



**Shanghai Haohai Biological Technology Co., Ltd.\***

**上海昊海生物科技股份有限公司**

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

**(Stock code: 6826)**

**ARTICLES OF ASSOCIATION OF  
SHANGHAI HAOHAI BIOLOGICAL TECHNOLOGY CO., LTD.  
(Amended at 2024 first extraordinary general meeting, 2024 second A shareholders'  
class meeting and 2024 second H shareholders' class meeting held on 13 September 2024)**

\* *For identification purpose only*

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## Chapter 1 General Provisions

**Article 1** To safeguard the legitimate rights and interests of Shanghai Haohai Biological Technology Co., Ltd.\* (上海昊海生物科技股份有限公司) (the “Company”) and its shareholders and creditors, and to regulate the organization and acts of the Company, this Articles of Association is formulated pursuant to the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Rules Governing the Listing of Securities on the Science and Technology Innovation Board of the Shanghai Stock Exchange, Guidelines to Articles of Association of Listed Companies (hereinafter referred to as the “Guidelines to Articles of Association”) and other relevant laws and provisions.

Article 1 of the Guidelines to Articles of Association

**Article 2** The Company is a joint stock limited company incorporated under the Company Law, the Securities Law and other relevant laws and administrative regulations of the People’s Republic of China (the “PRC”, excluding, for the purpose of this Articles of Association and its appendices, Hong Kong, Macau and Taiwan).

Articles 2 and 12 of the Guidelines to Articles of Association

The Company was established on 1 July 2010 by way of promotion and registered at Shanghai Municipal Administration for Market Supervision on 2 August 2010 with a business license granted. The unified social credit code of the Company is 91310000797066532Q.

The promoters of the Company are 23 natural persons, namely, Jiang Wei (蔣偉), You Jie (游捷), Lou Guoliang (樓國梁), Hou Yongtai (侯永泰), Wu Jianying (吳劍英), Ling Xihua (凌錫華), Peng Jinhua (彭錦華), Huang Ming (黃明), Liu Yuanzhong (劉遠中), Shen Rongyuan (沈榮元), Tao Weidong (陶偉棟), Wang Wenbin (王文斌), Fan Jipeng (范吉鵬), Gan Renbao (甘人寶), Wu Ming (吳明), Chen Yiyi (陳奕奕), Shi Xiaoli (時小麗), Zhao Meilan (趙美蘭), Liu Jun (劉軍), Zhu Min (朱敏), Lu Rujuan (陸如娟), Sun Xiaohuang (孫孝煌) and Wu Yazhen (吳雅貞).

The Company shall set up its Communist Party of China (hereinafter referred to as “CPC”) organization and carry out CPC activities in accordance with the requirements of the Constitution of the CPC. The Company shall provide the CPC organization with necessary conditions for its activities.

### **Article 3** Registered name of the Company

Chinese name: 上海昊海生物科技股份有限公司

English name: Shanghai Haohai Biological Technology Co., Ltd.

Article 4 of the Guidelines to Articles of Association

### **Article 4** Address of the Company: No. 5 Dongjing Road, Songjiang Industrial Zone, Shanghai

Postal code: 201613

Telephone: 021-52293555

Fax: 021-52293558

Article 5 of the Guidelines to Articles of Association

**Article 5** The Company’s legal representative is the chairman of the board of directors (the “Board”) of the Company.

Article 8 of the Guidelines to Articles of Association

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

Articles 7 and 9 of the Guidelines to Articles of Association

The Company is an independent legal person with independent legal person property and enjoys the right to legal person property and is entitled to civil rights and subject to civil liabilities pursuant to laws. The Company is under the jurisdiction and protection of the laws, administrative rules and other relevant regulations of the PRC.

All the capital of the Company is divided into equal shares. The right and liability of the shareholders of the Company in respect of the Company are limited to the extent of the number of shares held by them and the liability of the Company to indebtedness is limited to the full amount of its assets.

**Article 7** This Articles of Association has been approved by a special resolution at a general meeting of the Company, and shall supersede previous articles of association of the Company filed with competent administration for Market Supervision.

Article 10 of the Guidelines to Articles of Association

From the effective date of this Articles of Association, this Articles of Association shall become a legally binding document which regulates the Company’s organization and acts, the rights and obligations between the Company and shareholders, and amongst the shareholders.

**Article 8** This Articles of Association shall be binding on the Company and its shareholders, directors, supervisors, general manager, vice general manager(s) and other senior management, and the above-mentioned persons shall be entitled to make claims on matters relating to the Company in accordance with this Articles of Association.

Articles 10 and 124 of the Guidelines to Articles of Association

Pursuant to this Articles of Association, a shareholder can sue the Company and its shareholders, directors, supervisors, general manager, vice general manager(s) and other senior management, and the Company can sue its shareholders, directors, supervisors, general manager, vice general manager(s) and other senior management.

The term “other senior management” as mentioned in the preceding paragraph shall include the financial controller and the secretary to the Board of the Company.

**Article 9** The Company may invest in other limited liability companies and joint stock limited companies and undertake liabilities for the invested company as limited to the capital contribution made by it provided that, unless otherwise provided by laws and administrative regulations, the Company shall not become an investor that is jointly and severally liable for the liabilities owed by the invested company, nor shall it become a shareholder of unlimited liabilities of other economic organizations.

## Chapter 2 Objective and Scope of Operation

**Article 10** The operation objective of the Company is: to bring benefits to the majority of patients by applying biotechnological achievements to treat human diseases and maximize benefits of public society and shareholders by taking the laws and regulations of the PRC as criterion, the philosophy of scientific management as guideline, continuous innovations in research and development as driving forces and biopharmaceutical preparations and biological materials as professional directions.

Article 13 of the Guidelines to Articles of Association

**Article 11** The Company's scope of operation shall be consistent with the scope of operation approved by the authority responsible for the Company's registration. The scope of operation of the Company covers: Preapproval items: hazardous chemicals business; General items: technical services, technology development, technical consulting, technology exchanges, technology transfer, technology promotion, medical research and experimental development, engineering and technology research and experimental development, production of chemical products (excluding licensed chemical products), sales of chemical products (excluding licensed chemical products), wholesale and retail of cosmetics; General items (recordal required): sales of Class II medical devices, import and export of goods and technologies; Post-approval items: production of Class II medical devices, production and sales of Class III medical devices, production, import and export of pharmaceuticals and OEM on pharmaceuticals. (Businesses subject to approvals under laws shall be carried out upon approval by relevant authorities).

Article 14 of the Guidelines to Articles of Association

The Company may, in light of changes in domestic or overseas markets, the development of its businesses and its own capabilities, lawfully change its scope of operation and complete relevant formalities for such change.

## Chapter 3 Shares and Registered Capital

**Article 12** The Company shall have ordinary shares at all times. It may issue other classes of shares as needed, in accordance with relevant laws, administrative regulations, relevant regulations of the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") and other regulatory authorities.

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

Articles 15 and 17 of the Guidelines to Articles of Association

The RMB as mentioned in the preceding paragraph refers to the lawful currency of the PRC.

**Article 14** The Company's shares shall be issued based on the principles of openness, fairness and justice. Shares of the same class shall carry equal rights.

Article 16 of the Guidelines to Articles of Association

For the same class of shares of the same issuance, each share shall be issued at the same price and subject to the same conditions. Any entity or individual shall pay the same price per share for any such shares subscribed.

**Article 15** The Company may issue shares to investors inside the PRC and investors outside the PRC upon registration or filing with the CSRC or other relevant securities regulatory authorities.

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

**Article 16** The shares issued by the Company to investors inside the PRC for subscription in RMB shall be referred to as “domestic shares”. The shares issued by the Company to investors outside the PRC for subscription in foreign currencies shall be referred to as “foreign shares”. The domestic shares that are listed on the stock exchange in the PRC shall be referred to as “domestic listed shares”. The foreign shares that are listed overseas shall be referred to as “overseas-listed foreign shares”. A holder of domestic shares and a holder of foreign shares are both holders of ordinary shares.

Article 18 of  
the  
Guidelines  
to Articles of  
Association

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

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

Domestic shares listed in the PRC are referred to as “A Shares” in short. A Shares are shares which have been approved by securities regulatory authorities for offering and admitted for listing on the stock exchanges in the PRC with a par value denominated in RMB and are subscribed for and traded in RMB.

A Shares are managed centrally by securities registration & settlement institution in the PRC.

