company shall comprise of: 489,836,702 ordinary shares, including 239,294,291 domestic shares, accounting for 48.85% of the total number of ordinary shares of the Company; 132,193,534 unlisted foreign shares, accounting for 26.99% of the total number of ordinary shares of the Company; and 118,348,877 H Shares, accounting for 24.16% of the total number of ordinary shares of the Company.

**Article 19** The Board of the Company may make arrangement for the Company's separate issuance of overseas listed foreign shares and domestic shares according to the issue scheme approved by the securities regulatory authority under the State Council.

According to the aforesaid scheme for separate issuance of overseas listed foreign shares and domestic shares, the Company may issue the shares separately within 15 months after approval of the securities regulatory authority under the State Council.

**Article 20** If the Company separately issues overseas listed foreign shares and domestic shares within the total number specified in the issue scheme, the said shares shall be issued respectively at one time; if it is impossible for the shares to be issued at one time for special reasons, the shares may be issued in several tranches subject to the approval by the securities regulatory authorities of the State Council.

## **Section 2 Increase, Decrease and Buyback of Shares**

**Article 21** The Company may increase capital based on the needs of operation and development and in accordance with the requirements of laws and regulations and resolution on the general meeting, by way of the following:

- (I) Public offering of shares;
- (II) Non-public offering of shares;
- (III) Placement and offer of new shares to existing shareholders;
- (IV) Conversion of the reserve into share capital;
- (V) Other means stipulated by laws and administrative regulations.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by relevant national laws and administrative regulations.

**Article 22** The Company may decrease its registered capital. The Company shall decrease its registered capital pursuant to the Company Law, other relevant regulations and the Articles of Association.

**Article 23** The Company may, in the following circumstances, buy back its outstanding shares in accordance with the law, administrative regulations, department rules and requirement of this Articles of Associations:

- (I) When decreasing the registered capital of the Company;
- (II) When merging with other companies holding shares of the Company;
- (III) When shares are being used in the employee stock ownership plan or as equity incentive;
- (IV) When shareholders objecting to resolutions of the general meeting concerning merger or division of the Company require the Company to buy their shares;
- (V) When shares are being used to satisfy the conversion of corporate bonds convertible into shares issued by the Company;
- (VI) When safeguarding corporate value and shareholders' equity as the Company deems necessary;

Except for the abovementioned circumstances, the Company will not conduct any activities buying or selling its shares.

Where the Company repurchases its shares in the circumstances set out in items (I) and (II) above, it shall be subject to approval at the general meeting; where the Company repurchases its shares in the circumstances set out in items (III), (V) and (VI) above, it may be resolved by more than two-thirds of directors present at a meeting of the Board in accordance with the authorization of the general meeting.

In the event that the Company repurchases its shares in accordance with the above provisions, such Shares shall be cancelled within ten days upon such repurchase in the circumstance set out in item (I); shall be transferred or cancelled within 6 months in the circumstances set out in items (II) and (IV); the aggregate number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within three years in the circumstances set out in items (III), (V) and (VI).

Where the Company repurchases its shares, it shall perform its information disclosure obligations in accordance with laws.

**Article 24** The Company may buy back its shares in any of the following ways:

- (I) Issuing a buyback offer to all shareholders according to an equal percentage;
- (II) Buying back through the open transaction in the stock exchange;
- (III) Buying back through agreement outside the stock exchange;
- (IV) Other methods as permitted by laws and administrative regulations and approved by regulatory authorities.

**Article 25** In buying back shares through agreement outside the stock exchange, the Company shall seek prior approval at a general meeting in accordance with the Articles of Association. With prior approval at the general meeting, in the same way, the Company may cancel or change the contract already concluded in an aforesaid manner or waive any right under the contract.

The share buyback contract mentioned in the preceding paragraph includes (but is not limited to) agreement to undertake share buyback obligations and obtain share buyback rights.

The Company shall not transfer the share buyback contract or any right thereunder.

As far as the Company's right to repurchase the redeemable shares is concerned, the repurchased price shall not exceed the certain upper limit if such shares are not repurchased in the market or by bidding; whereas in the event of repurchase by bidding, relative bids must be equally issued to all its shareholders.

**Article 26** The shares so repurchased shall be cancelled or transferred within a period stipulated by relevant laws and administrative regulations. If shares were cancelled, the Company shall notify the original registration authority and apply to change its registered capital.

The aggregate par value of the cancelled shares shall be reduced from the registered capital of the Company.

**Article 27** Unless the Company is under liquidation, the Company shall observe the following regulations when buying back its outstanding shares:

- (I) If the Company buys back shares at par value, the payment shall be deducted from the book balance of distributable profit of the Company and the proceeds from the issuance of new shares for buying back old shares;
- (II) If the Company buys back shares above par value, the part equivalent to the par value shall be deducted from the book balance of distributable profit of the Company and the proceeds from the issuance of new shares for buying back old shares; the part above the par value shall be processed as follows:
  - (1) Deducted from the book balance of distributable profit of the Company if the shares bought back were issued at par value;
  - (2) Deducted from the book balance of distributable profit of the Company and the proceeds from the issuance of new shares for buying back old shares if the shares bought back were issued above par value, but the amount deducted from the proceeds from the issuance of new shares shall not exceed the total premium obtained at the time of issuance of the shares bought back and shall not exceed the amount (including the premium from the issuance of new shares) in the premium account (or capital reserve account) of the Company at the time of buyback;
- (III) The monies paid by the Company for the following purposes shall be deducted from the distributable profits of the Company:
  - (1) Acquiring the right to buy back its shares;
  - (2) Changing the share buyback contract;
  - (3) Cancelling its obligations under the share buyback contract.
- (IV) After the par value of the cancelled shares is deducted from the registered capital of the Company pursuant to relevant regulations, the amount deducted from the distributable profit for paying the par value of the shares bought back shall be stated in the premium account (or capital reserve account) of the Company.

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

### Section 3 Transfer of Shares

**Article 28** Unless otherwise specified in the laws and administrative and by the securities regulatory authorities in the place where the shares of the Company, the paid up shares of the Company can be freely transferred in accordance with laws and are not subject to any lien. Shares of the Company could be granted, inherited and pledged in accordance with relevant laws, administrative regulations and requirement of the Articles of Association. For the transfer of the shares of the Company, registration shall be made in the share registrar authorized by the Company.

**Article 29** All paid up H shares shall be freely transferable in accordance with the Articles of Association; unless the following conditions are satisfied, the Board may refuse to recognize any transfer documents without giving any reasons:

- (I) The transfer instrument and other documents relating to or likely affecting the ownership of any shares shall be registered, and the payment therefor shall not exceed the maximum payment specified in the Hong Kong Listing Rules by the Hong Kong Stock Exchange from time to time;
- (II) The transfer document only involves H shares;
- (III) The stamp tax payable on the transfer instrument has been paid;
- (IV) The relevant share certificate, together with the evidence as reasonably required by the Board showing that the transferor is entitled to transfer the shares are produced;
- (V) If the shares are to be transferred to joint holders, the number of joint holders shall not exceed four;
- (VI) No company shall have any lien over the relevant shares; and
- (VII) No transfer shall be made to minors or persons of unsound mind or others under legal disability.

If the Board refuses to register the share transfer, the Company shall send a written notice of the transferor and transferee within two months from the date of the transfer application. All transfers of H shares shall be effected by transfer document in writing in a general or common form or in any other form acceptable to the Board, including the standard transfer form or form of transfer specified by the Hong Kong Stock Exchange from time to time. The transfer document in writing may be signed by hand or (where the transferor or transferee is a corporation) stamped with the Company's seal. If the transferor or transferee is a recognized clearing house as defined by the relevant provisions that come into effect from time to time according to the laws of Hong Kong (the "**Recognized Clearing House**") or its nominee, the transfer document in writing may be signed by hand or in printed form.

All transfer documents shall be maintained in the legal address of the Company or such places as the Board may designate from time to time.

**Article 30** The Company shall not accept its own shares being held as security under a pledge.

**Article 31** Shares of the Company held by the promoters shall not be transferred within one year after the incorporation of the Company. Shares already issued by the Company before public offering shall not be transferred within one year after the shares of the Company are listed on the stock exchange.

The directors, supervisors and senior management shall report to the Company about their shareholdings and changes thereof and shall not transfer more than 25% of their shares per annum during their terms of office; the shares they hold in the Company shall not be transferred within one year after the shares of the Company are listed. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.

Where the relevant regulations of the securities regulatory authorities of the place where the shares of the Company are listed provide otherwise in respect of any transfer of any overseas listed foreign shares, such regulations shall apply.

#### **Section 4 Financial Assistance to Acquire Shares of the Company**

**Article 32** The Company or its subsidiaries (including affiliates of the Company) shall not at any time by way of gift, advance, guarantee, compensation or loans to provide any financial assistance to purchasers or potential purchasers of the Company's shares in any way. The aforesaid purchasers include persons directly or indirectly undertaking obligations because of the purchase of the Company's shares.

The Company or its subsidiaries (including affiliates of the Company) shall not at any time or in any form provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.

The provisions herein do not apply to the circumstances set out in Article 34.

**Article 33** Financial assistance referred to in this Chapter includes (but is not limited to) the following:

- (I) Gift;
- (II) Guarantee (including the case where the guarantor undertakes liability or provides property to ensure fulfilment of obligations by the obligor), compensation (excluding compensation for the Company's own error), termination or waiver of rights;
- (III) Provision of loan or execution of contract under which the Company fulfils obligations prior to other parties, change of the said loan and the parties to the contract, and transfer of the said loan and rights under the contract;
- (IV) Provision of any other form of financial assistance when the Company is insolvent has no net assets or its net assets are likely to decrease significantly.

Obligations referred to herein include the obligations undertaken by the obligor for entering into a contract or making an arrangement (regardless whether the said contract or arrangement is enforceable or whether it is undertaken by the obligor individually or jointly with others) or for changing his financial position in any form.

**Article 34** Except as otherwise prohibited in accordance with the laws, administrative regulations, department rules and normative documents, the following acts are not deemed as prohibited under Article 32 of the Articles of Association:

- (I) The Company provides the relevant financial assistance truthfully in the interest of the Company and the said financial assistance is not mainly intended to buy back the Company's shares or the said financial assistance is part of a general plan of the Company;
- (II) The Company distributes its properties as dividends in accordance with the law;
- (III) The Company distributes shares as dividends;
- (IV) The Company decreases the registered capital, buys back shares and adjusts the equity structure in accordance with the Articles of Association;
- (V) The Company, within its business scope, provides loan for its normal business operations (but such financial assistance shall not give rise to a decrease of the net assets of the Company, or despite a decrease, such financial assistance is deducted from the distributable profit of the Company);
- (VI) The Company provides loan for the employee stock ownership plan (but such financial assistance shall not give rise to a decrease of the net assets of the Company, or despite a decrease, such financial assistance is deducted from the distributable profit of the Company).

### **Section 5 Shares and Register of Members**

**Article 35** The Company's shares are all registered shares. The particulars specified on the share certificates of the Company shall, in addition to those provided in the Company Law, contain other particulars required to be specified by the stock exchange where the shares of the Company are listed.

The Company may issue overseas listed shares in the form of foreign depository receipts or other derivative means of shares in accordance with the laws and the practice of registration and depository of securities in the place of listing.

If the share capital of the Company includes non-voting shares, the name of such shares must be denoted by the wordings of "non-voting". If the share capital includes shares with different voting rights, the name of each category of shares (except for shares with the most preferential voting rights) must be denoted by the wordings of "restricted voting right" or "limited voting right".



**Article 36** During the period when H shares are listed on the Hong Kong Stock Exchange, the Company shall ensure that its H Shares documents (including H Share certificates) shall include the following statements, and shall instruct and procure its share registrar to reject any subscription, purchase or transfer of the shares registered in the name of any individual holder, unless and until the said individual holder has submitted to the share registrar the duly signed form relating to the said shares, and such form shall include the following statements:

- (I) The share buyer agrees with the Company and each of its shareholders, and the Company agrees with each shareholder, to observe and comply with the provisions of the Company Law, Special Provisions and other relevant laws, administrative regulations and the Articles of Association.
- (II) The share buyer agrees with the Company and the Company's every shareholder, director, supervisor, general manager and other senior management officers, and the Company acting on its own behalf and for each director, supervisor, general manager and other and senior management officer also agrees with each shareholder, to refer all disputes or claims arising from the Articles of Association or from the rights and obligations specified in the Company Law or other relevant laws or administrative regulations with respect to the Company's affairs to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct an open hearing session and to publish its arbitral award, and the arbitral award shall be final and conclusive.
- (III) The share buyer agrees with the Company and each of its shareholders that the shares of the Company can be transferred freely by the holders.
- (IV) The share buyer authorizes the Company to conclude the contract on his behalf with each director, general manager (president) and other senior management officers, and such director, general manager (president) and other senior management officers shall undertake to observe and fulfill their duties for shareholders as specified in the Articles of Association.

**Article 37** Share certificates shall be signed by the chairman of the Board. Where the signatures of the general manager or other senior management officers are required by the stock exchange where the shares of the Company are listed, general manager or other relevant senior management officers shall also sign on the share certificates. The share certificates shall become effective after being affixed or imprinted with the corporate seal. The share certificates shall only be affixed with the corporate seal under the authorization of the Board. The signatures of the chairman of the Board, general manager or other relevant senior management officers on the share certificates may also be in printed form. Where the issuance and trading of the shares of the Company are in non-paper form, relevant provisions enacted separately by the securities regulatory authorities, stock exchange of the place where the shares of the Company are listed shall be applicable.

**Article 38** The Company shall establish a register of members stating the following particulars, or conduct the registration of shareholders pursuant to the provisions of the laws, administrative regulations, departmental rules and the Hong Kong Listing Rules:

- (I) the name (title), address (domicile), occupation or nature of each shareholder;
- (II) the class and number of shares held by each shareholder;
- (III) the amount paid or payable for the shares held by each shareholder;
- (IV) the serial number of the share certificate held by each shareholder;
- (V) the date on which each shareholder is registered as a shareholder;
- (VI) the date on which each shareholder ceases to be a shareholder.

The shareholders' register is a sufficient evidence of the shareholders' shareholdings in the Company unless there is evidence to the contrary.

Subject to the Articles of Association and other applicable requirements and upon transfer of the Company's shares, the transferees of the shares will become the holders of such shares with their names (titles) being listed in the register of members.

**Article 39** Transfer of shares shall be recorded in the register of members. The Company may keep overseas the register of holders of overseas listed foreign shares and entrust the administration thereof to an overseas agent in accordance with the understanding and agreement reached between the Securities Regulatory Authorities of the State Council and the overseas Securities Regulatory Authorities. The original register of holders of overseas listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall keep at its domicile a copy of the register of holders of overseas listed foreign shares. The entrusted overseas agent shall always ensure that the original and copies of the register of holders of overseas listed foreign shares are consistent.

Where the original and copies of the register of holders of overseas listed foreign shares are inconsistent, the original shall prevail.

**Article 40** The Company shall keep a complete register of members.

The register of members shall include the following parts:

- (I) the register(s) of shareholders kept at the Company's domicile other than those specified in items (II) and (III) of this Article;
- (II) the register(s) of holders of overseas listed foreign shares kept in the place(s) of the overseas stock exchange(s) where the shares are listed;
- (III) the register(s) of shareholders kept in other places as the Board may decide and consider necessary for listing purposes.

**Article 41** The various parts of the register of members shall not overlap with each another. The transfer of shares registered in a certain part of the register of members shall not, during the continuance of the registration of such shares, be registered in any other part of the register of members.

Changes and corrections to each part of the register of members shall be carried out in accordance with the laws of the places where each part is kept.

**Article 42** Change of the register of members arising from share transfer shall not be registered within 30 days before convening of a general meeting or within five days prior to the reference date set by the Company for the purpose of distribution of dividends.

Provisions otherwise provided by the Securities Regulatory Authorities in the place(s) where the securities of the Company are listed shall prevail.

**Article 43** When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities requiring the recognition of shareholdings; the Board shall designate a certain date as the record date, at the end of which the shareholders in the register shall be shareholders of the Company.

**Article 44** If any person objects to the register of members and requests to have his/her name (title) recorded in or deleted from the register of members, the said person may apply to the court with jurisdiction to correct the register of members.

**Article 45** If any shareholder in the register of members or any person requesting to have his/her name (title) recorded in the register of members loses his/her share certificates (the “**Original Share Certificates**”), the said shareholder or person may apply to the Company to issue replacement certificates in respect of the said shares (the “**Relevant Shares**”).

If a shareholder whose share certificate of Domestic Shares has been lost applies to the Company for a replacement new share certificate, it shall be dealt with in accordance with the relevant provisions of the Company Law.

If a shareholder whose share certificate of overseas listed foreign shares has been lost applies to the Company for a replacement new share certificate, it may be dealt with in accordance with the laws, rules of the stock exchange or other relevant provisions of the place where the original register of holders of overseas listed foreign shares is maintained.

The issue of a replacement new share certificate to a holder of overseas listed foreign shares of a company listed in Hong Kong, who has lost his/her shares certificate and applied for the replacement, shall comply with the following requirements:

- (I) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and the evidence of the loss, and declaring that no other person is entitled to have his/her name entered in the register of members in respect of the Relevant Shares.
- (II) Before the Company decides to issue the replacement new share certificate, no statement made by any person other than the applicant declaring that his/her name shall be entered in the register of members in respect of such shares has been received.
- (III) The Company shall, if it decides to issue a replacement new share certificate to the applicant, publish an announcement in respect of the issue of a replacement new share certificate in such newspapers as may be designated by the Board; the period of announcement shall be 90 days, and the announcement shall be reissued at least once every 30 days.

(IV) The Company shall, prior to the publication of the announcement of its proposed issue of a replacement new share certificate, submit to the stock exchange on which its shares are listed a copy of the announcement to be published, and may publish the announcement upon receiving confirmation from such stock exchange that the announcement has been exhibited at the premises of the said stock exchange. Such announcement shall be exhibited at the premises of the said stock exchange for a period of 90 days.

If the application for replacement of a share certificate is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a photocopy of the announcement to be published.

(V) If, upon expiry of the 90-day period of announcement and exhibition referred to in items (III) and (IV) of this Article, the Company has not received from any person any objection to such application in respect of the issue of replacement share certificate, and the Company may issue a replacement new share certificate to the applicant accordingly.

(VI) Where the Company issues a replacement new share certificate under this Article, it shall immediately cancel the Original Share Certificates and record the cancellation and replacement issue in the register of members accordingly.

(VII) All expenses relating to the cancellation of the Original Share Certificates and the issue of a replacement new share certificate by the Company shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant has provided reasonable security.

**Article 46** Where the Company issues a new replacement share certificate pursuant to the Articles of Association, the name (title) of a bona fide purchaser gaining possession of such new share certificate or the person who is subsequently entered in the register of members as holder of such shares (if he/she is a bona fide purchaser) shall not be removed from the register of members.

The Company shall not be liable for any damages suffered by any person arising from the cancellation of the Original Share Certificates or the issuance of a new replacement share certificate unless the claimant can prove that the Company has committed a fraudulent act.

## CHAPTER 4 SHAREHOLDERS AND GENERAL MEETINGS

### Section 1 Shareholders

**Article 47** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is registered in the register of members. Shareholders shall enjoy rights and have obligations in accordance with the class and amount of shares held by them. Shareholders holding the same class of shares shall be entitled to equal rights and have equal obligations.

Where two or more persons are registered as joint holders of any shares, they shall be deemed as the common owners of the said shares subject to the following restrictions:

- (I) the Company shall not need to register more than four persons as joint shareholders of any shares;
- (II) the joint holders of any share shall jointly and individually assume the liabilities for all amounts payable for relevant share;
- (III) where any of the joint shareholders deceases, only the surviving joint shareholders shall be deemed by the Company as having title to the relevant shares, but the Board may, for the purpose of modifying the register of members, require the provision of a death certificate of the relevant shareholder as it deems appropriate;
- (IV) for joint shareholders of any share, only the person whose name stands first in the register of members shall be entitled to receive such certificate of the relevant share or receive notice from the Company, and the service of notice to the aforesaid person shall be deemed as service of notice to all joint shareholders of the relevant shares. Any joint shareholder may sign the form of proxy. Where there are more than one joint shareholders present in person or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint shareholders. For this purpose, seniority of the shareholders will be determined by the order in which the names of the joint shareholders of the relevant shares stand in the shareholders' register;
- (V) where one of the joint shareholders delivers a receipt to the Company as regards to any dividends, bonus or return of capital which shall be distributed to such joint shareholders, such receipt shall be deemed as a valid receipt from such joint shareholders to the Company.

**Article 48** When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities requiring the identification of shareholders, the shareholders whose names appear on the register of members are entitled to the relevant rights.

**Article 49** Ordinary shareholders of the Company shall enjoy the following rights:

- (I) The rights to receive dividends and other forms of distribution in proportion to the number of shares held by them;
- (II) The rights to request, convene, chair, attend or appoint proxy to attend general meetings and exercise corresponding voting rights in accordance with laws;
- (III) The rights to supervise the operation of the Company and to put forward proposals and raise inquiries;
- (IV) The rights to transfer, donate, or pledge shares held by them in accordance with laws, administrative regulations and the Articles of Association;
- (V) The rights to obtain relevant information in accordance with the Articles of Association of the Company, including:
  1. to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;
  2. to inspect and copy, subject to payment of a reasonable charge:
    - (1) all parts of the register of members (the list of all shareholders at the close of trading on the record date of the Company's latest periodic report);
    - (2) personal particulars of each of the directors, supervisors, general manager and other senior management of the Company, including:
      - (a) current and previous names and aliases;
      - (b) main address (domicile);
      - (c) nationality;
      - (d) full-time and all other part-time occupations and duties;
      - (e) identification documents and their numbers.
    - (3) the status of the Company's share capital;
    - (4) reports (breakdown by domestic shares and foreign shares (and, if applicable, H Shares)) of the aggregate par value, number of shares, highest and lowest prices paid by the Company in respect of each class of shares bought back by the Company since the end of the last financial year and all the expenses paid by the Company therefor;
    - (5) minutes of general meetings (only available for shareholders' inspection) and copies of the Company's resolutions of general meetings, Board meetings and meeting of Supervisory Committee;

- (6) the latest audited financial statements of the Company, and the reports of the Board, auditors, and supervisors;
- (7) copy of the latest annual return filed with the PRC Administration for Industry and Commerce or other competent authorities;
- (8) special resolutions of the Company.

3. counterfoils of corporate bonds.

Documents of item 2 (1), (3), (4), (5), (6), (7) and (8) mentioned above shall be made available by the Company, according to the requirements of the Hong Kong Listing Rules, at the Company's address in Hong Kong, for the public and the H shareholders to inspect free of charge (provided that minutes of general meetings are available for inspection by the shareholders only). When a shareholder requests to inspect the relevant information mentioned above or obtain such materials, he/she shall provide the Company with such written documents evidencing the class and amount of shares he/she holds in the Company. The Company may provide such information per the shareholder's request after verifying his/her identity.

- (VI) The rights to participate in the distribution of remaining assets of the Company corresponding to the number of shares held in the event of the termination or liquidation of the Company;
- (VII) The rights to demand the Company to acquire the shares held by them with respect to shareholders voting against any resolution adopted at the general meeting on the merger or division of the Company;
- (VIII) Other rights under the laws, administrative regulations, the regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

If any person holding an interest in the shares either directly or indirectly exercises their rights without disclosing their rights to the Company, the Company shall not compromise the rights of such persons by freezing it or in any other manner only on this ground.

**Article 50** If the resolutions of general meeting and the Board are in violation of laws and administrative regulations, shareholders are entitled to request the People's Court to identify them invalid.

The procedures for convening and voting of general meeting and the Board are in violation of laws, administrative regulations or the Articles of Association, or the resolutions violate the Articles of Association, shareholders are entitled to request the People's Court to revoke such resolutions within 60 days.



**Article 51** If Directors and senior management personnel cause losses to the Company for violation of the requirements of laws, administrative regulations or the Articles of Association during the performance of their duties, shareholders who hold more than 1%, individually or jointly, of the Company's shares for more than 180 days continuously, have the right to request the supervisory committee to bring a suit to the People's Court; if the supervisory committee causes losses to the Company for violation of the requirements of laws, administrative regulations or the Articles of Association during the performance of their duties, Shareholders can request the Board in written form to file a suit in the People's Court.

If the supervisory committee or the Board causes irreparable losses to the Company's interests as it refuses to file a suit after receiving the written request from shareholders as set out in the preceding paragraph, or fails to file a suit within 30 days since the date of receiving the request, or does not file a suit immediately in case of emergency, the shareholders as mentioned in the preceding paragraph have the right to bring a suit directly to the People's Court in their own name for the interests of the Company.

If others infringe on the legitimate rights and interests of the Company and cause losses to it, the shareholders as specified in paragraph 1 of this Article can bring a suit to the People's Court as per the regulations as set out in the two preceding paragraphs.

**Article 52** If Directors and senior management personnel cause damage to the shareholders' interests for violation of the requirements of laws, administrative regulations or the Articles of Association, shareholders can bring a suit to the People's Court.

**Article 53** Shareholders of the Company shall have the following obligations:

- (I) to abide by laws, administrative regulations and the Articles of Association;
- (II) to pay for the shares based on the shares subscribed for and the manners in which they became shareholder;
- (III) not to withdraw their paid share capital except in the circumstances allowed by laws and regulations;
- (IV) not to abuse shareholder's rights and harm the legal interest of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of the shareholders to impair the legal interests of creditors of the Company;

Where the shareholder's abuse of its power causes damage to other shareholders, he shall be liable to compensation in accordance with the law;

Where the shareholder has abused the Company's independent legal person status and shareholder's limited liability for debt evasion and caused serious damage to the creditor's interests, it shall bear joint liability for the debts of the Company;

- (V) other obligations imposed by laws, administrative regulations, the regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Shareholders are not liable for making any further contribution to the share capital other than as agreed by the subscribers of the shares on subscription.

**Article 54** The shareholders holding more than 5% of the Company's voting rights shall, in the event of a pledge of the shares held by them, report to the Company in writing from the date of occurrence of such fact.

**Article 55** Neither the controlling shareholder nor the de facto controller of the Company may prejudice the interests of the Company by taking advantage of his connected relationship. Anyone who causes any loss to the Company as a result of violating the provisions shall be liable for the compensation.

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

**Article 56** In addition to obligations imposed by the laws, administrative regulations or required by the regulatory rules of the place where the shares of the Company are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests the shareholders generally or partially:

- (I) to relieve a Director or Supervisor of his/her duty to act honestly in the best interests of the Company;
- (II) to approve the expropriation by a Director or Supervisor (for his/her own benefit or for the benefit of another person), in any guise, of the Company's property, including (without limitation) opportunities beneficial to the Company;
- (III) to approve the expropriation by a Director or Supervisor (for his/her own benefit or for the benefit of another person) of the individual rights or interests of other shareholders, including (without limitation) rights to distributions and voting rights save for the Company's restructuring submitted to shareholders for approval and adopted by the general meeting in accordance with the Articles of Association.

**Article 57** The term “controlling shareholder” referred to in the Articles of Association means a person who satisfies any one of the following conditions:

- (I) a person who, acting alone or in concert with others, has the power to elect a majority of the directors;
- (II) a person who, acting alone or in concert with others, has the power to exercise or to control the exercise of 30% (inclusive) or more of the voting rights in the Company;
- (III) a person who, acting alone or in concert with others, holds 30% (inclusive) or more of the issued and outstanding shares of the Company;
- (IV) a person who, acting alone or in concert with others, has de facto control over the Company in any other way.