**Article 17** Upon approval by the authorities authorized by the State Council, a total of 120,000,000 ordinary shares were issued by the Company prior to its initial public offering of H shares, representing 100% of the issued ordinary shares of the Company which were wholly subscribed and held by promoters, of which:

Article 19 of  
the  
Guidelines  
to Articles of  
Association

46,600,000 shares were subscribed and held by Jiang Wei (蔣偉), representing 38.83% of the total number of ordinary shares of the Company in issue upon its establishment;

28,800,000 shares were subscribed and held by You Jie (游捷), representing 24.00% of the total number of ordinary shares of the Company in issue upon its establishment;

10,000,000 shares were subscribed and held by Lou Guoliang (樓國梁), representing 8.33% of the total number of ordinary shares of the Company in issue upon its establishment;

6,000,000 shares were subscribed and held by Hou Yongtai (侯永泰), representing 5.00% of the total number of ordinary shares of the Company in issue upon its establishment;

6,000,000 shares were subscribed and held by Wu Jianying (吳劍英), representing 5.00% of the total number of ordinary shares of the Company in issue upon its establishment;

6,000,000 shares were subscribed and held by Ling Xihua (凌錫華), representing 5.00% of the total number of ordinary shares of the Company in issue upon its establishment;

3,000,000 shares were subscribed and held by Peng Jinhua (彭錦華), representing 2.50% of the total number of ordinary shares of the Company in issue upon its establishment;

2,000,000 shares were subscribed and held by Huang Ming (黃明), representing 1.67% of the total number of ordinary shares of the Company in issue upon its establishment;

2,000,000 shares were subscribed and held by Liu Yuanzhong (劉遠中), representing 1.67% of the total number of ordinary shares of the Company in issue upon its establishment;

2,000,000 shares were subscribed and held by Shen Rongyuan (沈榮元), representing 1.67% of the total number of ordinary shares of the Company in issue upon its establishment;

2,000,000 shares were subscribed and held by Tao Weidong (陶偉棟), representing 1.67% of the total number of ordinary shares of the Company in issue upon its establishment;

1,700,000 shares were subscribed and held by Wang Wenbin (王文斌), representing 1.42% of the total number of ordinary shares of the Company in issue upon its establishment;

500,000 shares were subscribed and held by Fan Jipeng (范吉鵬), representing 0.42% of the total number of ordinary shares of the Company in issue upon its establishment;

500,000 shares were subscribed and held by Wu Ming (吳明), representing 0.42% of the total number of ordinary shares of the Company in issue upon its establishment;

500,000 shares were subscribed and held by Gan Renbao (甘人寶), representing 0.42% of the total number of ordinary shares of the Company in issue upon its establishment;

400,000 shares were subscribed and held by Zhao Meilan (趙美蘭), representing 0.33% of the total number of ordinary shares of the Company in issue upon its establishment;



400,000 shares were subscribed and held by Chen Yiyi (陳奕奕), representing 0.33% of the total number of ordinary shares of the Company in issue upon its establishment;

400,000 shares were subscribed and held by Shi Xiaoli (時小麗), representing 0.33% of the total number of ordinary shares of the Company in issue upon its establishment;

300,000 shares were subscribed and held by Zhu Min (朱敏), representing 0.25% of the total number of ordinary shares of the Company in issue upon its establishment;

300,000 shares were subscribed and held by Liu Jun (劉軍), representing 0.25% of the total number of ordinary shares of the Company in issue upon its establishment;

200,000 shares were subscribed and held by Sun Xiaohuang (孫孝煌), representing 0.17% of the total number of ordinary shares of the Company in issue upon its establishment;

200,000 shares were subscribed and held by Wu Yazhen (吳雅貞), representing 0.17% of the total number of ordinary shares of the Company in issue upon its establishment;

200,000 shares were subscribed and held by Lu Rujuan (陸如娟), representing 0.17% of the total number of ordinary shares of the Company in issue upon its establishment.

**Article 18** Upon establishment of the Company, as approved by the securities regulatory authorities under the State Council and the Hong Kong Stock Exchange, the Company issued 40,045,300 ordinary shares through initial public offering, all are H shares. Upon completion of the aforesaid issue of H shares, the capital structure of the Company: total share capital is 160,045,300 shares, of which 120,000,000 are A shares, representing 74.979% of ordinary share capital of the Company, and 40,045,300 are H shares, representing 25.021% of ordinary share capital of the Company.

Article 20 of the Guidelines to Articles of Association

On 27 September 2019, approved by the CSRC (Zheng Jian Xu Ke [2019] No. 1793), the Company initially public offered 17,800,000 Domestic Shares, such Domestic Shares issued and issued previous by the Company are listed on 30 October 2019. Upon completion of the aforesaid issue of A shares, the capital structure of the Company: total share capital is 177,845,300 shares, of which 137,800,000 are A shares, representing 77.483% of ordinary shares capital of the Company, 40,045,300 are H shares, representing 22.517% of ordinary shares capital of the Company.

The current total number of shares of the Company is 235,489,895, of which 194,051,855 are A shares, representing 82.403% of ordinary share capital of the Company, and 41,438,040 are H shares, representing 17.597% of ordinary share capital of the Company.

**Article 19** The registered capital of the Company is RMB235,489,895.

Article 6 of the Guidelines to Articles of Association

**Article 20** The Company may increase its registered capital as required for its operation and development, pursuant to the relevant provisions of this Articles of Association.

Article 22 of the Guidelines to Articles of Association

The Company may increase its capital by the following methods:

- (1) Public offering;
- (2) Shareholders non-public offering;



- (3) Giving bonus shares to existing shareholders;
- (4) Convert surplus reserve into capital;
- (5) Other means permitted by laws and administrative regulations and approved by regulatory organization.

The Company's increase of capital shall be carried out in accordance with the procedures specified in relevant State laws and administrative regulations, after having been approved in accordance with this Articles of Association.

**Article 21** The Company's shares are transferable in accordance with the laws.

Articles 21 and 27 of the Guidelines to Articles of Association

The Company or its subsidiaries (including the Company's affiliated enterprises) shall not provide any assistance in the form of gifts, advance funding, guarantees, compensation, or loans to persons acquiring or proposing to acquire Company's shares.

Article 28 of the Guidelines to Articles of Association

**Article 22** The Company does not accept any of its shares as the subject matter of pledges.

**Article 23** Shares held by promoters shall not be transferred within one (1) year from the date of establishment of the Company. Domestic Shares previously issued by the Company prior to the initial public offering shall not be transferred within one (1) year from the date on which the shares of the Company are listed and traded on a stock exchange.

Articles 29 and 30 of the Guidelines to Articles of Association

During their terms of office, directors, supervisors and other senior management of the Company shall report to the Company their shareholdings in the Company and changes therein and shall not transfer annually during their terms of office more than 25% of the total number of shares of the Company which they hold; the shares of the Company held by them shall not be transferred within one (1) year from the date on which the shares of the Company are listed and traded. The aforesaid persons shall not transfer the shares of the Company held by them within six (6) months from the date of their leaving the Company. Where the aforementioned restrictions on transfer involve H Shares, compliance with the Hong Kong Listing Rules is required.

If the directors, supervisors and senior management members of the Company as well as the shareholders holding more than 5% of the A Shares of the Company sell shares or other securities with the nature of equities of the Company they hold within six months after purchase or buy shares or other securities with the nature of equities of the Company within six months after the sale, the gains generated from such trade shall be disgorged and paid to the Company. The Board of the Company shall forfeit such gains from the abovementioned parties. Nevertheless, if a securities company holds more than 5% of the shares of the Company by buying the remaining Shares pursuant to an underwriting arrangement and except other circumstances as stipulated by the CSRC.

For the purpose of the foregoing paragraph, the shares or other securities with the nature of equities held by the Directors, Supervisors, senior management members and natural person shareholders shall include the shares or other securities with the nature of equities held by their spouses, parents and children, as well as those held through others' accounts.

Should the Board of the Company does not observe the provisions under the third paragraph of this article, the Shareholders shall be entitled to require the Board to effect the same within 30 days. If the Board of the Company third to do so within the aforesaid time limit, the Shareholders may directly initiate people’s court proceedings in their own name for the interests of the Company.

Should the Board of the Company fail to execute the provisions under the third paragraph of this article, the responsible Director(s) held accountable shall assume joint and several liabilities under the law.

#### **Chapter 4 Reduction of Capital and Repurchase of Shares**

**Article 24** The Company may reduce its registered capital pursuant to the provisions of this Articles of Association. Where the Company reduces its registered capital, procedures shall be made in accordance with the Company Law and other relevant requirements and this Articles of Association.

Article 23 of the Guidelines to Articles of Association

**Article 25** Where the Company reduces its registered capital, it must prepare a balance sheet and an inventory of assets.

Article 177 of the Guidelines to Articles of Association

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

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

**Article 26** The Company shall not repurchase its own outstanding shares except under one of the following circumstances:

Article 24 of the Guidelines to Articles of Association

- (1) To cancel shares for the purpose of reducing the capital of the Company;
- (2) To merge with other companies that hold shares in the Company;
- (3) To use the shares for employee shareholding schemes or as share incentives;
- (4) To acquire the shares of shareholders (upon their request) who vote against to any resolution adopted at any general meetings on the merger or division of the Company;
- (5) To use the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the Company;
- (6) To safeguard corporate value and shareholders’ equity as the Company deems necessary.