## **Section 2 General Requirement of General Meetings**

**Article 58** The general meeting is the organ of the authority of the Company, which exercises its functions and powers in accordance with laws:

- (I) to decide on operational policies and investment plans of the Company;
- (II) to elect and replace the directors and supervisors who are shareholder representatives, and to decide on matters relevant to the remuneration of directors and supervisors;
- (III) to consider and approve reports of the Board;
- (IV) to consider and approve reports of the supervisory committee;
- (V) to consider and approve annual financial budget plans and final accounting plans of the Company;
- (VI) to consider and approve the profit distribution plan and loss recovery plan of the Company;
- (VII) to determine the increase or decrease of the registered capital of the Company;
- (VIII) to determine the issuance of corporate bonds or other securities by the Company and listing plan;
- (IX) to determine matters such as the merger, division, dissolution, liquidation or change;
- (X) to amend the Articles of Association;
- (XI) to determine the appointment of, removal of and non-reappointment of an auditor by the Company;

- (XII) to consider and approve the provision of guarantees to third parties that shall be approved at a general meeting required by the Articles of Association;
- (XIII) to consider matters relating to the purchases and disposals of material assets, which are more than 30% of the latest audited total assets of the Company, within one year;
- (XIV) to consider and approve the related transactions that shall be considered and approved at a general meeting required by laws, administrative regulations, the regulatory rules of the place where the shares of the Company are listed and the Articles of Association;
- (XV) to consider the formulation, amendment and implementation of share incentive plans;
- (XVI) to consider and approve the proposal raised by shareholders who, individually or in the aggregate, hold 3% or more of the total number of voting shares of the Company;
- (XVII) to review other matters which, in accordance with laws, administrative regulations, departmental rules, the regulatory rules of the places where the shares of the Company are listed, or the provisions of the Articles of Association, shall be approved at a general meeting.

The general meeting can authorize or entrust the Board to handle the matters authorized or entrusted thereby, provided that the laws and regulations, and the mandatory laws and regulations of the place where the shares of the Company are listed are not violated.

**Article 59** Unless prior approval is obtained in a general meeting, the Company shall not enter into any contract with any party other than the Directors, supervisors, managers and other senior management, pursuant to which such party shall be responsible for managing the whole or any substantial part of the Company's business.

**Article 60** The following guarantees to third parties to be provided by the Company shall be considered and approved by the general meeting.

- (I) A single guarantee for an amount in excess of 10% of the Company's latest audited net assets;
- (II) Any guarantee provided after the total amount of guarantee to third parties provided by the Company, and its controlling subsidiary exceeds 50% of the Company's latest audited net assets;
- (III) A guarantee to be provided to a party which has an asset-liability ratio in excess of 70%;
- (IV) Any guarantee provided after the amount of guarantee exceeds 30% of the Company's latest audited net assets based on cumulative calculation for 12 consecutive months;

- (V) Guarantee to be provided to shareholders, de facto controllers and their related parties;
- (VI) Other guarantees as prescribed by laws, regulations, normative documents, the regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The above guarantees to third parties that shall be approved at a general meeting shall be considered and approved by the Board before submission to the general meeting for approval. When the guarantee specified in item (IV) above is considered at the general meeting, it shall be approved by more than two-thirds of voting rights held by the shareholders attending the general meeting.

The Board is entitled to consider and approve the guarantees to third parties other than the above guarantees that shall be approved at a general meeting.

When considering the resolution of providing guarantee to shareholders, de facto controllers and their related parties at the general meeting, such shareholders or shareholders controlled by such de facto controller shall not vote on such resolution. Such resolution requires a simple majority of the voting rights of other shareholders attending the general meeting to be passed.

**Article 61** General meetings shall be divided into annual general meetings and extraordinary general meetings. Annual general meetings are held once every year and within 6 months from the end of the preceding accounting year.

**Article 62** The Board shall convene an extraordinary general meeting within 2 months after the occurrence of any one of the following circumstances:

- (I) where the number of directors falls short of the minimum number required by the Company Law or is no more than two-thirds of the number required by the Articles of Association;
- (II) where the unrecovered losses of the Company amount to one-third of its total paid up share capital;
- (III) where shareholder(s), individually or jointly, holding 10% or more of the Company's issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting (the number of shares held shall be calculated as at the date when the shareholder(s) provide(s) the written request);
- (IV) where the Board considers it necessary;
- (V) where the supervisory committee proposes to call for such a meeting;
- (VI) other circumstances stipulated by laws, administrative regulations, departmental rules, the regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

**Article 63** The venue of a general meetings of the Company shall be the place where the Company is located or the place specified in the notice of the general meeting.

The general meeting shall have a venue for convening the meeting, and the venue of the meeting shall be clear and specific.

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

**Article 64** A general meeting shall be convened by the Board. If the Board is unable or fails to fulfil the obligation of convening a general meeting, the supervisory committee shall convene the meeting. If the supervisory committee does not convene the meeting, any shareholder(s) individually or jointly holding more than 10% of the shares of the Company for more than 90 consecutive days may convene the meeting on their own.

**Article 65** An independent director has the right to propose the Board to convene an extraordinary general meeting. In respect to the proposal by the independent director for convening an extraordinary general meeting, the Board shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to such proposal for convening an extraordinary general meeting within 10 days upon receipt of such proposal.

In the event that the Board agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be given within 5 days after the Board resolution is passed. In the event that the Board disagrees to convene an extraordinary general meeting, an explanation shall be given and an announcement shall be made.

If the securities regulatory authorities in the place where the shares of the Company are listed have special provisions, such provisions shall apply.

**Article 66** The supervisory committee has the right to propose in writing the Board to convene an extraordinary general meeting. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to such proposal for convening an extraordinary general meeting within 10 days upon receipt of such proposal.

In the event that the Board agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be given within five days after the relevant Board resolution is passed and consent of the supervisory committee shall be obtained in case of any changes to the original proposal in the notice.

In the event that the Board disagrees to convene an extraordinary general meeting or does not furnish any reply within 10 days after having received such proposal, the Board is deemed to be unable or unwilling to perform the duty of convening a general meeting, in which case the supervisory committee may convene and preside over such meeting by itself.

**Article 67** Any shareholder(s) individually or jointly holding more than 10% of the shares of the Company is/are entitled to request in writing the Board to convene an extraordinary general meeting. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply to such shareholder(s) stating its agreement or disagreement to the convening of the extraordinary general meeting within 10 days after having received such requisition.

In the event that the Board agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be given within 5 days after the relevant Board resolution is passed and consent of the relevant shareholder(s) shall be obtained in case of any changes to the original requisition in the notice.

In the event that the Board disagrees to convene an extraordinary general meeting or does not furnish any reply within 10 days after having received such requisition, the Board is deemed to be unable or unwilling to perform the duty of convening a general meeting, in which case shareholder(s) individually or jointly holding more than 10% of the shares of the Company may propose in writing the supervisory committee to convene the extraordinary general meeting.

In the event that the supervisory committee agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be given within 5 days after having received such requisition and consent of the relevant shareholder(s) shall be obtained in case of any changes to the original proposal in the notice.

In the event that the supervisory committee fails to serve any notice of an extraordinary general meeting within the prescribed period, the supervisory committee is deemed not to convene and preside over such meeting, in which case the shareholder(s) individually or jointly holding more than 10% of the shares of the Company for more than 90 consecutive days may convene and preside over such a meeting by himself/themselves.

**Article 68** Where the supervisory committee or shareholders decide to convene a general meeting on its/their own, it/they shall send a written notice to the Board.

Prior to the announcement of the resolution(s) of a general meeting, the shareholdings of the shareholders convening the general meeting shall not be less than 10%.

**Article 69** Where a general meeting is convened by the supervisory committee or shareholders on its/their own, the Board and the secretary to the Board shall work in a cooperative manner. The Board shall provide the register of shareholders prepared on the date of record date.

**Article 70** Where a general meeting is convened by the supervisory committee or shareholders on its/their own, the expenses necessary for the general meeting shall be borne by the Company and shall be deducted from the monies payable by the Company to the defaulting directors.

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

**Article 71** The contents of a proposal shall be within the functions and powers of the general meeting, shall have definite issues for discussion and specific resolutions, and shall comply with the relevant provisions of the laws, administrative regulations and the Articles of Association.

**Article 72** Where the Company convenes a general meeting, the Board, the supervisory committee and shareholders individually or jointly holding more than 3% of the shares of the Company shall have the right to put forward proposals to the Company.

Shareholder(s) individually or jointly holding more than 3% of the shares of the Company may submit written provisional proposals to the convener 10 days before the general meeting. The convener shall serve a supplemental notice of the general meeting within 2 days after receipt of the provisional proposals and notify the contents of the said provisional proposals.

Save as specified in the preceding paragraph, the convener shall not change the proposals set out in the notice of the general meeting or add any new proposal after the said notice is served.

Proposals not set out in the notice of the general meeting or not complying with the Articles of Association shall not be voted on or resolved at the general meeting.

**Article 73** Where the Company convenes an annual general meeting, a written notice shall be issued at least 20 business days (excluding both the date of notice and the date of meeting) prior to the annual general meeting and at least 15 days or 10 business days (whichever is longer, and excluding both the date of notice and the date of meeting) prior to the extraordinary general meeting. If the laws, regulations and the securities regulatory authorities of the place where the shares of the Company are listed provide otherwise, such provisions shall prevail.

**Article 74** The notice of the general meeting shall be given in writing and contain the following:

- (I) the date, venue and duration of the meeting;
- (II) matters and proposals submitted for consideration at the meeting;
- (III) an obvious statement that all shareholders are entitled to attend the general meeting in person, or appoint in writing proxies to attend and vote on his or her behalf and that such proxies need not be shareholders of the Company;
- (IV) name and telephone number of permanent contact person;
- (V) such information and explanation as necessary for shareholders to make informed decisions in connection with the matters to be discussed; this principle shall apply (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 together with proper explanations of the causes and consequences of any such proposals;



- (VI) the nature and extent of the material interests of any director, supervisor or senior management members in the transaction to be discussed and the difference in case of the effect of the transaction to be discussed on such director, supervisor or senior management member as shareholders insofar as it differs from the effect on the shareholders of the same class;
- (VII) the full text of any special resolution proposed to be passed at the meeting;
- (VIII) the date and place for serving the power of attorney authorizing the proxy to vote;
- (IX) the record date for the determination of the entitlements of shareholders to the general meeting.

The notice and supplementary notice of a general meeting shall adequately and completely disclose the specific contents of all proposals. Where the opinions of the independent directors are required on the issues to be discussed, such opinions and reasons thereof shall be disclosed when the notice or supplementary notice of the general meeting is served.

**Article 75** If the election of directors or supervisors is proposed to be discussed at a general meeting, the notice of the meeting shall adequately specify the detailed information on the director or supervisor candidates, which shall at least include:

- (I) personal particulars, including academic qualifications, working experience and concurrent positions;
- (II) whether or not such candidate has any connected relationship with the Company, its controlling shareholders and de facto controller;
- (III) the number of shares of the Company held by such candidate.

Each candidate for a director or a supervisor shall be proposed via a single proposal.

**Article 76** Unless otherwise stipulated by the laws, regulations and the Articles of Association, the notice of a general meeting shall be delivered by hand or prepaid mail to all shareholders (whether they are entitled to vote at the general meeting or not). The address of the recipient shall be the address registered in the register of members. For holders of domestic shares, the notice of a general meeting may also be in the form of an announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities under the State Council. All holders of domestic shares shall be deemed as having received the notice of the general meeting once the announcement is published.

The notice of the general meeting sent to holders of H Shares may be published on the designated website of the Hong Kong Stock Exchange and the website of the Company. All holders of overseas listed shares shall be deemed as having received the notice of the general meeting once the announcement is published.

**Article 77** The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by, any person entitled to receive such notice, shall not invalidate the meeting or the resolutions adopted thereat.

**Article 78** After issuing a notice of the general meeting, the general meeting shall not be delayed or cancelled without justified reasons, and proposals, as set out in the notice, shall not be called off. Once delay or cancellation occurs, the convener shall make announcement and explanation at least two working days before the original convening date.

### **Section 5 Holding of General Meetings**

**Article 79** The Board of the Company or any other conveners shall take necessary measures to guarantee the good order of the general meeting, take measures to deter any act disturbing the general meeting, picking quarrels and provoking troubles or infringing the legal rights and interests of any shareholder, and shall report in a timely manner such act to the relevant department for investigation and punishment.

**Article 80** When a general meeting is held, all shareholders whose names appear on the register of members on the record date or their proxies are entitled to attend the general meeting and exercise their voting rights in accordance with the relevant laws, regulations and the Articles of Association.

**Article 81** Any shareholder who is entitled to attend the general meeting and vote thereat may attend the general meeting in person or appoint one or more proxies (who may not be a shareholder) to attend and vote on its behalf. A shareholder shall authorize his or her proxy in writing, and a power of attorney shall be signed by the proxy or the agent authorized in writing by the proxy. Where the proxy is a corporate, the chop of the corporate should be affixed, or the director or the agent officially entrusted shall sign such power of attorney.

A proxy is entitled to exercise the following rights pursuant to the appointment made by the appointing shareholder:

- (I) the same right as the shareholder to speak at the general meeting;
- (II) authority to demand or join in demanding a poll;
- (III) the right to vote by show of hands or on a poll; however, a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

**Article 82** A shareholder attending the general meeting in person shall present his or her identity card or other valid certificate or proof showing his or her identity. The proxy appointed by the shareholder shall present his or her identity card and power of attorney issued by the shareholder.

A corporate shareholder shall entrust the legal representative (person in charge) or its agent to attend the general meeting. The legal representative (person in charge) attending the general meeting shall present his or her identity card and valid proof showing the status of the legal representative; the agent attending the general meeting shall present his or her identity card and a power of attorney in writing issued by the legal representative (person in charge) of the corporate shareholder in accordance with the law.

**Article 83** The power of attorney issued by the shareholder authorizing his or her proxy to attend the general meeting should contain the following:

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

**Article 84** Any blank instrument of proxy sent to a shareholder by the Board for use by him/her for appointing a proxy shall be in such form to enable the shareholder to freely instruct the proxy to vote in favor or against the related resolution(s) or to abstain from voting on such resolution(s), and to instruct separately in respect of each resolution dealing with business to be transacted at the meeting. Such form shall contain a statement that in default of such instructions, the proxy may vote as he thinks fit.

**Article 85** The instrument appointing a proxy shall be deposited at the Company's domicile or such other place as specified in the notice of the meeting at least 24 hours before the time appointed for holding the meeting at which the instrument proposes to vote, or 24 hours before the time appointed for taking of the poll. Where such instrument is signed by a person under a power of attorney or other authority on behalf of the appointer, that power of attorney or other authority is required to be notarized. A notarized copy of that power of attorney or other authority together with the instrument appointing a proxy is required to be deposited at the Company's domicile or such other place as specified in the notice of the meeting.

If the appointer is a corporation shareholder, the legal representative (person in charge) or such person who is authorized by the resolution of its board or other governing body to act as its representative may attend the general meeting of the Company.

Where such shareholder is a recognized clearing house determined by relevant regulations formulated from time to time in Hong Kong (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 meeting or any other class meetings, provided in the event of more than one person are authorized, the power of attorney shall specify the number and class of shares represented by each person so authorized and shall be executed by the recognized clearing house. Such persons so authorized shall be entitled to exercise the rights on behalf of the recognized clearing house (or its nominee) without presenting evidence of their shareholding, notarized authorization and/or further proof showing their due authorization) as if they were individual shareholders of the Company.

**Article 86** A vote given by a proxy in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the appointer or revocation of the proxy or power of authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, insanity, revocation or transfer as aforesaid has been received by the Company before the commencement of the meeting at which the proxy is used.

**Article 87** The register of attendees of the general meeting shall be prepared by the Company. Such register shall specify information such as the name of the persons (or units) attending the general meeting, identity card number, residential address, number of shares or voting shares held, name of the persons (or units) the proxy represents.

**Article 88** The convener shall verify the qualification of shareholders with the register of members provided by the securities depository and clearing authority, and shall register the name of the shareholders as well as the number of their voting shares. Such registration shall be ceased prior to the announcement by the chairman of the general meeting the number of shareholders and their proxies present at the meeting and the total number of their respective voting shares.

**Article 89** When a general meeting is held, all directors, supervisors and secretary to the Board of the Company shall attend the meeting, and the general manager and other senior management members shall also be present at the meeting.

**Article 90** A general meeting shall be convened by the Board and presided over by the chairman of the Board. Where the chairman of the Board is unable or fails to perform his duties, a director shall be jointly elected by more than half of the directors to preside over the meeting. In the event that no such designation is made, a Shareholder as elected from the attending Shareholders may preside over the meeting. If, for any reason, shareholders fail to elect the presider of the meeting, the shareholder (including proxy thereof, other than Hong Kong Securities Clearing Company Limited) holding the most voting shares thereat shall act as the presider of the meeting to preside over the meeting.

A general meeting convened by the supervisory committee on its own shall be presided over by the chief supervisor. Where the chief supervisor is unable or fails to perform its duties, a supervisor shall be jointly elected by more than half of the supervisors to perform relevant duties.

A general meeting convened by shareholders on their own shall be presided over by a representative elected by the convener.

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

**Article 91** The Company shall formulate the rules of procedures of the general meeting to specify in details the convening and voting procedures of the general meeting, including notice, registration, deliberation of proposal, votes, vote counting, announcement of voting results, formation of resolutions, minutes and the signatures thereon, as well as the principles of authorization by the general meeting to the Board, the contents of such authorization shall be expressly specified. The rules of procedures of the general meeting shall be an appendix to the Articles of Association and shall be formulated by the Board and approved at the general meeting.

**Article 92** At the annual general meeting, the Board and the supervisory committee shall report their respective work of the previous year to the general meeting.

**Article 93** Directors, supervisors and senior management members shall provide explanation and clarification to the inquiries and suggestions raised by the shareholders at the general meeting.

**Article 94** The presider of the general meeting shall, before voting, announce the number of shareholders and their proxies attending the meeting as well as the total number of their voting shares carrying the voting shares, and the number of shareholders and their proxies attending the meeting and the total number of their shares shall be subject to the registration of the general meeting.

**Article 95** The general meetings shall have meeting minutes, which shall be recorded by the secretary to the Board. The meeting minutes shall record the following:

- (I) the date, venue and agenda of the meeting, and the name of the convener;
- (II) the names of the presider, and the directors, supervisors, general manager and other senior management members attending or present at the meeting;
- (III) the number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of the shares of the Company;
- (IV) the consideration process of each proposal, summaries of the speeches and the voting result;
- (V) details of the inquiries or recommendations of the shareholders, and the corresponding response or explanations;
- (VI) the name of vote counters and scrutineer;
- (VII) other contents that shall be recorded in the minutes in accordance with the Articles of Association.

**Article 96** The convener shall ensure the meeting minutes are true, accurate and complete. Directors and supervisors attending the meeting, the convener or representative thereof, the presider and the secretary to the Board shall sign the meeting minutes. The meeting minutes 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 at least 10 years.

**Article 97** The convener shall ensure that the continuity of the general meeting until the final resolution is formed. Where the general meeting is suspended or no resolution can be made due to force majeure, or any other special reasons, necessary measures shall be taken to resume or directly terminate the general meeting.

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

**Article 98** Resolutions of the general meeting shall be divided into ordinary resolutions and special resolutions.

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

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

**Article 99** The following matters shall be approved by ordinary resolution at a general meeting:

- (I) work reports of the Board and the supervisory committee;
- (II) profit distribution plan and loss recovery plan formulated by the Board;
- (III) removal of members of the Board and the supervisory committee, their remuneration and method of payment;
- (IV) annual financial budgets and statements of final accounts, balance sheet, income statement and other financial statements of the Company;
- (V) annual report of the Company;
- (VI) any matters not otherwise required by the laws, administrative regulations, regulatory rules of the place where the shares of the Company are listed or the Articles of Association to be passed by special resolution.

**Article 100** The following matters shall be approved by special resolution at a general meeting:

- (I) to increase or reduce the registered capital of the Company and issue any type of shares, options and other similar types of securities;
- (II) to resolve on the issuance of corporate bonds or other securities and listing plan thereof;
- (III) to resolve on the division, merger, dissolution, liquidation or transformation of the Company;
- (IV) to make amendments to the Articles of Association;
- (V) to consider purchase or sale of material assets by the Company within one year, or a guarantee amount exceeding 30% of the total assets in the most recent audit period of the Company;
- (VI) to formulate, revise and implement a share incentive scheme;
- (VII) other matters as stipulated by the laws, administrative regulations, regulatory rules of the place where the shares of the Company are listed or the Articles of Association, and matters deemed by the general meeting by ordinary resolution to have material effect on the Company and necessary for passing by special resolution.

**Article 101** A shareholder (including his/her proxy) shall exercise his/her voting rights based on the number of shares held. Each share shall have one vote.

No voting rights shall attach to the shares held by the Company, and such shares shall not be counted among the total number of shares with voting rights present at a general meeting.

If the laws, administrative regulations, regulatory rules of the place where the shares of the Company are listed stipulate that any shareholder shall waive his/her voting right on a certain resolution or limit any shareholder to cast an affirmative or negative vote on a 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 102** Where matters relating to connected transactions (as defined under the Hong Kong Listing Rules) are deliberated at the general meeting, the connected shareholders and their associates (as defined under the Hong Kong Listing Rules) shall not participate in the voting, and the shares carrying the voting rights they represent shall not be counted in the total number of valid votes. The announcement of resolutions of the general meeting should fully disclose the voting status of the non-connected persons.

Before the general meeting considers matters relating to connected transactions, the Company shall determine the scope of connected shareholders in accordance with relevant laws, regulations and regulatory documents. Connected persons or their authorized representatives may attend the general meeting, and may clarify their views to the shareholders in accordance with the procedures of the meeting, but they shall abstain from voting in a poll.

Where the general meeting considers matters relating to connected transactions, connected shareholders shall abstain from voting. If connected shareholders fail to abstain from voting, other shareholders attending the meeting shall have the right to request them to abstain from voting. After connected persons have abstained from voting, other shareholders shall vote according to their voting rights and pass the corresponding resolutions in accordance with the provisions of the Articles of Association. The presider of the meeting shall announce the number of shareholders and proxies except connected persons present at the general meeting and the total number of their voting shares.

In order to be valid, the resolutions made at the general meeting on matters relating to connected transactions shall be passed by more than half of the votes cast by the non-connected shareholders attending the general meeting. However, in order to be valid, in the event of such connected transaction involving matters that need to be passed by special resolution as stipulated in the Articles of Association, the resolutions of the general meeting must be passed by more than two-thirds of the voting rights held by the non-connected persons attending the general meeting.

Where connected persons or their associates participate in voting in violation of the provisions under this article, their voting in respect of matters relating to connected transactions shall be invalid.

**Article 103** The Company shall, on the condition that the general meeting is legally and validly held, facilitate the attending of the general meeting by shareholders through various means and methods.

**Article 104** The name list of candidates for directors and supervisors shall be submitted by way of proposal to the general meeting for voting.

**Article 105** The general meeting shall resolve on all the proposals separately; in the event of several proposals for the same issue, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the general meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the general meeting.



**Article 106** No amendment shall be made to a proposal when it is considered at a general meeting, otherwise, the relevant amendment shall be deemed as a new proposal and shall not be voted on at the general meeting.

**Article 107** Unless the resolutions on relevant procedures of a general meeting or administrative matters which can be decided by the chairman in the spirit of honesty and credibility and shall be voted on by show of hands, voting for a general meeting shall be made by ballot.

**Article 108** A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matter shall be taken at such time as the chairman of the meeting directs, and the meeting may proceed to discuss other matters, while the result of the poll shall still be deemed to be a resolution passed in that meeting.

**Article 109** When proposals are voted on at the general meeting, the shareholders' representative and supervisors' representative and other relevant persons appointed according to the Hong Kong Listing Rules shall be jointly responsible for the counting and monitoring of the ballots and shall announce the voting results on the spot, voting results of which shall be recorded in the meeting minutes according to the Hong Kong Listing Rules.

**Article 110** A general meeting shall be held by the venue meeting or other means permitted by laws and regulations.

The presider shall announce the voting result of every proposal and announce whether the proposal is passed or not according to the voting result.

Before the voting result is announced, the relevant parties including the company, counting officer, monitoring officer and major shareholders involved at general meeting shall have the confidentiality obligation.

**Article 111** A shareholder attending a general meeting shall express one of the following opinions on any proposal to be voted on: pro, con or abstention.

Blank, wrong, illegible or uncast votes shall be deemed as the voters' waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as "abstentions".

At the time of voting, any shareholder who has two or more votes (including the proxies of such shareholders) needs not to use all votes for or against any resolution or to abstain from voting on such resolution.

The first vote shall prevail in cases when a given voting rights is exercised repeatedly.

**Article 112** If the presider has any doubt as to the result of a resolution which has been put to vote at the general meeting, he may have the ballots counted. If the presider has not counted the ballots, any shareholder who is present in person or by proxy and who objects to the result announced by the presider may, immediately after the declaration of the voting result, demand that the ballots be counted and the presider shall have the ballots counted immediately.

If ballots are counted at a general meeting, the counting result shall be recorded in the meeting minutes. The minutes together with the attendance record of shareholders and the powers of attorney of the proxies shall be kept at the domicile of the Company.

**Article 113** Resolutions of the general meeting shall be announced in due time according to the relevant laws, regulations, departmental rules, regulatory documents, regulatory rules of the place where the shares of the Company are listed or the Articles of Association. The announcement of resolutions shall specify the number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of the voting shares of the Company, the total number of shares required to abstain from voting in the concurring votes and/or voting as requested by the regulatory rules of the place where the shares of the Company are listed to individual proposals (if any), whether the shareholder who is required to abstain from voting has given up the voting right, the voting method, the voting result of each resolution and the details of each of the resolutions passed.

**Article 114** Where a proposal on election of directors or supervisors is passed at the general meeting, the term of office of a new director or supervisor shall commence on the date on which resolutions of the general meeting for election such director or supervisor are approved.

**Article 115** Shareholders may examine photocopies of the minutes of meetings during the Company's office hours free of charge. If any shareholder requests for a photocopy of the relevant minutes of meetings, the Company shall send such photocopies within seven (7) days upon receipt of the payment for reasonable charges.

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

**Article 116** Shareholders who hold different classes of shares shall be shareholders of different classes. Shareholders of different classes shall enjoy rights and undertake obligations in accordance with the laws, administrative regulations and the Articles of Association. All class shareholders shall enjoy equal rights to receive dividends or other forms of distributions.

**Article 117** Rights conferred on any class of shareholders in the capacity of shareholders may not be varied or abrogated unless approved by a special resolution of general meeting and by holders of shares of that class at a separate meeting conducted in accordance with Article 119 to 123 stipulated in the Articles of Association.

**Article 118** The following circumstances shall be deemed to be variation or abrogation of the class rights of a class:

- (I) to increase or decrease the number of shares of such class, or increase or decrease the number of shares of class having voting or equity rights or privileges equal or superior to those of the shares of such class;
- (II) to effect an exchange of all or part of the shares of such class into shares of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;
- (III) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
- (IV) to reduce or remove a dividend preference or a liquidation preference attached to shares of such class;
- (V) to add, remove or reduce conversion privileges, options, voting rights, transfer, pre-emptive rights, or rights to acquire securities of the Company attached to shares of such class;
- (VI) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of such class;
- (VII) to create a new class having voting or equity right or privileges equal or superior to those of the shares of such class;
- (VIII) to restrict the transfer or ownership of the shares of such class or add to such restriction;
- (IX) to issue rights to subscribe for, or convert into, shares in the Company of such class or another class;
- (X) to increase the rights or privileges of shares of another class;
- (XI) to restructure the Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate burden of such proposed restructuring;
- (XII) to vary or abrogate provisions in this section.