**Article 27** The Company may repurchase its shares through open and centralized trading or other methods permitted by laws, administrative regulations and recognized by regulatory authorities.

Article 25 of the Guidelines to Articles of Association

**Article 28** If the Company repurchases its own shares for the circumstances under sub-paragraphs (1) to (2) of Article 26 hereof, resolutions related thereto shall be adopted at a general meeting. If the Company repurchases its own shares in accordance with for the circumstances under sub-paragraph (3), (5), (6) of Article 26 hereof, resolutions related thereto shall be adopted at a board meeting attended by more than two-thirds of the Directors according to the requirements of Articles of Association and the authorization of general meeting.

Articles 25 and 26 of the Guidelines to Articles of Association

If the Company repurchases its own shares in accordance with Article 26 under the circumstances set forth in sub-paragraph (1), the shares so repurchased shall be cancelled within 10 days from the date of repurchase. If the Company repurchases its own shares in accordance with Article 26 under the circumstances set forth in sub-paragraph (2), (4), the shares so repurchased shall be transferred or cancelled within 6 months. If the Company repurchases its own shares in accordance with Article 26 under the circumstances set forth in sub-paragraph (3), (5), (6), the total number of shares held by the Company shall not exceed 10% of the total number of shares issued by the Company, and shall be transferred or cancelled within 3 years.

If the Company purchases its shares, it shall perform the obligation of information disclosure in accordance with the Securities Law. If the Company purchases its shares in accordance with Article 26 under the circumstances set forth in sub-paragraph (3), (5), (6), it shall conduct such purchases through centralized public transaction.

The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital, and the Company shall apply for change in its registered capital with the original company registration authority.

## **Chapter 5 Share Certificates and Register of Members**

**Article 29** The share certificates of the Company shall be in registered form.

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

**Article 30** The Company shall keep a register of members based on the evidence provided by the share registrar.

Article 31 of the Guidelines to Articles of Association, Paragraph 20 of Appendix A1 to the Hong Kong Listing Rules

The original register of holders of overseas-listed foreign shares listed in Hong Kong shall be maintained in Hong Kong and shall be made available for inspection by shareholders. But the Company may be allowed to close the register of members on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

**Article 31** If it is otherwise required under relevant laws, regulations, departmental rules, other regulatory documents, and the relevant provisions of securities regulatory authorities of the places on which the Company's shares are listed on periods during which transfers may not be entered in the register of members prior to the date of a general meeting or prior to the record date(s) set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

**Article 32** When the Company intends to convene a general meeting, distribute dividends, enter into liquidation and engage in other activities that involve determination of shareholdings, the Board or the convener of general meeting shall determine the Record Date, and the shareholders included in the register of members at the close of business on Record Date shall be the entitled shareholders.

**Article 33** If a holder of overseas-listed foreign shares loses his share certificate and applies for a replacement share certificate, it may be dealt with in accordance with relevant laws, the rules of the stock exchange and other relevant regulations of the place where the original register of holders of overseas-listed foreign shares is maintained.

**Article 34** The Company shall not have any obligation to indemnify any person for any damages suffered thereby arising out of the cancellation of the Original Certificate or the issuance of a replacement share certificate, unless such person concerned can prove that the Company has committed a fraudulent act.

## **Chapter 6 Shareholders' Rights and Obligations**

**Article 35** A shareholder shall enjoy relevant rights and assume relevant obligations in accordance with the class of shares he holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

**Article 36** Shareholders of the Company shall enjoy the following rights:

- (1) The right to dividends and other profit distributions in proportion to the number of shares held;
- (2) The right to propose, convene and preside over, to attend or appoint proxies to attend general meetings and to exercise the corresponding rights to speak and vote thereat in accordance with laws;
- (3) The right to supervise and manage, present proposals or raise enquiries about the Company's business operations;
- (4) The right to transfer, give as a gift or pledge the shares in their possession in accordance with laws, administrative regulations and the Articles of Association;
- (5) The right to inspect the Articles of Association, the register of members of the Company, counterfoils of corporate bonds, minutes of shareholders' general meetings, resolutions of Board meetings, resolutions of meetings of the supervisory committee, and financial and accounting reports;
- (6) In the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in accordance with the number of shares held;

- (7) With respect to shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them;
- (8) Such other rights conferred by laws, administrative regulations and the Articles of Association.

Any shareholder who wishes to inspect or request any relevant information or material shall provide the Company with written documents evidencing the class and number of shares held, and the Company shall, after verifying the identity of shareholders, provide such relevant information or materials as requested by such shareholder.

**Article 37** If the contents of the resolution made by the General Meeting or the Board of the Company violate any laws and/or administrative regulations, the said resolution shall be invalidated.

Article 35 of the Guidelines to Articles of Association

If the convening procedure and voting method of the General Meeting and Board meeting violate the laws, administrative regulations or these Articles of Association, or the contents of the resolution go against these Articles of Association, the shareholders shall have the right to request the people’s court to cancel the said procedure, method or resolution within sixty (60) days after adoption of the resolution.

**Article 38** If any Director or senior management member violate the laws, administrative regulations and these Articles of Association in fulfilling his/her duties and incurs losses to the Company, the Shareholders severally or jointly holding 1% or more shares of the Company for more than 180 days continuously shall have the right to request in writing to the Board of Supervisors to lodge a legal action in people’s court; if the Board of Supervisors violates the laws, administrative regulations and these Articles of Association in fulfilling its duties and incurs losses to the Company, the shareholders shall have the right to request in writing to the Board of Directors to lodge a legal action in people’s court.

Article 36 of the Guidelines to Articles of Association

If the Board of Supervisors or the Board of Directors refuses to lodge legal action after receipt of the said written request from the Shareholder, or if they fail to take any legal action within 30 days after receipt of the request, or if the circumstances are urgent or if any delay of legal proceedings may cause irrecoverable damage to the interests of the Company, the shareholder specified under the preceding paragraph shall, in the interest of the Company, have the right to lodge legal action in people’s court under his/her own name.

If the legitimate rights and interests of the Company are endangered, incurring losses for the Company, the shareholder specified under the first paragraph of this Article may institute a legal action in people’s court according to the provisions under the preceding two paragraphs.

**Article 39** If any Director or senior management member violates the laws, administrative regulations or these Articles of Association, thereby causing any loss to the Shareholders, the Shareholders may initiate legal action in people’s court.

Article 37 of the Guidelines to Articles of Association

**Article 40** Shareholders of the Company shall have the following obligations:

Article 38 of  
the  
Guidelines  
to Articles of  
Association

- (1) To abide by laws, administrative regulations and the Articles of Association;
- (2) To pay the share subscription price based on the shares subscribed and the method of subscription;
- (3) Not to withdraw their shares except in circumstances specified in laws and regulations;
- (4) Not to abuse their shareholders' rights to prejudice the interests of the Company or other shareholders, and not to abuse the independent status of the Company as a legal entity and the limited liability of shareholders to prejudice the interests of the Company's creditors;
- (5) To assume other obligations required by laws, administrative regulations and the Articles of Association.

If a shareholder of the Company abuses the rights of shareholder and thereby causes loss on the Company or other shareholders, such shareholder shall be liable for indemnity in accordance with the law.

If a shareholder of the Company abuses the Company's independent status as a legal entity and the limited liability of shareholders for the purposes of avoiding debts, thereby materially impairing the interests of the creditors of the Company, such shareholder shall be jointly and severally liable for the debts owed by the Company.

**Article 41** If a Shareholder of A Share holding more than 5% of the Company Shares with voting right pledges the Shares held, the said Shareholder shall report such pledge in writing to the Company on the very day upon occurrence of the pledge. Such pledge shall be in compliance with the relevant requirements stipulated by Hong Kong Stock Exchange.

Article 39 of  
the  
Guidelines  
to Articles of  
Association

**Article 42** The controlling shareholders or actual controllers of the Company shall not use their connected relationships to harm the interests of the Company. These persons shall be liable for the compensation of any losses of the Company, if any, caused by such violation.

Article 40 of  
the  
Guidelines  
to Articles of  
Association

The controlling shareholders and actual controllers of the Company have a fiduciary obligation to the Company and to its public shareholders. The controlling shareholders shall exercise their rights as capital contributors in strict compliance with law. They shall not use profit distribution, asset restructuring, external investment, use of capital, loan guarantee or other methods to impair the legitimate rights and interests of the Company and of the public shareholders, or use their controlling position to harm the interests of the Company and public shareholders.