**Article 119** Shareholders of the affected class, whether or not otherwise having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matter concerning (II) to (VIII), (XI) and (XII) of the above Article, but interested shareholder shall not be entitled to vote at class meetings.

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

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

**Article 120** Resolutions of a class meeting shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who are entitled to vote at class meetings in accordance with the preceding Article.

**Article 121** When the Company is to hold a class meeting, it shall inform all the registered shareholders of that class of the matters to be considered at the meeting as well as the date and venue of the meeting as required in Article 74 under the Articles of Association.

Unless otherwise provided in the Articles of Association, the announcement of a general meeting shall be served on the shareholders (whether or not entitled to vote at the general meeting), by delivery by hand or prepaid mail to their addresses as shown in the register of members. For the shareholders of domestic shares, announcement of the meeting may be issued by way of public announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities under the State Council between 20 to 25 business days before the date of the meeting. All holders of domestic shares shall be deemed as having receive the notice of the general meeting once the announcement is published.

The notice of the general meeting sent to holders of overseas listed foreign shares may be published on the designated website of the Hong Kong Stock Exchange and the website of the Company. All holders of overseas listed shares shall be deemed as having receive the notice of the general meeting once the announcement is published.

In the event that the regulatory rules in the place of listing of the Company’s shares provide otherwise, such provisions shall be followed.

**Article 122** Notice of class meetings need only be served on shareholders entitled to vote thereat.

Except as otherwise provided under the Articles of Association, any class meetings shall be conducted in a manner as similar as possible to that of general meetings. The provisions of the Articles of Association relating to the manner of conducting any general meeting shall apply to any class meeting.

**Article 123** Other than the shareholders of other classes of shares, shareholders of domestic shares and overseas-listed foreign shares shall be deemed as shareholders of different classes. The special procedures for voting at a class of shareholders shall not apply in the following circumstances:

- (I) where the Company issues domestic shares and overseas-listed foreign invested shares, upon the approval by a special resolution of its general meeting, either separately or concurrently once every 12 months, not exceeding 20% of each of its existing issued;
- (II) where the Company's plan to issue domestic shares and overseas-listed foreign invested shares at the time of its establishment is carried out within 15 months from the date of approval of the securities regulatory authority under the State Council;
- (III) Shares (including domestic and foreign shares) already issued but not listed of the Company, after approval from the securities regulatory authority under the State Council, are converted to overseas-listed shares.

## **CHAPTER 5 THE BOARD**

### **Section 1 Directors**

**Article 124** Directors shall be elected or replaced at the general meeting and serve a term of three years. The term of a Director is renewable by re-election after its expiry.

That the minimum length of the period, during which notice to the Company of the intention to propose a person for election as a director and during which notice to the Company by such person of his willingness to be elected may be given, will be at least 7 days (the period will commence no earlier than the day after the despatch of the notice of the general meeting and end no later than 7 days prior to the date of such meeting). A director's term of service commences from the date he takes office, until the current term of service of the Board ends. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until a re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office.

Any person appointed by the Board to fill a temporary vacancy on or as an addition to the Board shall hold office only until the next following general meeting of the Company, and shall then be eligible for re-election.

Where not otherwise provided by laws, regulations and regulatory rules of the place where the shares of the Company are listed, the Company shall have power by ordinary resolution at the general meeting to remove any director (including a managing or other executive director), but without prejudice to any claim for damages under any contract before the expiration of his/her term of office.

While observing relevant laws and administrative regulations, Shareholders may remove any director whose term does not expire from his position by passing an ordinary resolution (nevertheless, any claim due under any contract shall not be affected by such removal) in the general meeting.

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

**Article 125** The directors shall comply with the laws, administrative regulations and the Articles of Association and shall faithfully perform their following obligations to the Company:

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

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

**Article 126** The directors shall comply with the laws, administrative regulations and the Articles of Association and shall diligently perform their following obligations to the Company:

- (I) to exercise prudently, conscientiously and diligently the rights granted by the Company to ensure that the Company's commercial activities are in compliance with the laws, administrative regulations and the requirements of economic policies of China and that its commercial activities are within the scope stipulated in the business license;
- (II) to treat all shareholders equally and fairly;
- (III) to understand the operation and management of the Company in a timely manner;
- (IV) to approve regular reports of the Company in written form and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;
- (V) to provide all relevant information and materials required by the supervisory committee and shall not intervene the performance of duties of the supervisory committee or supervisors;
- (VI) to perform other obligations of diligence stipulated by the laws, administrative regulations, departmental rules and the Articles of Association.

**Article 127** A director who fails to attend two consecutive meetings of the Board in person or by proxy shall be deemed as unable to perform his/her duties. The Board shall propose to the general meeting for removal of such director.

**Article 128** A director may resign before expiry of his/her term of service. When a director resigns, he shall submit a written resignation notice to the Board.

If the member of directors falls below the minimum statutory requirement due to a director's resignation, the former directors shall still perform their duties as directors in accordance with the requirements of laws, administrative regulations, departmental rules and the Articles of Association before the appointment of the re-elected directors.

Save for the circumstances referred to in the preceding Article, the director's resignation takes effect upon delivery of his/her resignation report to the Board.

**Article 129** When a director's resignation takes effect or his/her term of service expires, the director shall complete all transfer procedures with the Board. His/her loyal duties towards the Company and the shareholders do not necessarily cease within a reasonable period after the end of his/her term of service. The duty of confidentiality in respect of trade secrets of the Company shall still be in effect after the end of his/her term of office, until such trade secrets become publicly available information. The period for which other loyal duties may continue is determined according to the principle of fairness as well as the combined factors such as the nature of matter, the importance to the Company, the time of impact on the Company and the relationship with such director, which shall still be effective within the reasonable duration specified by the Articles of Association.

- Article 130** Unless legally authorized by the Articles of Association or the Board, no director shall act on behalf of the Company or the Board in his/her own name. When a director acts in his/her own name and a third party reasonably considers such director acts on behalf of the Company or the Board, such director shall declare in advance his/her position and capacity
- Article 131** A director shall be personally liable for any loss suffered by the Company as a result of a violation by him of any laws, administrative regulations, departmental rules or the Articles of Association in the course of performing his/her duties.
- Article 132** The Company shall appoint independent directors (equivalent to independent non-executive directors under the Hong Kong Listed Rules). Unless otherwise specified herein, the provisions on qualification and obligations for directors set out in the Articles of Association shall apply to independent directors.
- Article 133** Independent directors shall faithfully execute their duties and protect the Company's interests, especially ensuring that the legal rights and interests of public shareholders will not be infringed and the interests of all shareholders will be adequately represented. The powers and duties and relevant matters relating to independent directors shall be executed in accordance with laws, administrative regulations, department rules and regulatory rules of the place where our shares are listed.

## **Section 2 The Board**

- Article 134** The Company shall have a Board accountable to the general meeting.
- Article 135** The Board shall comprise 9 directors and shall have one Chairman. More than one third of the members of the Board shall be independent directors and at least one of them shall be an accounting professional (the accounting professional shall mean a person who holds senior accountant title or is qualified as a certified accountant).
- Article 136** The Board shall exercise the following functions and powers:
- (I) to convene general meetings and report to general meetings;
  - (II) to implement resolutions of general meetings;
  - (III) to resolve on the Company's business plans and investment plans;
  - (IV) to prepare the annual financial budgets and final accounting plans of the Company;
  - (V) to prepare the profit distribution plan and loss makeup plan of the Company;
  - (VI) to formulate proposals for the Company in respect of increase or reduction of registered capital, issue of bonds or other securities and the listing thereof;
  - (VII) to formulate plans for material acquisitions, purchase of shares of the Company, merger, division, dissolution or transformation of the Company;



- (VIII) to determine, within the authority granted by the general meeting, such matters as external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, external financing, etc.;
- (IX) to approve the matters in relation to investment, acquisition or disposal of assets, financing and connected transactions as required by the listing rules of the stock exchange where the shares of the Company are listed;
- (X) to decide on the establishment of internal management organizations of the Company;
- (XI) to appoint or dismiss the general manager and secretary to the Board of the Company; to appoint or dismiss senior management officers including deputy general manager(s) and the chief finance officer of the Company in accordance with the nominations by general manager, and to determine their remunerations, rewards and penalties;
- (XII) to set up the basic management system of the Company;
- (XIII) to formulate the proposals for any amendment to the Articles of Association;
- (XIV) to propose to the general meeting the appointment or replacement of the accounting firms which provide audit services to the Company;
- (XV) to listen to work reports of the general manager and review his/her work;
- (XVI) to manage the information disclosure of the Company;
- (XVII) to exercise other functions and powers as stipulated by laws, administrative regulations, department rules, regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

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

**Article 137** The Board shall not dispose of or agree to dispose of any fixed assets without approval by the general meeting if the sum of the expected value of the fixed assets to be disposed of and the value derived from the disposal of fixed assets within 4 months before such proposal to dispose of the fixed assets exceeds 33% of the value of the fixed assets as shown on the latest audited balance sheet considered and approved by the general meeting.

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

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

**Article 138** The Board shall formulate the rules of procedure for meetings of the Board to ensure the implementation by the Board of the resolutions of general meeting, to improve efficiency and to have scientific decision-making. The rules of procedures for the Board shall be appended to the Articles of Association. It shall be formulated by the Board and approved by the general meeting.

**Article 139** The Board shall formulate stringent examination and approval system to determine the authority with respect to external investment, acquisition and disposal of assets, mortgage of assets, external guarantee, entrusted wealth management and connected transactions of the Company. Specialists or professionals shall be retained to evaluate major investment projects and report to general meeting for approval.

**Article 140** The Chairman of the Company shall be elected by a majority of all members of the Board.

**Article 141** The chairman of the board shall exercise the following powers:

- (I) to preside over general meetings, and convene and preside over meetings of the Board;
- (II) to supervise and check the implementation of resolutions passed by the Board;
- (III) to sign the share certificates, corporate bonds and other securities issued by the Company;
- (IV) to sign the important documents of the Board;
- (V) in the event of emergency situations such as the occurrence of large-scale natural disasters, to take special steps in handling the Company's business according to the laws and the Company's interest; and to report to the Company's Board and general meeting afterwards;
- (VI) Other powers conferred by the Board or regulatory rules of the place where the shares of the Company are listed.

The authorization of the Chairman by the Board shall specify to be made by resolutions passed by the board, which shall include specific authorization matters, content and limits of authority. Issues involving material interests of the Company shall be subject to collective decision by the Board and shall not authorize Chairman or individual director to decide by himself.

**Article 142** Where the chairman is unable to or does not perform the duty, a director nominated by more than half of the directors shall perform the duty.

**Article 143** The Board shall discuss matters in the form of Board meetings. Board meetings include regular meetings and extraordinary meetings. Regular Board meetings shall be held at least 4 times a year and shall be convened by the chairman. Notice of a regular Board meeting shall be given to all directors and supervisors at least 14 days in advance.

**Article 144** An extraordinary Board meeting may be held by request of shareholders representing more than 10% of the voting rights or by request of more than one-third directors, half of independent director or supervisors, chairman or general managers. The chairman shall convene and preside over a Board meeting within 10 days after receipt of the proposal.

**Article 145** The notice of an interim Board meeting shall be served on all directors and supervisors in writing three days before the meeting. In case of emergency, the service of notices for an interim Board meeting shall not be subject to the time-limit stated in the preceding paragraph.

**Article 146** A notice of Board meeting shall at least contain the following contents:

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

**Article 147** The Board meeting shall be held upon the attendance of more than half of directors. A resolution of the Board must be passed by more than half of all directors of the Company. When the Board is considering the external guarantee provided by the Company, the resolution cannot be made until it is passed by more than 2/3 directors attending in the Board meeting.

Resolutions of the Board are voted by way of poll with each director having one vote. Where there is an equality of votes cast both for and against a resolution, the chairman of the Board shall have a casting vote.

**Article 148** If any director has connection with the enterprise involved in the resolution made at a board meeting, the said director shall not vote on the said resolution for himself or on behalf of another director. The Board meeting may be held when more than half of the non-connected directors attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the meetings is less than 3, the issue shall be submitted to the general meeting for consideration.

**Article 149** Voting at Board meetings shall be conducted by open ballot or by a show of hands.

Board meetings may be held by a meeting on-site or by circulation of a written resolution.

For the convenience of directors attending a Board meeting, Board meetings may be held on-site, or by means of telephone, video or other real-time means of communication. Directors who participated in a Board meeting by the aforementioned means shall be deemed to have attended such on-site meeting.

If a Board meeting is convened by means of telephone, video or other real-time means of communication, the Company shall ensure that speeches by other directors can be heard clearly by directors present at the meeting participating in the meeting and can communicate with each other. Board meetings convened by such means shall be audio recorded or videotaped. If directors are unable to sign resolutions at such meetings, a voice vote shall be used and the signing of resolutions shall be performed as soon as possible. The effectiveness of the voice vote by the directors shall have equal effect with signed resolutions provided that the subsequent resolution signed is consistent with the voice vote made at the meeting. If there is any inconsistency between the voice vote and the signed resolution, the voice vote shall prevail.

If a Board meeting is convened by means of circulation of a written resolution, namely by serving the resolutions for review individually or by circulating the resolutions among the directors for review, the directors or other directors appointed by them shall express their opinions for, against or abstain on the resolution or on the ballot paper clearly in writing. Once the number of directors who sign in favor reaches the quorum for a resolution as required by the Articles, the proposal shall take effect. The Company shall provide explanations if a Board meeting is convened by means of circulation of a written resolution and matters to be voted and the related background materials shall be served on all directors at least three days before voting.

**Article 150** Directors shall attend the meetings of the Board in person. Where a director is unable to attend a meeting for any reason, he/she may, by a written power of attorney, appoint another director to attend the meeting on his/her behalf. The power of attorney shall set out the name of the attorney, issues under authorization, scope of authorization and valid period, which will be signed or sealed with the chop by the appointing director. A Director appointed as a representative of another director to attend the meeting shall exercise the rights of a director within the scope of authority conferred by the appointing director. Where a director is unable to attend a meeting of the Board and has not appointed a representative to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

**Article 151** The Board shall keep minutes of resolutions passed at the Board meetings. The minutes shall be signed by the directors present at the meeting.

If a resolution of the Board violates the laws, administrative regulations or the Articles of Association and the Company suffers serious losses as a result thereof, the directors who participated in the passing of such resolution are liable to compensate the Company therefor. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from such liability.

Minutes of the Board meeting shall be kept as the Company's record for a period of no less than 10 years.

**Article 152** The minutes of a Board meeting shall include the following contents:

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

### **Section 3 Special Committees of the Board**

**Article 153** The Board of the Company has established the strategy committee, the audit committee, the nomination committee and the remuneration and appraisal committee, which are all comprised of directors. In particular, more than half of the members of the audit committee, the nomination committee, the remuneration and appraisal committee are independent directors, the conveners of the audit committee and the remuneration and appraisal committee shall be held by an independent director and the convener of the nomination committee shall be held by the chairman or an independent director. All members of the audit committee shall be non-executive directors or independent directors, at least one of whom shall be an independent director who possesses appropriate professional qualifications provided in the Hong Kong Listing Rules or possesses appropriate accounting or relevant financial management expertise. Chairman of each of the special committees shall be appointed and dismissed by the Board.

**Article 154** The Board is responsible for formulating the rules of procedure of the special committees and stipulating the composition, functions and procedures of the special committees.

**Article 155** These special committees are ad hoc committees under the Board which provide advice or advisory opinions to the Board on material decisions. The special committees shall not make any decision in the name of the Board. However, the committees may exercise decision-making power in respect of the authorized matters in accordance with a special power given by the Board.

**Article 156** Each of special committees can engage intermediate organization to provide professional advises according to the actual requirement with the cost borne by the Company.

Each of special committees is accountable to and reports its work to the Board.

## CHAPTER 6 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT

**Article 157** The Company shall have 1 general manager, 1 president, 1 chief medical officer, 1 chief financial officer and 1 secretary to the Board, who shall be appointed and dismissed by the Board.

**Article 158** The general manager of the Company, in exercising his functions and powers, shall act honestly and diligently in accordance with the laws, administrative regulations and the Articles of Association.

**Article 159** Any person holding any executive position working in the controlling shareholder and de facto controller of the Company other than as a director shall not serve as senior management of the Company.

**Article 160** The term of office of the general manager shall be 3 years, renewable upon re-appointment at expiry of one term.

**Article 161** The general manager, who reports to the Board, may exercise his/her functions and powers:

- (I) to manage the production, operation and administration of the Company, arrange for the implementation of the resolutions of the Board, and report to the Board;
- (II) to arrange for the implementation of the Company's annual operation plans and investment proposals;
- (III) to formulate proposals for the establishment of the Company's internal management organs;
- (IV) to formulate the fundamental management system of the Company;
- (V) to formulate the specific rules and regulations of the Company;
- (VI) to recommend the appointment or dismissal of any president, vice president, chief medical officer and chief financial officer of the Company by the Board;
- (VII) to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the Board);
- (VIII) to exercise any other functions and powers conferred by the Articles of Association or the Board.

The general manager shall be present at meetings of the Board. However, the general manager shall have no voting rights at meetings of the Board unless he/she concurrently serves as a director.

**Article 162** The general manager shall formulate working rules of the general manager, and shall be implemented after being approved by the Board.

**Article 163** The working rules of the general manager shall include:

- (I) the conditions, procedure and participants of the general manager's meeting;
- (II) specific responsibilities and work allocation of the general manager and other senior management;
- (III) use of funds and assets of the Company, scope of authorization to enter into material contracts and reporting policies regarding the Board and the supervisory committee;
- (IV) other matters which the Board deems necessary.

**Article 164** The general manager and other senior management may resign before expiry of his term of office. The specific procedures and methods for such resignation shall be specified in the employment contract concluded by such personnel and the Company.

**Article 165** The president and vice president shall be nominated by the general manager, and shall be appointed or dismissed by the Board. The president and vice president shall provide assistances to the work of the general manager. The functions and powers of the president and vice president shall be specified in the working rules of the general manager.

Chief medical officer and chief financial officer shall be nominated by the general manager, and shall be appointed or dismissed by the Board.

**Article 166** The Company shall have a secretary to the Board, who shall be held by a natural person with requisite professional knowledge and experience and shall be appointed by the Board. The major duties of the secretary to the Board are:

- (I) to ensure that the Company has complete organization documents and records;
- (II) to ensure that the Company legally prepares and submits reports and documents as required by relevant competent authorities;
- (III) to ensure that register of members of the Company is established appropriately, maintain the registers of the shareholders, directors and senior management and the documents and minutes of the general meeting, board meetings and meetings of special committees under the Board, and ensure that persons who are entitled to obtain the Company's records and documents can timely obtain the relevant records and documents;
- (IV) to be responsible for matters pertaining to information disclosure of the Company, and ensure the timeliness, accuracy, lawfulness, authenticity and completeness of the Company's information disclosure;
- (V) such other duties specified by the rules of the stock exchange in the place where the shares of the Company are listed.

**Article 167** A director or other senior management of the Company may also act as the secretary to the Board of the Company. Accountants of the accounting firm appointed by the Company shall not act as the secretary to the Board.

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

**Article 168** If the senior management violates laws, administrative regulations, department rules or the Articles of Association when performing his duties in the Company, he/she shall indemnify the Company against losses incurred due to such violation.

## **CHAPTER 7 SUPERVISORY COMMITTEE**

### **Section 1 Supervisors**

**Article 169** The directors, general manager and other senior management may not concurrently take the position of supervisors.

**Article 170** The supervisors shall observe laws, administrative regulations and the Articles of Association. They shall assume the duties of loyalty and due diligence to the Company, faithfully perform their supervisory duties and shall not accept any bribery or other illegal income by using his powers and position, or seize the assets of the Company in any manner.

**Article 171** Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected upon expiry.

**Article 172** A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of the supervisor results in the number of supervisors being less than the quorum.

**Article 173** Supervisors may attend meetings of the Board and make enquiries or proposals in respect of the resolutions of such meetings.

**Article 174** A supervisor shall not take advantage of his connection with the Company to harm interests of the Company and shall indemnify the Company against losses caused thereby.

**Article 175** If a supervisor violates laws, administrative regulations, department rules or the Articles of Association when performing his duties in the Company, he/she shall indemnify the Company against losses incurred due to such violation.



## Section 2 Supervisory Committee

**Article 176** The Company shall have a supervisory committee. The supervisory committee comprises three supervisors. It shall have one chairman. The election or removal of the chief supervisor shall be determined by two-thirds or more of the members of the supervisory committee. The chief supervisor shall convene and preside over supervisory committee meetings. Where the chief supervisor is incapable of performing, or is not performing his/her duties, a supervisor nominated by more than half of the supervisors shall convene and preside over supervisory committee meetings.

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

**Article 177** The supervisory committee shall exercise the following functions and powers:

- (I) To check the financial condition of the Company and review the periodic reports of the Company prepared by the Board and express its written opinion;
- (II) To monitor the performance of duties in the Company by directors and senior management and propose dismissal of directors and senior management who have violated laws, administrative regulations, the Articles of Association or the resolutions of general meetings;
- (III) To require directors and the senior management to make corrections if their conduct has damaged the interests of the Company;
- (IV) To propose the convening of extraordinary general meetings and, in case the Board does not perform the obligations to convene and preside over the general meetings in accordance with Company Law, to convene and preside over the general meetings;
- (V) To propose proposals to the general meetings;
- (VI) To initiate legal proceedings against directors and the senior management in accordance with laws;
- (VII) To conduct investigation if there is any doubt or any unusual circumstances in the Company's operations; and if necessary, to engage an accounting firm, law firm or other professional institutions to assist in their work at the expenses of the Company;
- (VIII) To verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the general meetings and, should any queries arise, to authorize, in the name of the Company, a re-examination by the certified public accountants and practising auditors of the Company for the time being;
- (IX) Other functions and powers specified in the Articles of Association.

**Article 178** All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors as are required by the supervisory committee in exercising its functions and powers shall be borne by the Company.

**Article 179** The method for discussions of the supervisory committee shall be supervisory committee meetings. As for the voting on a resolution of the supervisory committee, each supervisor shall have one vote. The voting can be conducted by open ballot in writing or otherwise. There are two types of supervisory committee meeting: regular supervisory committee meeting and extraordinary supervisory committee meeting. The supervisory committee shall hold one regular meeting every six months. A supervisor may propose to convene an extraordinary supervisory committee meeting.

**Article 180** The notice convening a regular meeting or an extraordinary general meeting of the supervisory committee shall be served to all supervisor ten days and five days in advance respectively.

**Article 181** Notice of the supervisory committee meeting shall at least include:

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

**Article 182** Supervisory committee meetings may be held by a meeting on-site or by circulation of a written resolution.

For the convenience of supervisor attending a supervisory committee meeting, supervisory committee meetings may be held on-site, or by means of telephone, video or other real-time means of communication. Supervisor who participated in a supervisory committee meeting by the aforementioned means shall be deemed to have attended such on-site meeting.

If a supervisory committee meeting is convened by means of telephone, video or other real-time means of communication, the Company shall ensure that speeches by other supervisors can be heard clearly by supervisors present at the meeting participating in the meeting and can communicate with each other. Supervisory committee meetings convened by such means shall be audio recorded or videotaped. If supervisors are unable to sign resolutions at such meetings, a voice vote shall be used and the signing of resolutions shall be performed as soon as possible. The effectiveness of the voice vote by the supervisors shall have equal effect with signed resolutions provided that the subsequent resolution signed is consistent with the voice vote made at the meeting. If there is any inconsistency between the voice vote and the signed resolution, the voice vote shall prevail.

If a supervisory committee meeting is convened by means of circulation of a written resolution, namely by serving the resolutions for review individually or by circulating the resolutions among the supervisors for review, the supervisors or other supervisors appointed by them shall express their opinions for, against or abstain on the resolution or on the ballot paper clearly in writing. Once the number of supervisors who sign in favor reaches the quorum for a resolution as required by the Articles, the proposal shall take effect. The Company shall provide explanations if a supervisory committee meeting is convened by means of circulation of a written resolution and matters to be voted and the related background materials shall be served on all supervisors at least three days before voting.

A resolution of the supervisory committee must be approved by two-thirds or more of the supervisors.

**Article 183** The supervisory committee shall formulate procedural rules to be followed at meetings of the supervisory committee, specify the method for discussions and the voting procedures of the supervisory committee, so as to ensure the working efficiency and scientific decision making of the supervisory committee.

**Article 184** The supervisory committee shall record decision on matters discussed in the minutes for the meeting. Supervisors who attended the meeting shall sign on the minutes for the meeting.

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

## **CHAPTER 8 QUALIFICATIONS AND OBLIGATIONS OF THE COMPANY'S DIRECTORS, SUPERVISORS, MANAGING DIRECTORS (PRESIDENT) AND OTHER SENIOR MANAGEMENT**

**Article 185** A person may not serve as a director, supervisor, general manager or other senior management of the Company if any of the following circumstances applies:

- (I) a person without legal or with restricted legal capacity;
- (II) a person who has been found guilty of sentenced for corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order where less than a term of five years have elapsed since the sentence was served; or a person who has been deprived of his political rights, in each case where less than five years have elapsed since the sentence was served;
- (III) a person who is a former director, factory manager or general manager of a company or enterprise which has been entered into insolvent liquidation because of mismanagement and he/she is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;

- (IV) a person who is a former legal representative of a company or enterprise which had its business licence revoked due to a violation of the law and who incurred personal liability, where less than three years has elapsed since the date of the revocation of the business licence;
- (V) a person who has a relatively large amount of debts due and outstanding;
- (VI) a person who is under criminal investigation by judicial organization for the violation of the criminal law which is not yet concluded;
- (VII) a person who is not eligible to act as a leader of an enterprise according to laws and administrative regulations;
- (VIII) a non-natural person;
- (IX) currently being barred by the China Securities Regulatory Commission from participating in the securities market;
- (X) a person convicted of the contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five (5) years has elapsed since the date of the conviction;
- (XI) other circumstances as required under laws, administrative regulations, departmental rules, regulatory documents, regulations of relevant regulatory authorities.

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

**Article 186** The validity of an act of a director, general manager and other senior management on behalf of the Company is not, as against a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

**Article 187** In addition to obligations imposed by laws, administrative regulations or the listing rules of the stock exchanges on which shares are listed, each of the directors, supervisors, general manager and other senior management owes a duty to each shareholder in the exercise of the functions and powers of the Company entrusted to him/her:

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

**Article 188** Each of the directors, supervisors, general manager and other senior management of the Company owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 189** Each of the directors, supervisors, general manager and other senior management of the Company shall carry on his duties in accordance with the principle of fiduciary and shall not put himself in a position where his duty and his interest may conflict. This principle includes (without limitation) the discharge of the following obligations:

- (I) To act honestly in the best interests of the Company;
- (II) To exercise powers within the scope of his powers and not to exceed those powers;
- (III) To exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in general meeting, not to delegate the exercise of his discretion;
- (IV) To treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) Except in accordance with the Articles of Association or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) Without the informed consent of shareholders given in general meeting, not to use the Company's property for his own benefit;
- (VII) Not to abuse his position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;

- (VIII) Without the informed consent of shareholders given in general meeting, not to accept commissions in connection with the Company's transactions;
- (IX) To abide by the Articles of Association, faithfully execute his official duties and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private interests;
- (X) Not to compete with the Company in any form unless with the informed consent of shareholders given in general meeting;
- (XI) Not to misappropriate the Company's funds or lend such funds to others, not to open accounts in his own name or other names for the deposit of the Company's assets and not to provide a guarantee for debts of a shareholder of the Company or other individual(s) with the Company's assets;
- (XII) Unless otherwise permitted by informed consent of shareholders given in general meeting, to keep in confidence information acquired by him in the course of and during his tenure and not to use the information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
  - 1. Disclosure is made under compulsion of law;
  - 2. The interests of the public require disclosure;
  - 3. The interests of the relevant director, supervisor, general manager and other senior management require disclosure.