**Article 43** The term "controlling shareholder" referred to in the preceding provision means a person who satisfies any one of the following conditions:

Article 193 of  
the  
Guidelines  
to Articles of  
Association

- (1) a person who, acting alone or in concert with others, is entitled to elect more than half of the Board;



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

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

## **Chapter 7 General Meeting**

**Article 44** The general meeting shall be the organ of authority of the Company and shall exercise the functions and powers according to law.

**Article 45** The general meeting shall exercise the following functions and powers:

- (1) Decide the operational policy and investment plan of the Company;
- (2) Elect and replace directors who are not staff representatives. Make decisions on matters in relation to the remuneration of the relevant directors;
- (3) Elect and replace supervisors who are not staff representatives. Make decisions on matters in relation to the remuneration of the relevant supervisors;
- (4) Examine and approve the reports of the Board;
- (5) Examine and approve the reports of the supervisory committee;
- (6) Examine and approve the annual financial budgets and final accounting of the Company;
- (7) Examine and approve the profit distribution plan and loss compensation plan of the Company;
- (8) Decide on increasing or reducing the registered capital of the Company and acquiring its shares under the circumstances set forth in sub-paragraphs (1) and (2) of Article 26 hereof;
- (9) Decide on matters such as merger, division, dissolution, liquidation and changing the form of the Company;
- (10) Decide on the issuance of bonds and other securities by the Company or listing thereof;
- (11) Adopt resolutions on the appointment, dismissal or non-reappointment of accounting firms by the Company;

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- (12) Amend this Articles of Association;
- (13) Examine and approve the guarantee issues which shall be passed at the general meeting as prescribed in this Articles of Association;
- (14) Examine matters relating to the purchases and sales of significant assets within one year exceeding 30% of the latest audited total assets of the Company;
- (15) Consider the matters regarding connected transactions to be decided at the general meeting as stipulated by the listing rules of the place where the shares of the Company are listed;
- (16) Examine and approve changes in use of proceeds;
- (17) Examine share incentive plans and employee shareholding plan;
- (18) Examine other matters to be decided at the general meeting as prescribed by the law, administrative regulations, departmental rules or this Articles of Association.

Matters which, in accordance with the provisions of the laws, administrative regulations and this Articles of Association, are required to be decided at the general meeting, shall be considered at the general meeting so as to protect the decision-making power of the shareholders of the Company on such matters. Under necessary and reasonable circumstances, the general meeting may authorize the Board to determine, within the scope of authorization granted by such general meeting, specific issues relating to matters which shall be resolved but cannot be decided upon immediately at such general meeting.

The annual general meeting of the Company may authorize the Board to approve the issuance of domestic shares with a total financing amount of not more than RMB300 million and not more than 20% of the net assets as at the end of the latest year to specific subscriber(s), and such authorization will expire on the date of the annual general meeting for the next year, subject to relevant laws and regulations, including the Hong Kong Listing Rules (if applicable).

An authorization to the Board by general meeting in relation to matters to be decided by ordinary resolutions shall be passed by shareholders (including their proxies) representing exceeding half of the voting rights present at the general meeting; an authorization to the Board in relation to matters to be decided by special resolutions shall be passed by shareholders (including their proxies) representing more than two-thirds of the voting rights present at the general meeting. The contents of the authorization shall be clear and specific.

**Article 46** The following external guarantees of the Company must be reviewed and passed at the general meeting:

- (1) Any subsequent guarantee in addition to the aggregate of all external guarantees provided by the Company or its controlled subsidiary with a total amount more than 50% of the Company's latest audited net assets;
- (2) Any subsequent guarantee in addition to the aggregate of all external guarantees provided by the Company with a total amount more than 30% of the Company's latest audited total assets;

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Association

- (3) Any guarantee provided by the Company to other companies, where the amount of guarantees within one year exceeds thirty percent of the latest audited net assets;
- (4) To provide guarantee to any person or entity with a gearing ratio in excess of 70%;
- (5) A single guarantee whose amount exceeds 10% of the latest audited net assets;
- (6) To provide guarantee for shareholders, de facto controllers and their related parties;
- (7) Other guarantees which shall be passed at the general meeting as prescribed by the local stock exchange where the Company's shares are listed and this Articles of Association.

When the general meeting is considering a motion to provide guarantee for any shareholder, de facto controllers or their respective related parties, the said shareholder or the shareholders controlled by the said de facto controllers shall be abstained from voting on the motion, and the approval of such motion shall be subject to exceeding half of the voting rights of the other attending shareholders.

**Article 47** Except in special circumstances such as the Company is in a crisis, the Company shall not, without the approval by special resolution, enter into a contract to handover all or part of the management of important matters of the Company to a person other than to a director, general manager, vice general manager(s) and other senior management.

Article 81 of the Guidelines to Articles of Association

**Article 48** The general meetings shall include annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year and shall be held within six (6) months from the end of the preceding financial year.

Articles 43 and 44 of the Guidelines to Articles of Association

The Board shall convene an extraordinary general meeting within two (2) months upon the occurrence of any of the following circumstances:

- (1) The number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in this Articles of Association;
- (2) The losses of the Company that have not been made up reach one-third of the total share capital of the Company;
- (3) Shareholders who individually or collectively hold more than 10% of the shares of the Company require in writing an extraordinary general meeting to be convened;
- (4) Whenever the Board considers necessary or when the supervisory committee proposes a meeting;
- (5) Other circumstances prescribed by the laws, administrative regulations, departmental rules or this Articles of Association.

**Article 49** The venue of the general meeting shall be the domicile of the Company or the venue specified in the notice of the general meeting.

Article 45 of the Guidelines to Articles of Association

The Company shall set the meeting venue by way of on-site meetings. In addition, the Company will provide online and other means for the convenience of participation by the shareholders. Shareholders attending the general meeting via the abovementioned methods are considered to be present at such meeting. Online voting is not applicable to the holders of H shares.

**Article 50** When the Company holds a general meeting, it shall engage lawyers to provide legal opinions and prepare announcements on the following matters:

Article 46 of the Guidelines to Articles of Association

- (1) Whether the procedures for convening and holding the general meeting comply with the requirements of the relevant laws, administrative regulations, and this Articles of Association;
- (2) Whether the qualifications of the attendees and the convener are legally valid;
- (3) Whether the voting procedures and results of the general meeting are legally valid;
- (4) Provide legal opinion on any other matters as may be required by the Company.

**Article 51** When the Company convenes an annual general meeting, written notice of the meeting shall be given twenty (20) working days before the date of the meeting, and when the Company convenes an extraordinary general meeting, written notice of the meeting shall be given fifteen (15) days or ten (10) working days, whichever is longer, before the date of meeting. The written notice shall notify all shareholders whose names appear in the share register of the matters to be considered and the date and place of the meeting.

The “working days” in the preceding paragraph refers to the days on which the Hong Kong Stock Exchange is open for business for dealing in securities.

**Article 52** The contents of proposals shall fall within the scope of powers of the general meeting, have definite topics and specific matters to resolve, and conform to the Laws, administrative regulations and Articles of Association.

Article 53 of the Guidelines to Articles of Association

**Article 53** Whenever the Company convenes a general meeting, the Board, the supervisory committee and shareholder(s) individually or together holding more than 1% of the Company’s shares shall have the right to propose motions in writing to the Company. The Company shall place such proposed motions on the agenda of such meeting if they are matters falling within the functions and powers of general meetings.

Article 54 of the Guidelines to Articles of Association

Shareholder(s) individually or together holding more than 1% of the Company's shares shall have the right to propose an extempore motion ten (10) days prior to the general meeting by submitting the same to the convener in writing. The convener shall issue a supplemental notice of general meeting within two (2) days after receiving the proposed motion to notify other shareholders, and shall place such proposed motions on the agenda of such general meeting if they are matters falling within the functions and powers of general meetings and submit to the general meeting for consideration. Where required otherwise by the listing rules of the stock exchange where the Company's shares are listed, such requirements shall be satisfied. Shareholders shall propose motions which meet the following requirements:

- (1) The content does not infringe the law, regulations and falls within the scope of the Company's business and the functions and powers of general meetings;
- (2) With definite topics to discuss and specific matters to resolve; and
- (3) Is made in writing submitted or delivered to the Board.

**Article 54** Proposals not specified in the general meeting notice or not complying with the provisions of Article 52 shall not be voted on or resolved at the general meeting.

**Article 55** Notice of the general meeting shall meet the following requirements:

- (1) Specify the place, date and time of the meeting;
- (2) Specify the matters and proposals submitted to the meeting for consideration;
- (3) Contain conspicuously a statement that all shareholders of ordinary shares are entitled to attend the general meeting and may appoint proxies in writing to attend and vote at the meeting. The proxies need not be shareholders of the Company;
- (4) Specify the record date for the entitlement of the shareholders to attend the general meeting;
- (5) Specify the name and telephone number of the contact person for the meeting;
- (6) Specify the voting time and voting procedure for voting on the network or otherwise.

Any notice and supplementary notice of general meetings shall sufficiently and completely disclose all contents of all motions in full. If any matter to be discussed requires opinions of the independent directors, the opinions and reasons of the independent directors shall be disclosed together with the issuance of such notice.

Article 54 of  
the  
Guidelines  
to Articles of  
Association

Article 56 of  
the  
Guidelines  
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**Article 56** Where the election of directors and supervisors are scheduled to be discussed at a general meeting, the notice of the general meeting shall sufficiently disclose the detailed information about the director and supervisor candidate(s), including at least the following contents:

- (1) personal information including education background, working experience and part-time job;
- (2) whether he is connected with the Company or its controlling shareholders and actual controller;
- (3) his shareholding in the Company;
- (4) whether he has received any punishment from the CSRC and other relevant authorities and any penalty and warning from the stock exchange.

Except the election of directors and supervisors by means of cumulative voting, election of every director and supervisor candidate shall be conducted by separate resolution.

**Article 57** Notices of general meetings shall be served on each shareholder (regardless of whether entitled to vote or not at general meetings), by notice specified under this Articles of Association or through other methods provided by securities regulatory authorities of the places on which the Company's shares are listed.

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

**Article 58** After the notice of the general meeting is issued, the general meeting shall not be postponed or cancelled, and the motions set out in such notice shall not be cancelled without valid reasons. Where a general meeting has to be postponed or cancelled, the convener shall publish a public announcement at least 2 working days before the original date of the general meeting and state the relevant reasons.

**Article 59** The Board and other convener shall take necessary measures to ensure the good order of the general meeting, take measures to deter any act disturbing the meeting, picking quarrels and provoking troubles or infringing the lawful rights and interests of any shareholder, and shall report in a timely manner such act to the relevant authority for investigation and punishment.

**Article 60** All ordinary shareholders or their authorized proxies in the register of members on the share registration date shall have the right to attend the general meeting and exercise their voting rights in accordance with relevant laws, regulations and this Articles of Association. A shareholder may attend and vote either personally or by proxy at a general meeting of shareholders.

**Article 61** The instrument appointing a proxy shall be in writing under the hand of the appointing shareholder or his duly authorized proxy in writing; where the appointing shareholder is a legal entity, such instrument shall be under its seal or under the hand of its director or duly authorized proxy. Such instrument shall contain:

1. Name of the proxy;
2. Whether the proxy has voting rights;
3. Indication of consent, objection or abstention concerning each proposal on the shareholders' general meeting agenda;
4. Date of signing of the authorization letter and validity period;
5. Signature (or chop) of the appointing shareholder. If the appointing shareholder is a corporate shareholder, it should add the chop of the legal person.

**Article 62** Where the power of attorney for voting proxy is signed by another person authorized by the entrusting party, the authorization letter or other document authorizing the signatory shall be notarized. The notarized authorization letter or other authorization document shall be placed together with the instrument appointing the voting proxy at the domicile of the Company or at such other place as specified in the notice of the meeting.

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

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

**Article 63** Any form issued by the Board of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast vote in favor of or against on each resolution and enable the shareholders to give separate instructions on each matter to be voted at the meeting. The proxy form shall state that if the shareholder does not give instructions, the proxy shall vote at his own discretion.

An individual shareholder who attends the general meeting in person shall produce his identification documents or other valid document or certificate which can prove his identity and his stock account card. Where a proxy is appointed to attend the meeting, the proxy shall produce his own identification documents and the proxy form.



A legal person shareholder shall attend the meeting by its authorized representative or the attorney as appointed by such authorized representative. An authorized representative who attends the general meeting in person shall produce his identification documents, valid certificate which can prove his identity. Where an attorney is appointed to attend the meeting, the attorney shall produce his own identification documents and the relevant power of attorney executed by such authorized representative pursuant to the laws.

**Article 64** The Company shall prepare a log book to record the parties attending the general meeting. The log book shall set out the name of the person or unit attending the meeting, their identification document numbers, resident address, the number of voting shares they have and the name of the principals or unit.

Article 65 of the Guidelines to Articles of Association

**Article 65** The convener and the legal advisers retained by the Company shall jointly verify the eligibility of the shareholders to vote based on the Company's shareholder register provided by the securities registration and clearing authority and shall register the name of the shareholders together with the numbers of voting shares they have. Registration shall come to a close before the chairman of the meeting announces the number of shareholders and proxies physically present at the meeting as well as the total number of voting shares represented by the shareholders who are entitled to vote.

Article 66 of the Guidelines to Articles of Association

**Article 66** All directors, supervisors and the Secretary to the Board shall be present at general meetings, and the managers and other senior management members shall be in attendance at the meetings.

Article 67 of the Guidelines to Articles of Association

**Article 67** The Company shall formulate the rules of procedures for general meetings, which stipulate procedures for convening general meetings and voting procedures, including the notice, registration, consideration of proposed motions, voting, vote counting, announcement of voting results, formation of meeting resolutions, keeping and signing of meeting minutes, and announcement, as well as the authorization principle by the general meetings to the Board and the specific powers so authorized. The rules of procedures for general meetings shall constitute an appendix to the Article of Association, which shall be proposed by the Board and approved by the general meeting.

Article 69 of the Guidelines to Articles of Association

**Article 68** At the annual general meeting, the Board and the supervisory committee shall make report on their works in the past year to the general meeting. Each independent director shall also make work report.

Article 70 of the Guidelines to Articles of Association

**Article 69** The directors, supervisors and senior management members shall make explanation and interpretation on the inquiry and suggestions of the shareholders at the general meeting.

Article 71 of the Guidelines to Articles of Association

**Article 70** The meeting presider shall declare the number of shareholders and proxies present and the total number of shares with voting rights they hold before voting. To determine the number of shareholders and proxies present and the total number of shares with voting rights they hold, the meeting register shall prevail.

Article 72 of the Guidelines to Articles of Association



**Article 71** The conveners shall ensure the continuation of the general meeting, till the final resolution is made. If the general meeting is suspended or the resolution cannot be made due to force majeure or other special cause, necessary measures shall be taken to restore the general meeting or directly terminate the general meeting, and public announcement shall be made in time. Meanwhile, the convener shall report to the local office of the CSRC at the place where the Company is situated and the relevant stock exchange.

Article 75 of the Guidelines to Articles of Association

**Article 72** Resolutions of the general meeting include ordinary resolutions and special resolutions.

Article 76 of the Guidelines to Articles of Association

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

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

**Article 73** Shares held by the Company do not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a general meeting. When shareholders (including proxies) vote at the general meeting, they shall exercise their voting rights according to the number of voting shares that they represent. Each share shall carry one voting right.

Articles 79 and 80 of the Guidelines to Articles of Association, Paragraph 14(4) of Appendix A1 to the Hong Kong Listing Rules

When material issues affecting the interests of small and medium investors are being considered at the general meeting, the votes of such investors shall be counted separately. The separate counting results shall be promptly and publicly disclosed.

Shareholders who purchase the voting shares of the Company in violation of Clause 1 and Clause 2 of Article 63 of the Securities Law shall not exercise the voting right of the shares that exceed the prescribed ratio within 36 months after purchasing them, and such number shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.

The Board, independent directors and shareholders holding 1% or more shares with voting rights or investor protection agencies established pursuant to laws, administrative regulations or the provisions of CSRC may publicly solicit voting rights from the shareholders. When soliciting voting rights from the shareholders, information such as specific voting intentions should be fully disclosed to the shareholders being solicited. Soliciting voting rights from the shareholders with compensation or disguised compensation is prohibited. Save for statutory conditions, the Company shall not set a lowest shareholding percentage when soliciting the shareholder voting rights.

When considering related transactions during the general meeting, the related shareholders must not participate in the voting, and the number of shares with voting rights represented by him/her shall not be included in the total number of valid votes. The announcement on the resolutions shall fully disclose the voting of the non-related shareholders.

In accordance with the applicable laws, regulations and listing rules of the stock exchange at the location where the Company's shares are listed, where any shareholder is required to abstain from voting on any particular resolution, or is restricted to vote only for or against such resolution, any votes in violation of such requirement or restriction by the shareholders (or their proxies) shall not be counted.

**Article 74** Voting at the general meeting shall be conducted by poll with registration.

Article 86 of the Guidelines to Articles of Association  
Article 89 of the Guidelines to Articles of Association

**Article 75** Shareholders who attend the general meeting shall take one of the following stances when a proposal is put forward for voting: for, against or abstain, except for the securities registration and settlement institutions which, being the nominal holders of shares under Stock Connect between the Mainland and Hong Kong, shall make declarations according to the intentions of the beneficial holders.