**Article 190** Each director, supervisor, general manager and other senior management of the Company shall not cause the following persons or institutions (the "associates") to do what he is prohibited from doing:

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

**Article 191** The fiduciary duties of the directors, supervisors, general manager and other senior management of the Company do not necessarily cease with the termination of their terms of office. The duty of confidence in relation to trade secrets of the Company survives the termination of their terms of office. Other duties may continue for such period as fairness may require depending on the time lapse between the termination and the act concerned and the circumstances under which the relationships between them and the Company are terminated.

The liability of directors, supervisors, general manager and other senior management of the Company for breaching a given obligation may be waived by the general meeting which has knowledge of the circumstances, save for the circumstances specified in Article 56 of the Articles of Association.

**Article 192** Where a director, supervisor, general manager and other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not such contract, transaction or arrangement therefor is otherwise subject to the approval of the Board.

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

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

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

**Article 193** Where a director, supervisor, general manager and other senior management of the Company gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding paragraph in the Articles of Association to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

**Article 194** The Company shall not pay taxes in any form for its directors, supervisors, general manager and other senior management.

**Article 195** The Company shall not directly or indirectly make a loan to, or provide any security in connection with the making of a loan to a director, supervisor, general manager or other senior management of the Company or of the Company's parent company or any of their respective associates.

The following circumstances are not subject to such prohibition:

- (I) The provision by the Company of a loan or a guarantee of a loan to a company which is a subsidiary of the Company;
- (II) The provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds available to any of its directors, supervisors, general manager and other senior management to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with a service contract approved by the shareholders in general meeting;
- (III) The Company may make a loan to or provide a guarantee in connection with the making of a loan to any of the relevant directors, supervisors, general manager and other senior management and their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

**Article 196** A loan made by the Company in breach of the preceding paragraph shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

**Article 197** Any guarantee for a loan provided by the Company in breach of Paragraph 1 of Article 195 of the Articles of Association shall be unenforceable against the Company, unless:

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

**Article 198** The guarantee as referred to in the preceding paragraph of this chapter includes the act of the guarantor to undertake the responsibility or provide property to ensure that the obligor fulfils the obligations.



**Article 199** In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, general manager and other senior management of the Company is in breach of his duties to the Company, the Company has a right:

- (I) To demand such director, supervisor, general manager and other senior management to compensate it for losses sustained by the Company as a result of such breach;
- (II) To rescind any contract or transaction which has been entered into between the Company and such director, supervisor, general manager and other senior management or between the Company and a third party (where such third party knows or should have known that such director, supervisor, general manager and other senior management representing the Company has breached his duties owed to the Company);
- (III) To demand such director, supervisor, general manager and other senior management to account for profits made as a result of the breach of his duties;
- (IV) To recover any monies which should have been received by the Company and which were received by such director, supervisor, general manager and other senior management instead, including (without limitation) commissions;
- (V) To demand repayment of interest earned or which may have been earned by such director, supervisor, general manager and other senior management on monies that should have been paid to the Company.

**Article 200** The Company shall enter into a contract in writing with each of the directors, supervisors and senior management of the Company. The contract in writing shall cover at least the following matters:

- (I) Directors, supervisors and senior management shall undertake to the Company to observe Company Law, Special Provisions, the Articles of Association, and Code on Takeovers and Mergers and Code on Share Repurchase and other provisions stipulated by the Hong Kong Stock Exchange, and agree that the Company is entitled to remedial measures under the Articles of Association and that the said contract and their positions as director, supervisor or senior officer shall not be transferred;
- (II) Directors, supervisors and senior management shall undertake to the Company representing respective shareholders to fulfil their due duties for the shareholders as specified in the Articles of Association;
- (III) Arbitration clauses specified in the Articles of Association.

**Article 201** The Company shall enter into a contract in writing with each of the directors or supervisors wherein his emoluments are stipulated, subject to prior approval at a general meeting. The aforesaid emoluments include:

- (I) Emoluments in respect of his service as a director, supervisor or an senior management of the Company;
- (II) Emoluments in respect of his service as a director, supervisor or an senior management of any subsidiary of the Company;
- (III) Emoluments in respect of the provision of other services in connection with the management of the affairs of the Company or any of its subsidiaries;
- (IV) Payment by way of compensation for loss of office, or as consideration for or in connection with his retirement from office.

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

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

**Article 202** The contracts concerning the emoluments between the Company and its directors or supervisors should provide that in the event that the Company is acquired, the directors and supervisors shall, subject to the prior approval of the general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. For the purpose of the preceding paragraph, an acquisition of the Company means either:

- (I) An offer made by any person to all the shareholders;
- (II) An offer made by any person with a view to the offeror becoming a “controlling shareholder”. Controlling shareholder has the same definition as that in Article 57 of the Articles of Association.

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

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

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

**Article 203** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the requirement of relevant regulatory departments of the PRC. Any other requirements as required by the securities regulatory authority at the place where the shares of the Company are listed shall prevail.

**Article 204** At the end of each fiscal year, the Company shall prepare a financial report which shall be audited and verified according to law.

**Article 205** The Board shall submit the financial reports required by relevant laws, regulations, rules and normative documents to be submitted to shareholders at each annual general meeting.

The financial report mentioned in the preceding paragraph shall include the directors' report and the balance sheet (including all other documents to be attached in accordance with the requirements of the PRC laws, other laws, and administrative regulations), the profit and loss statement (the profit statement) or the statement of income and expense (the statement of cash flow) or (under the condition of no violation of the PRC laws) financial highlights approved by the Hong Kong Stock Exchange.

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

Unless otherwise specified in the Articles of Association, the Company shall deliver or send to each shareholder of overseas listed shares by prepaid mail at the address registered in the register of shareholders the said reports, the report of directors, together with the balance sheet (including every document to be attached to the balance sheet as required by the law) and statement of profit or loss or the statement of income and expense not later than twenty-one days before the date of every annual general meeting. However, such documents may also be delivered to shareholders of overseas listed shares through the Company's website, the website of the Hong Kong Stock Exchange and other websites as may be provided by the Hong Kong Listing Rules from time to time, provided that the laws, administrative regulations and requirements of the securities regulatory authority at the place where the shares of the Company are listed are observed.

**Article 206** The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international amounting standards, or that of the overseas listing place. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in an appendix to the financial statements. When the Company is to distribute its after-tax profits, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

**Article 207** Any interim results or financial information published or disclosed by the Company must also be prepared and presented in accordance with the PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the overseas listing place.

**Article 208** The Company shall publish its financial reports twice every fiscal year, that is, the interim financial report shall be published within sixty days after the first 6-month period of each fiscal year and the annual financial report shall be published within 120 days after the expiration of each fiscal year.

**Article 209** The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

**Article 210** When the Company allocates the after-tax profits for the current year, it shall extract 10% of the profits into the Company's statutory reserve fund. Should the accumulated amount of the Company's statutory reserve fund be more than 50% of the Company's registered capital, no appropriation shall be made.

In the event that the Company's statutory reserve fund is not sufficient to cover all the losses for the previous year, the profits for the current year shall be firstly used to cover the loss before making appropriation to the statutory reserve fund pursuant to the foregoing provisions.

After the Company has made appropriation to the statutory reserve fund from the after-tax profits, optional reserve fund may also be extracted from the after-tax profits upon resolution at the general meeting.

As for the remaining after-tax profits after the Company has covered loss and has extracted statutory reserve fund, shareholders shall be allocated pursuant to the ratio of the shareholding of the shareholders, except for those allocations not pursuant to the ratio of the shareholding as provided by the Articles of Association.

Profits distributed to shareholders by a resolution of a general meeting before losses have been made good and allocations have been made to the statutory common reserve fund in violation of the requirements described above must be returned to the Company.

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

**Article 211** The common reserve fund of the Company shall be applied to make good the Company's losses, expand its business operations or increase its capital. The capital reserve fund, however, shall not be used to make good the company's losses. Capital reserve fund includes the following items:

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

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

**Article 212** After the resolution on the profit distribution plans is made, the Board of the Company shall, within two months after the general meeting, complete the distribution of the dividend (or shares).

**Article 213** The Company may distribute profit in the form of cash or shares.

**Article 214** The Company shall appoint a payment receiving agent for holders of overseas listed foreign shares. The payment receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect of the overseas listed foreign shares.

The payment receiving agent appointed by the Company shall satisfy the requirements under the laws of the place where the Company's shares are listed or the rules of the relevant stock exchange.

The payment receiving agent appointed by the Company for holders of overseas listed foreign shares listed on the Hong Kong Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong. The Company has the power to cease sending dividend warrants by post to a given holder of overseas listed foreign shares, but may exercise such power only if such warrants have been left uncashed on two consecutive occasions. However, the Company may exercise such power after the first occasion on which such a warrant is returned undelivered.

In relation to the exercise of right to issue warrants to unregistered bearer, no warrant thereof shall be issued to replace the one that has been lost unless the Company is satisfied beyond reasonable doubt that the original warrant thereof has been destroyed.

The Company has the power to sell by a method deemed fit by the Board the shares of a holder of overseas listed foreign shares who is untraceable, provided that it complies with the following conditions:

- (I) Dividends on such foreign shares have been distributed at least three times in twelve years, which dividends are not claimed by anybody during the period; and

- (II) upon expiration of the 12-year period, the Company makes an announcement of its intention to sell such shares in one or more newspapers at the place where the shares of the Company are listed, and notify the Hong Kong Stock Exchange.

Subject to the relevant laws and regulations of the PRC, the Company may exercise its right to confiscate the dividends which are not claimed by anyone but such right can only be exercised after the expiration of relevant period.

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

## **Section 2 Appointment of Accounting Firm**

**Article 215** The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial statements, and to review the Company's other financial statements.

**Article 216** The appointment of an accounting firm by the Company shall be decided by the shareholders' meeting. The Board may not appoint an accounting firm before the decision is made by the general meeting. The accountant firm appointed by the Company shall hold office from the conclusion of the annual general meeting until the conclusion of the next annual general meeting.

**Article 217** The accounting firm appointed by the Company shall have the following rights:

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

**Article 218** If there is a vacancy in the position of accounting firm of the Company, the Board may appoint an accounting firm to fill such vacancy before the convening of the general meeting, but the appointment shall be confirmed by the shareholders in the next general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period of existence of such vacancy.

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

- (I) Prior to the delivery of the notice of the general meeting, such proposal regarding the appointment or dismissal shall be delivered to such accounting firm which is to be appointed or to leave, or which has left during the relevant accounting year. Leaving the office shall include the dismissal or resignation of appointment and leaving of its position.
- (II) In the event that the accounting firm leaving the position has made a written statement and requests the Company to inform the shareholders of such statement, the Company should adopt the following measures unless it has received the written statement too late:
  1. In the notice issued for making a resolution, it is expressly stated about the accounting firm leaving the position having made a statement;
  2. A photocopy of such statement shall be made as an attachment to the notice delivered to each shareholder who is entitled to receive the notice of the general meeting in the manner as provided in the Articles of Association.
- (III) Should the Company fail to deliver the statement of the relevant accounting firm pursuant to the provisions of clause (II) above, the relevant accounting firm may request to read out such statement at the general meeting and shall further make an appeal.
- (IV) The accounting firm leaving its position shall have the right to attend the following meetings:
  1. the general meeting during its term of office which is to expire;
  2. the general meeting for filling a vacancy caused by the dismissal of such accounting firm;
  3. the general meeting convened due to the active resignation of such accounting firm.

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

**Article 219** Regardless of the terms in the contract concluded between the accounting firm and the Company, the general meeting may, through an ordinary resolution, resolve to dismiss the said accounting firm before the expiration of the term thereof. In the event of any rights claimed by the accounting firm against the Company, the said rights shall not be affected.

**Article 220** The Company ensures to provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

**Article 221** The remuneration of the accounting firm or the way to confirm the remuneration shall be determined by the general meeting. The remuneration of such accounting firm appointed by the Board shall be confirmed by the Board.

**Article 222** Appointment, dismissal or non-appointment of the accounting firm shall be subject to decision at the general meeting and shall be filed with the securities regulatory authorities under the State Council.

**Article 223** Should the Company dismiss or no longer re-appoint the accounting firm, it shall notify such accounting firm thirty days in advance. When the general meeting votes for the dismissal of such accounting firm, such accounting firm shall be allowed to express their opinions.

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

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

(I) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or

(II) a statement of any other circumstances requiring an explanation.

The Company shall send a copy of the written notice referred to in the preceding paragraph to the relevant governing authority within fourteen days after receipt. If the notice contains a statement as mentioned in clause (II) of the preceding paragraph, a copy of such statement shall be placed at the Company for the inspection of shareholders and the Company shall send a copy of such statement to each shareholder who is entitled to receive the report regarding financial conditions of the issuer.



Except as otherwise provided in the Articles of Association, the Company shall also send a copy of such statement by prepaid mail to every holder of overseas listed shares at the address recorded in the register of members; or the Company shall, within the aforesaid period, issue or publish such statement through the website of the stock exchange where the shares of the Company are listed or on one or more newspapers designated thereby and stipulated in the Articles of Association, subject to compliance with the laws, regulations and the Hong Kong Listing Rules.

If the notice of resignation of accounting firm contains a statement as referred to in item (II) of this Article, it may require the Board to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances in connection with its resignation.