For voters whose voting slips are left blank, incorrectly completed, illegible or without vote casting, he shall be deemed to have waived his voting rights, and the votes in respect of the number of shares held by him shall be counted as “abstain”.

**Article 76** A resolution put to vote at the general meeting of the Company shall be decided on a poll, save that the chairman of the meeting, may in good faith, allow a resolution which relates purely to a procedural or administrative issue to be decided on a show of hands, subject to compliance with the Hong Kong Listing Rules.

Rule 13.39(4) of the Hong Kong Listing Rules

**Article 77** Where a resolution is voted by a show of hands as permitted under the Hong Kong Listing Rules, a declaration by the chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book of the Company shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

**Article 78** The following matters shall be resolved by way of ordinary resolutions at a general meeting:

Article 77 of the Guidelines to Articles of Association

- (1) Work reports of the Board and the supervisory committee;
- (2) Profit distribution plan and loss make-up plan formulated by the Board;
- (3) Appointment or dismissal of the members of the Board and the members of the supervisory committee and their remuneration and payment methods thereof;
- (4) Annual preliminary and final budgets of the Company;
- (5) Annual report of the Company;
- (6) Matters other than those requiring approval by special resolutions in accordance with the laws, administrative regulations, the requirements of the stock exchange on which our shares are listed or this Articles of Association.

**Article 79** The following matters shall be resolved by way of special resolutions at a general meeting:

Article 78 of the Guidelines to Articles of Association, Paragraphs 15, 16 and 21 of Appendix A1 to the Hong Kong Listing Rules

- (1) Increase or reduction of the share capital, repurchase of the shares of the Company under the circumstances set forth in sub-paragraphs (1) and (2) of Article 26 hereof and issue of shares of any class, stock warrants or other similar securities of the Company;
- (2) Issuance of corporate bonds;
- (3) Division, spin-off, merger, dissolution and liquidation, voluntary winding-up or change in the form of the Company;
- (4) Amendments to this Articles of Association;
- (5) Any purchase or disposal of substantial assets made or guarantee provided by the Company within one (1) year, the amount of which exceeds 30% of the total assets as presented in the latest audited consolidated financial statements of the Company;
- (6) Share incentive scheme;
- (7) Any other matters as required by the laws, administrative regulations, listing rules of the stock exchange where the Company's shares are listed or this Articles of Association and matters which, if resolved by way of an ordinary resolution at general meeting, will have a material impact on the Company and need be adopted by way of special resolutions.

The resolution on spin-off and listing of its subsidiaries, in addition to being required to be passed by more than two-thirds of voting rights held by shareholders present at the general meeting, requires also the approval of more than two-thirds of voting rights held by other shareholders present at the meeting excluding the Company's directors, supervisors, senior management and shareholders who individually or collectively hold more than 5% of the Company's shares.

**Article 80** Independent directors are entitled to propose to the Board to convene extraordinary general meetings. Concerning the above request, the Board shall, in accordance with the requirements of laws, administrative regulations and this Articles of Association, response in writing as to whether or not it agrees to convene an extraordinary general meeting within 10 days upon receipt of such proposal. If the Board agrees to convene an extraordinary general meeting, a notice of such meeting shall be dispatched within 5 days after the resolution has been adopted by the Board. If the Board refuses to hold an extraordinary meeting, it shall publicly announce the reasons.

Article 47 of the Guidelines to Articles of Association

**Article 81** The supervisory committee is entitled to propose to the Board to convene an extraordinary general meeting in writing. The Board shall, in accordance with laws, administrative regulations and this Articles of Association, response in writing as to whether or not it agrees to convene an extraordinary general meeting within 10 days upon receipt of such proposal. If the Board agrees to convene an extraordinary general meeting, a notice of such meeting shall be dispatched within 5 days after the resolution has been adopted by the Board. Changes made to the original proposal in the notice shall be approved by the supervisory committee.

Article 48 of the Guidelines to Articles of Association

If the Board refuses to hold an extraordinary general meeting, or gives no response within 10 days upon receipt of such proposal, the Board shall be deemed to be unable or to have failed to perform its duties and responsibilities of convening the general meeting, and the supervisory committee may hold and preside over such meeting by itself.

**Article 82** Shareholders who individually or in aggregate hold more than 10% of the shares carrying the right to vote at the meeting sought to be held requesting the convening of an extraordinary general meeting or a meeting of shareholders of different classes shall proceed in accordance with the procedures set forth below:

Articles 49  
and 50 of the  
Guidelines  
to Articles of  
Association

- (1) Two or more shareholders holding a total of more than 10% of the shares carrying the right to vote at the meeting sought to be held may sign one or more written requests of identical form and substance requesting the Board to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting. The Board shall make a written response as to whether or not it agrees to hold the extraordinary general meeting or the class meeting within ten (10) days after having received the above-mentioned written request. The shareholding referred to above shall be calculated as of the date on which the written request is made by shareholder(s).
- (2) If the Board agrees to convene the extraordinary general meeting or the class meeting, it shall issue the notice of the extraordinary general meeting or the class meeting in 5 days after making the resolution of the Board. If there is any change to the original proposal in the notice, it shall be approved by the relevant shareholder.
- (3) If the Board disapproves the proposal to convene the extraordinary general meeting or the class meeting, or fails to provide a response in 10 days after receiving the request, shareholders shall be entitled to propose to the supervisory committee in writing for the purpose of convening the extraordinary general meeting or the class meeting.
- (4) If the supervisory committee approves the convening of the extraordinary general meeting or the class meeting, it shall issue a notice thereof within 5 days of receipt of said request, provided that any changes made in such notice to the original proposal shall be subject to prior consent from the relevant shareholder.
- (5) If no notice is issued by the supervisory committee of the extraordinary general meeting or the class meeting within the stipulated period, the supervisory committee shall be deemed to have failed to convene and chair the general meeting, in which case the shareholder(s) individually or jointly holding more than 10% of the Company's shares for consecutive 90 days may convene and chair such meeting on their own. The procedures according to which they convene such meeting shall, to the extent possible, be identical to the procedures according to which general meetings are to be convened by the Board. The shareholding proportion of the convening shareholders before the announcement of the resolutions passed at the shareholders' general meeting shall not be under 10%.

**Article 83** In the event that the supervisory committee or shareholders convenes a general meeting by themselves, they shall notify the Board in writing and lodge a filing with the stock exchange(s).

Articles 50, 51 and 52 of the Guidelines to Articles of Association

The supervisory committee or convening shareholders shall submit the relevant evidentiary materials to the stock exchange(s) when the notice of shareholders' general meeting and the announcement of the resolutions passed at the shareholders' general meeting are issued.

The Board and the secretary to the Board shall cooperate with regard to such meeting and the Board shall provide the register of members as of the record day.

All necessary expenses for the meeting convened by shareholders or the supervisory committee shall be borne by the Company and shall be set off against sums owed by the Company to the directors in default.

**Article 84** A general meeting shall be convened by the Board, and presided over and chaired by the chairman of the Board. If the chairman is unable to attend the meeting for reasons, the Board may designate a director to convene and take the chair of the meeting in his stead. If no chairman of the meeting has been designated, shareholders present shall choose one (1) person to be the chairman of the meeting. Where the shareholders fail to elect a chairman for any reasons, the shareholder (including his proxy) presents in person or by proxy who holds the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.

Article 68 of the Guidelines to Articles of Association

If a general meeting is convened by the supervisory committee, the chairman of the supervisory committee shall preside over the meeting. If the chairman of the supervisory committee is unable to or will not discharge his duties, more than half of the supervisors shall nominate a supervisor to preside over the meeting.

If a general meeting is convened by the shareholders themselves, the convener will nominate a representative to conduct the meeting.

In a general meeting, if the chairman of the meeting contravenes the meeting procedures, making the meeting impossible to proceed, with consent from exceeding half of the attendant shareholders with voting rights, the shareholders may nominate one person to serve as the chairman of the meeting and continue with the meeting.

**Article 85** The list of candidates for directors and supervisors shall be submitted to general meetings for voting by way of a motion.

Articles 82 and 83 of the Guidelines to Articles of Association

When a voting is made on the election of directors or supervisors at a general meeting, the cumulative voting system may be adopted in accordance with the provisions of this Articles of Association or the resolutions of the general meeting.

The "cumulative voting system" as mentioned in the preceding paragraph means that each share shall have the same voting right as the number of directors or supervisors to be elected, and the voting right held by the shareholders may be used collectively when the directors or supervisors are elected at the general meeting. The Board shall simultaneously provide shareholders with the biographical details and basic information about the candidates for directors and supervisors.