## CHAPTER 10 NOTICES AND ANNOUNCEMENTS

**Article 224** The notices of the Company (including but not limited to the notice of convening the general meeting, the meeting of the Board and the meeting of the supervisory committee) shall be sent out in the following ways:

- (I) by hand;
- (II) by facsimile;
- (III) by post;
- (IV) by email;
- (V) by way of announcement;
- (VI) by announcement on the newspaper and other designated media;
- (VII) by publishing on the website designated by the Company and the stock exchange in the place where the shares of the Company are listed in compliance with laws, administrative regulations, departmental rules, regulatory documents and the Articles of Association;
- (VIII) by other means approved by the securities regulatory authority at the location where the shares of the Company are listed or specified in the Articles of Association.

There is no restriction in the Articles of Association on giving notice to shareholders with registered addresses outside Hong Kong.

Any notice of the Company given by announcement shall be deemed to be received by all relevant persons once such announcement is published. Where the securities regulatory authority of the place where the shares of the Company are listed provide otherwise, such provisions shall prevail.

Even if there are provisions as otherwise stated in the Articles of Association in respect to the form of any other documents, announcements, or other newsletters or notices, as permitted by relevant provisions of the securities regulatory authority at the location where the shares of the Company are listed, the Company may publish newsletters by the form specified in item (VII) of this Article, instead of serving written documents to holders of overseas listed shares by personal delivery or pre-paid mail. The abovementioned newsletters refer to any documents published or to be published by the Company for reference or action guidance for shareholders, including but not limited to annual reports (including annual financial reports), interim reports (including interim financial reports), directors' reports (together with balance sheet and income statement), notices of general meeting, circulars and other communication files.

If the Company is empowered to give notice by advertisement, such advertisements may be published in the newspapers and there is no prohibition on giving notice to shareholders with registered addresses outside Hong Kong.

**Article 225** The date of service of the Company's notice:

- (I) If sent by hand, the recipient or its agent shall affix signature (or seal) to the return on service and the signing date shall be the date of service;
- (II) If sent by facsimile, the sending date of the fax shall be the date of service;
- (III) If sent by post, the second business day after the post shall be the date of service;
- (IV) If sent by telegram, the second business day after the sending date of the telegram shall be the date of service;
- (V) If sent by announcement, the date of first announcement shall be the date of service.

**Article 226** The accidental omission to give notice of meeting to, or the non-receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions adopted at such meeting.

**Article 227** If the securities regulatory authority at the location where the shares of the Company are listed stipulates that the Company shall send, post, distribute, issue, announce or otherwise provide relevant documents of the Company in English and Chinese, if the Company has made appropriate arrangement to confirm whether the shareholders hope to receive only the English version or the Chinese version, the Company may (as per the intent stated by the shareholders) send only the English version or the Chinese version to the related shareholders within the range allowed by the applicable laws and regulations and pursuant to the applicable laws and regulations.

**Article 228** The Company shall issue announcements and disclose information to holders of domestic shares through newspapers and websites designated by the laws, administrative regulations or relevant domestic regulatory authorities for information disclosure. If it is required to make public announcements to the holders of H Shares pursuant to the Articles of Association, the announcement shall also be published in such manner as required by the Hong Kong Listing Rules.

## CHAPTER 11 MERGER, DIVISION, INCREASE AND DECREASE OF CAPITAL, DISSOLUTION AND LIQUIDATION

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

**Article 229** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

Absorption means that a company absorbs another company and the absorbed company will be dissolved. Where two or more companies merge into a new company, the original companies will be dissolved.

**Article 230** In the event of the merger or division of the Company, a proposal shall be presented by the Board and shall be approved by the general meeting in accordance with the procedures stipulated in the Articles of Association. The Company shall then undertake the relevant approval process in a manner prescribed by law. A shareholder who objects to the proposal of merger or division shall be entitled to demand the Company or the shareholders who consent to the proposal of merger or division to acquire such dissenting shareholders' shareholding at a fair price. The contents of the resolution of merger or division of the Company shall be compiled into special documents which shall be available for inspection by the shareholders of the Company.

**Article 231** In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days after the date of the Company's resolution approving the merger and shall publish a public notice in newspapers or by other means within thirty days thereafter. The creditors are entitled to require the Company to settle the loans or to provide corresponding guarantees within thirty days after the receipt of the written notification, or in the event that no such notification is received, within forty-five days after the date of the announcement.

**Article 232** Upon the merger, receivables and indebtedness of each of the merging parties shall be assumed by the company which survives the merger or the newly established company.

**Article 233** Where there is a division of the Company, its assets shall be divided up accordingly.

In the event of division of the Company, the parties shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days after the date of the Company's resolution approving the division and shall publish a public announcement at least three times in newspapers within thirty days thereafter.

**Article 234** Debts of the Company prior to division shall be assumed jointly by the companies which exist after the division, unless agreed otherwise in the written agreement signed between the Company and creditors in respect of settlement of such debts prior to the division.

**Article 235** A balance sheet and an inventory of assets must be prepared by the Company if it needs to reduce registered capital.

The Company shall notify its creditors within ten days from the date of the resolution for reduction of registered capital and shall publish a public announcement in newspapers within thirty days thereafter. The creditors are entitled to require the Company to settle the loans or to provide corresponding guarantees within thirty days after the receipt of the written notification, or in the event that no such notification is received, within forty-five days after the date of the announcement.

**Article 236** The Company shall, in accordance with law, apply for change in its registration particulars with the company's registration authority where a change in any item in its registration arises as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, that company shall apply for registration in accordance with the law.

Where the Company increase or reduce its registered capital, the Company shall, in accordance with law, apply for change in its registration with the company registration authorities.

## **Section 2 Dissolution and Liquidation**

**Article 237** The Company shall be dissolved upon the occurrence of the following events:

- (I) the term of its operations set out in the Articles of Association has expired;
- (II) a resolution for dissolution is passed by shareholders at a general meeting;
- (III) dissolution is necessary due to a merger or division of the Company;
- (IV) the Company is legally declared insolvent due to its failure to repay debts as they become due;
- (V) the Company's business license is revoked or the Company is ordered to close down or de-registered according to laws;
- (VI) where the Company gets into serious trouble in operation and management and its continuation may cause substantial loss to the interests of shareholders, and no solution can be found through any other channel, shareholders representing more than 10% of the voting rights of all shareholders of the Company may request the People's Court to dissolve the Company.

**Article 238** The Company may continue to exist by amending the Articles of Association in the event of the circumstance as set forth in item (I) of the preceding article.

The amendment to the Articles of Association according to the preceding article shall be passed by 2/3 of the voting rights held by shareholders present at the general meeting.

**Article 239** In the case of dissolution of the Company under items (I), (II), (V) and (VI) of Article 237 hereof, a liquidation committee shall be formed to commence liquidation within fifteen days from the date of occurrence of events giving rise to dissolution. The members of the liquidation committee shall be determined by the directors or the general meeting. Where a liquidation committee is not established according to schedule, the creditors may apply to the People's Court to designate the relevant personnel to establish a liquidation committee to proceed with the liquidation.

In the case of dissolution of the Company under item (IV) of Article 237 hereof, the People's Court shall, according to relevant legal provisions, organize the shareholders, relevant departments and professionals to form a liquidation committee to carry out liquidation.

**Article 240** If the Board decides the Company shall carry out liquidation (except for liquidation resulting from the Company's declaration of bankruptcy), it shall state in the notice of the general meeting convened for this purpose that the Board has conducted comprehensive investigation on the Company's conditions and believes that the Company is able to pay off all its debts within twelve months following the commencement of liquidation.

The functions and powers of the Board of the Company shall terminate immediately when the general meeting adopts the resolution on liquidation.

The liquidation committee shall follow the directions of the general meeting to report on its income and expenditures, the Company's business and progress of liquidation at least once a year to the general meeting and make a final report to the general meeting at the end of liquidation.

**Article 241** The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (I) to categorize the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (II) to inform creditors by a notice or public announcement;
- (III) to dispose of and liquidate any unfinished businesses of the Company;
- (IV) to pay all outstanding taxes and the taxes incurred from the process of liquidation;
- (V) to settle claims and debts;
- (VI) to deal with the residual assets remaining after repayment by the Company of its debts;
- (VII) to represent the Company in any civil proceedings.

**Article 242** The liquidation committee shall, within ten days of its formation, notify the creditors, and shall, within sixty days, make a public announcement in newspapers at least three times. Creditors shall, within thirty days of the receipt of the notice or within forty-five days of the release of the public announcement in the case of failure to receive said notice, file their creditors' rights with the liquidation committee.

Where creditors file their creditors' rights, they shall explain about the matters related to creditors' rights, and shall provide the evidentiary materials. The liquidation team shall register the creditors' rights.

The liquidation committee may not clear off any of the debts of any creditors during the period of filing creditors' rights.

**Article 243** After the liquidation committee has sorted the Company's assets and prepared a balance sheet and an inventory of assets, it shall prepare a liquidation plan and submit it to the general meeting or the People's Court for confirmation.

The remaining assets after paying off the liquidation expenses, wages of employees, social insurance premiums and statutory compensation, the outstanding taxes and the debts of the Company may be distributed in proportion to shareholding of the shareholders.

During the period of liquidation, the Company continues to exist but may not carry out any business operation that is not related to liquidation. Before the settlement of repayments as provided in the preceding article has been made, the Company's assets shall not be distributed to shareholders.

**Article 244** If the liquidation committee, having sorted the Company's assets and prepared the balance sheet and an inventory of assets, discovers that there are insufficient assets in the Company to pay off its debts, it shall apply to the People's Court immediately for a declaration of bankruptcy of the Company.

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

**Article 245** Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses received and made during the liquidation period and a financial report, which shall be verified by a Chinese registered accountant and submitted the same to the general meeting or the People's Court for confirmation. The liquidation committee shall, within thirty days from the date of said confirmation made by the general meeting or relevant competent authorities, submit the documents referred to in the preceding paragraph to the companies registration authority and apply for cancellation of registration of the Company, and publish a public announcement relating to the termination of the Company.

**Article 246** The members of the liquidation committee shall devote themselves to their duties and fulfill their obligations of liquidation according to laws.

None of the members of the liquidation committee may take any bribe or any other illegal proceeds by taking advantage of his/her position, nor may he/she misappropriate any of the assets of the Company.

Where any members of the liquidation committee cause any loss to the Company or any creditor with intention or due to gross negligence, he/she shall be liable to make compensation.

**Article 247** Where the Company is declared bankruptcy in accordance with laws, it shall implement bankruptcy liquidation in accordance with relevant laws relating to bankruptcy of enterprise.

## **CHAPTER 12 AMENDMENTS OF ARTICLES OF ASSOCIATION**

**Article 248** The Company may amend the Articles of Association in accordance with the requirements of laws, administrative regulations and the Articles of Association.

**Article 249** Under any one of the following circumstances, the Company shall amend its articles of association:

- (I) after amendment has been made to the Company Law or relevant laws or administrative regulations, the contents of the Articles of Association shall conflict with the amended laws or administrative regulations;
- (II) the changes that the Company have undergone are inconsistent with the records made in the Articles of Association;
- (III) the general meeting decides that the Article of Association should be amended.

The shareholders may authorize the Board of the Company by ordinary resolution at the general meeting:

- (I) in case of increase of registered share capital of the Company, the Board of the Company is entitled to amend the relevant content regarding the registered capital of the Company in the Articles of Association in accordance with the actual circumstances;
- (II) in case of alteration of the text or order of the provisions required by the relevant regulatory authority during the registration, audit and approval of the Articles of Association of the Company approved by the general meeting, the Board of the Company is entitled to make the corresponding amendments according to the requirements of the relevant regulatory authority.

**Article 250** Amendments to the Articles of Association passed by resolutions at the general meeting shall be required to be examined and approved by the competent authorities, and shall be submitted to the competent authorities for approval; where the amendments involve the registered particulars of the Company, procedures for change of registration shall be handled in accordance with the law.

## CHAPTER 13 DISPUTE RESOLUTIONS

**Article 251** The Company shall abide by the following principles for dispute resolution:

- (I) Whenever any disputes or claims of rights arise between: holders of the overseas listed foreign shares and the Company; holders of the overseas listed foreign shares and the Company's directors, supervisors, managing directors (president) or other senior management; or holders of the overseas listed foreign shares and holders of domestic shares, in respect of any rights or obligations as provided in the Articles of Association, the Company Law and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall, where such person is the Company, the shareholders, directors, supervisors, managing directors (president) or other senior management of the Company, comply with the arbitration.

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

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

If a claimant elects for arbitration to be carried out at Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (III) If any disputes or claims of rights are settled by way of arbitration in accordance with paragraph (I), the laws of the PRC shall apply, save as otherwise provided in the laws, administrative regulations.
- (IV) The award of an arbitral body shall be final and conclusive and binding on all parties.



## CHAPTER 14 SUPPLEMENTARY ARTICLES

### Article 252 Definitions

- (I) a de facto controller means a person who, though not a shareholder, but through investment relationships, agreements, or other arrangements, may actually control the activities of the Company.
- (II) the “connected transaction” refers to that as defined in the Hong Kong Listing Rules.
- (III) the meaning of an “accounting firm” is the same as that of “auditors”.

**Article 253** The Articles of Association are written in Chinese. In case of any inconsistency between the articles of association in any other language or of different version and the Articles of Association, the Chinese version of the Articles of Association shall prevail.

**Article 254** The term “more than”, “within”, “below”, as stated in the Articles of Association shall all include the given figure; the term “lower”, “above”, “less than” shall all exclude the given figure.

**Article 255** The Board shall be responsible for the interpretation of the Articles of Association.

**Article 256** Annexes to the Articles of Association include the Rules of Procedure for General Meetings, the Rules of Procedure for Meetings of the Board and the Rules of Procedure for the Supervisory Committee.

**Article 257** After adoption by special resolution on the general meeting of the Company, the Articles of Association shall take effect and put into force from the date on which the H Shares issued by the Company are listed on the Main Board of the Hong Kong Stock Exchange. Since the effective date of the Articles of Association, the original Articles of Association of the Company shall be automatically invalidated.