Save and except for the cumulative voting system, the general meeting shall vote on all motions item by item, and shall vote on the motions in time sequence when various proposals are put forward for a single matter. Unless the general meeting is adjourned or is prevented from making resolutions due to force majeure or other extraordinary reasons, the general meeting shall not delay in voting on, or fail to vote on any proposal.

**Article 86** Proposals shall not be modified when being reviewed by the general meeting. Otherwise, any modification shall be deemed to be a new proposal and shall not be put to vote at such general meeting.

Article 84 of the Guidelines to Articles of Association

**Article 87** One single vote may be cast only once by using one single method of voting, being on-site voting, or online voting, or another method of voting. If one single vote has been cast multiple times, the vote of the first time shall govern.

Article 85 of the Guidelines to Articles of Association

**Article 88** Before the general meeting votes on a proposal, two shareholders shall be elected as representatives to join in the vote calculation and supervision. Where any matter to be reviewed has shown connected relationship with any shareholder, such shareholder and its proxy shall not join in the vote calculation and supervision.

Article 87 of the Guidelines to Articles of Association

When the general meeting votes on a proposal, the lawyers, shareholders' representatives and supervisors' representatives shall jointly take charge of vote calculation and supervision and announce the voting results on site. The voting results of the resolutions shall be recorded in the minutes of the meeting.

Shareholders or their proxies who vote online or by means of another method shall have the right to inspect and verify their own voting results through the relevant voting system.

**Article 89** The conclusion time of the on-site general meeting shall not occur earlier than its counterpart in the online form or in another form; and the chairman of the meeting shall announce the particulars and result of the votes cast on each proposal and declare, on the basis of such voting results, if the relevant proposal(s) have been passed.

Article 88 of the Guidelines to Articles of Association

Until the formal announcement of the voting results, the companies, vote counters, scrutineers, substantial shareholders, internet service providers and other related parties involved in the on-site, online and other voting methods are obligated to maintain in confidence the particulars of the vote.

**Article 90** If the chairman of the meeting has any doubts about the voting result of a resolution, he may count the number of votes cast. If the chairman of the meeting fails to count the votes, a shareholder or proxy attending the meeting who dissent from the result announced by the chairman of the meeting shall be entitled to request counting of votes immediately after such announcement, in which case the chairman of the meeting shall immediately count the votes.

Article 90 of the Guidelines to Articles of Association



**Article 91** Minutes of the general meeting shall be taken by the secretary of the Board. The minutes shall state the following contents:

- (1) Time, venue and agenda of the meeting and name or title of the convener;
- (2) The name of the chairman of the meeting and the names of the directors, supervisors, managers and other senior management attending or present at the meeting;
- (3) The numbers of shareholders and proxies attending the meeting, number of voting shares they represent and the percentages of the voting shares held by them to the total number of shares of the Company;
- (4) The process of review and discussion, summary of any speech and voting results of each proposal;
- (5) Shareholders' questions, opinions or suggestions and corresponding answers or explanations;
- (6) Names of the lawyers, the vote-counter and the scrutineer(s);
- (7) The contents to be included as specified in this Articles of Association.

If counting of votes is held at a general meeting, the result of the counting shall be recorded in the minutes of meeting.

The minutes of meeting and the attendance record of attendants signed by the attending shareholders and proxies together with authorization letters shall be kept at the Company's domicile. The convener shall warrant that the contents of the minutes are true, accurate and complete. The directors, supervisors, secretary of the Board, convener or their representatives and the presider of the meeting shall sign the minutes. The minutes shall be kept together with the signature register of shareholders attending the meeting in person and proxy forms and valid materials relating to voting through internet or otherwise for a period of not less than 10 years.

**Article 92** The resolution made at the general meeting shall be announced betimes. The number of shareholders and their proxies attending the meeting, the total number of voting shares in their possession, the proportion of their voting shares in the total voting shares of the Company, the voting mode, the voting result of each motion, and the details of each approved resolution shall be specified in the announcement.

**Article 93** If the motion is not approved or the resolution made at the previous general meeting is amended at that meeting, the special prompt shall be provided in the announcement of general meeting's resolution.

**Article 94** Where a resolution relating to the distribution of cash dividends, the issue of bonus shares or the increase in share capital by way of a conversion of the capital reserve has been passed by the general meeting, the Company shall implement such resolution within 2 months of the conclusion of the general meeting.



## Chapter 8 Special Procedures for Voting by Class Shareholders

**Article 95** Shareholders who hold different classes of shares are class shareholders.

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

**Article 96** The Company shall not proceed to change or abrogate the class shareholders' rights unless such change or abrogation has been approved by way of a special resolution at the general meeting and by a separate class meeting of the affected class shareholders in accordance with Article 98 to 102 of this Articles of Association.

Paragraph 15  
of Appendix  
A1 to the  
Hong Kong  
Listing Rules

Upon approval by the securities regulatory authorities under the State Council, transfer by the Company's shareholders of domestic shares of their shares to overseas investors for listing and trading overseas, or the conversion of domestic shares into foreign shares for listing and trading overseas, shall not be deemed as change or abrogation of the rights of class shareholders.

**Article 97** The rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following circumstances:

- (1) An increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) A conversion of all or part of the shares of such class into shares of another class, a conversion of all or part of the shares of another class into shares of such class or the grant of the right to such change;
- (3) A removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) A reduction or removal of a dividend preference or property distribution preference during liquidation of the Company, attached to shares of such class;
- (5) An addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights to rights issues or rights to acquire securities of the Company attached to shares of such class;
- (6) A removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to shares of such class;
- (7) A creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (8) An imposition of restrictions or additional restrictions on the transfer of ownership of shares of such class;

- (9) An issuance of rights to subscribe for, or convert into, shares of such class or another class;
- (10) An increase in the rights and privileges of shares of another class;
- (11) Restructuring of the Company which causes shareholders of different classes to bear liability to different extents during the restructuring;
- (12) Any amendment or cancellation of the provisions of this section.

**Article 98** Shareholders of the affected class, whether or not having the right to vote at general meeting, shall have the right to vote at class meetings in respect of matters referred to in paragraphs (2) to (8) and (11) to (12) in Article 97, except that interested shareholders shall not vote at class meetings.

**Article 99** Resolutions of a class meeting may be passed only by more than two-thirds of the voting rights of that class represented at the meeting in accordance with Article 98.

**Article 100** When the Company is to hold a class meeting, it shall issue a written notice with reference to the requirements of Article 51 of the Articles of Association on the notice period for convening a general meeting, informing all the registered shareholders of that class of the matters to be considered at the meeting as well as the date and place of the meeting.

**Article 101** The notice of class meeting of shareholders shall be delivered only to the shareholders entitled to vote thereat.

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

**Article 102** In addition to holders of other classes of shares, holders of domestic shares and overseas-listed foreign shares are deemed to be different classes of shareholders.

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

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

## Chapter 9 Board of Directors

**Article 103** The Company shall set up a board of directors. The Board shall consist of 5 to 19 directors with one (1) chairman but no vice chairman. Of which, external directors (hereinafter referred to directors who do not hold any office within the Company) shall represent at least one half of the total number of directors of the Board and independent non-executive directors shall represent at least one-third of the total number of directors and shall have at least three (3) members.

Article 106 of the Guidelines to Articles of Association

**Article 104** Directors shall be elected or replaced at the general meeting and may be removed before the expiry of the term at the general meeting. Every term of a director is three (3) years, and upon expiry of the term, a director shall be eligible for re-election and re-appointment.

Articles 96, 99, 100 and 104 of the Guidelines to Articles of Association, Paragraph 4 of Appendix A1 to the Hong Kong Listing Rules

The term of office of a director commences from the date he takes up the appointment, until the current term of office of board of directors expires. If the term of office of a director expires but re-election is not made forthwith, the resigning director shall continue to carry out his duties in accordance with the laws, administrative regulations, department regulations and this Articles of Association before the elected director takes office.

Managers or other senior management may serve concurrently as directors. However, the total number of directors serving the office of manager or other senior management concurrently and staff representative holding the office of director shall not exceed half of the total number of directors of the Company.

Directors candidates shall be nominated by the Board, the supervisory committee or the shareholders who hold nomination right and elected by the general meeting.

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

Subject to the compliance with the relevant laws and administrative regulations, the general meeting may by ordinary resolution remove any director before the expiration of his term of office without prejudice to the director's right as provided in any contracts to claim for damages arising from his removal.

If any director fails to attend in person or entrust other directors as his representative to attend meetings of the Board for two consecutive times, such director shall be deemed to have failed to perform his duties, and the Board or the supervisory committee shall propose to replace such director at the general meeting.

A director may resign before expiry of his term of service. When a director resigns, he shall submit a written resignation notice to the Board. The Board will disclose the relevant information within two days.

Save for the circumstances in relation to the number of directors is less than the minimum requirement as required by law due to a director's resignation as referred to in this articles, the director's resignation takes effect upon delivery of his resignation report to the Board. If the number of the directors of the Board falls below the quorum as a result of any resignation, such resignation shall not become effective until the vacancy resulting from such resignation is filled up by a succeeding director. The remaining directors shall convene an extraordinary general meeting as soon as possible to elect a director to fill the vacancy caused by the said resignation. Such newly elected director or any person appointed as an additional director to the Board, shall have a term of office commencing from the date on which he is elected until the expiry of the term of the current session of the Board, and shall then be eligible for re-election at the meeting.

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

**Article 105** Where the resign of a director takes effect or the term of office of a director comes to expiration, the director shall conduct all the handover procedures with the Board. The director is still not free from the duty of loyalty to the Company and shareholders, which will not be certainly lifted upon the expiration of the term and remains effective during the reasonable period specified in this Articles of Association.

Article 101 of the Guidelines to Articles of Association

**Article 106** Any director shall not act in his own name on behalf of the Company or the Board, without the legitimate authorization of this Articles of Association or the Board. Where a director acts in his own name, in case the third party shall reasonably believe he is on behalf of the Company or the Board, the director shall state his position and identity in advance.

Article 102 of the Guidelines to Articles of Association

**Article 107** Where a director violates laws, administrative regulations, department regulations or this Articles of Association in performance of his duties to the Company, and thus causes losses to the Company, he or she shall be liable for compensation.

Article 103 of the Guidelines to Articles of Association

**Article 108** Independent non-executive directors are directors who do not hold any position in the Company other than as director, member or chairman of the special committee of the Board and do not maintain with the Company or its substantial shareholders a connection which may possibly hamper their independent and objective judgments.

Rule 3.10(2), 3.10A, 3.11 and 19A.18 of the Hong Kong Listing Rules

Independent non-executive directors must make up at least a third of the Board and must consist of at least three members. The Company shall have at least one independent non-executive director who shall have relevant professional qualifications or have professional specialty in audit or related financial management and shall have at least one independent non-executive director who lives in Hong Kong.

An independent non-executive director shall meet the qualifications and requirements on independence as stipulated in laws, regulations and the Listing Rules.

Independent directors shall have the sufficient time and requisite knowledge and capabilities to perform their duties. The Company shall be responsible to provide necessary information to the independent directors for performing their duties. In particular, independent directors may directly report to the general meeting, the CSRC and other relevant authorities. The term of independent directors of the Company shall not exceed 6 years on a consecutive basis, unless otherwise provided by relevant laws, regulations and listing rules of the stock exchange at the location where the Company's shares are listed.

If at any time the Company's independent non-executive director does not comply with the number, qualifications requirements as stipulated in listing rules of the stock exchange at the location where the Company's shares are listed, the Company shall notify the stock exchange at the location where the Company's shares are listed responsively, give relevant details and reasons in the form of public announcements, and should complete the by-election within sixty (60) days after the said incompliance.

Independent non-executive directors may directly report to the general meeting, the CSRC and other relevant authorities.

**Article 109** The Board is accountable to the general meetings, and shall exercise the following functions and powers:

Articles 105  
and 107 of the  
Guidelines  
to Articles of  
Association

- (1) To be responsible for the convening of general meetings and report its work to the general meetings;
- (2) To implement resolutions of the general meetings;
- (3) To decide on the Company's business plans and investment programs;
- (4) To formulate the annual financial budgets and final accounts of the Company;
- (5) To formulate the Company's profit distribution plans and plans on making up losses;
- (6) To formulate proposals for the Company to increase or decrease its registered capital, issue corporate bonds or other securities and pursue any listing thereof;
- (7) To formulate plans for the Company's substantial acquisitions and repurchase of shares of the Company under the circumstances set forth in sub-paragraphs (1) and (2) of Article 26 hereof, or merger, division, dissolution and alteration of corporate form of the Company;
- (8) To decide on repurchase of the shares of the Company under the circumstances set forth in sub-paragraphs (3), (5) and (6) of Article 26 hereof;
- (9) Within the scope authorized by the general meeting, to decide, among others, the Company's external investment, purchase and sale of assets, provision of security on the Company's assets, wealth management entrustment, connected transactions, donations;
- (10) To decide on establishment of internal management organizations of the Company;
- (11) To decide on appointing or dismissing general manager, secretary to the Board and other senior management as well as their remunerations, rewards and penalties; to decide on appointing or dismissing senior management including vice general manager(s) and the person in charge of finance of the Company in accordance with the nominations by general manager, and to decide on their remunerations and rewards and punishments;
- (12) To formulate the basic management system of the Company;
- (13) To formulate proposals to amend this Articles of Association;

- (14) To manage information disclosure of the Company;
- (15) To propose to the general meeting the appointment or replacement of the accounting firms which provide audit services to the Company;
- (16) To listen to work reports submitted by the general manager of the Company either on regular or ad hoc basis and review his work;
- (17) To review any notifiable or disclosable transactions and connected transactions which are required to be approved by the general meeting under the listing rules of the stock exchange at the location where the Company's shares are listed;
- (18) To approve notifiable or disclosable transactions and connected transactions which are not required to be approved by the general meeting under the listing rules of the stock exchange at the location where the Company's shares are listed;
- (19) To decide on other major affairs of the Company, save and except for matters to be approved by the general meetings as required by the Company Law and this Articles of Association;
- (20) Other powers and duties authorized by the laws, administrative regulations, department rules, listing rules of the stock exchange at the location where the Company's shares are listed, the general meeting or this Articles of Association.

**Article 110** The Board of the Company shall explain to the general meeting any non-standard audit opinions issued by the certified public accountants on the Company's financial statements.

Article 108 of the Guidelines to Articles of Association

**Article 111** The Board shall formulate the rules of procedures for the Board to ensure its implementation of the resolutions passed at the general meeting to enhance efficiency and to ensure scientific decision-making.

Article 109 of the Guidelines to Articles of Association

**Article 112** The Board shall establish the limits of authority for external investment, acquisition and disposal of assets, pledge of assets, external guarantee, entrusted wealth management, connected transaction and donations, and put in place stringent examination and decision-making procedures; major investment projects shall be assessed and examined by an expert or professional panel and put to the general meeting for approval.

Article 110 of the Guidelines to Articles of Association

**Article 113** The chairman of the Board shall exercise the following functions and powers:

Articles 112 and 113 of the Guidelines to Articles of Association

- (1) To preside over general meetings and to convene and preside over Board meetings;
- (2) To check the implementation of resolutions of the Board;
- (3) To sign securities issued by the Company;
- (4) Other functions and powers conferred by the Board or required under the listing rules of the stock exchange at the location where the Company's shares are listed.



When the chairman is unable to perform his duties, the director recommended jointly by more than half of the directors of the Company shall be appointed to exercise such functions and powers on his behalf.

**Article 114** Meetings of the Board shall be held at least four (4) times a year. Meetings shall be convened by the chairman of the Board. Notice of the meetings shall be sent to all directors fourteen (14) days before the meeting is held. The chairman shall convene and preside over the extraordinary meeting within 10 days after receiving the proposal under the following circumstances:

Articles 114 and 115 of the Guidelines to Articles of Association

- (1) Necessary as deemed by the chairman or proposed by the general manager;
- (2) Proposed by shareholders representing more than one tenth of the voting right;
- (3) Proposed by more than one-third of the directors;
- (4) Proposed by exceeding half of the independent directors;
- (5) Proposed by the supervisory committee.

**Article 115** The forms of notification of extraordinary meetings of the Board shall be as follows: by telephone, facsimile or other verbal means. The time limit for sending the notice of such extraordinary meetings shall be: such notice shall be delivered to the directors three (3) days prior to the meetings.

**Article 116** Notice of a meeting of the Board shall contain at least the following information:

Article 117 of the Guidelines to Articles of Association

- (1) The time and venue of the meeting;
- (2) The method by which the meeting is held;
- (3) The matters to be discussed (the motions);
- (4) The contact person and the contact information;
- (5) The issue date of the notice.

Verbal notice shall at least include the information of the aforesaid item (1) and (2) and the explanations on holding the extraordinary meeting of the Board under urgent circumstance.

**Article 117** The meetings of the Board shall be held only if exceeding half of the directors are present.

Article 118 of the Guidelines to Articles of Association

Each director shall have one vote. Exceeding half of the votes of all directors is required for passing of a Board resolution. External guarantee that should be approved by the Board must be reviewed and decided by more than two-thirds of the directors present at the Board meeting.



**Article 118** Meetings of the Board shall be attended by the directors in person. If a director cannot attend a meeting for any reason, he may entrust in writing another director with attending the meeting on his behalf. The instrument of entrustment shall specify the scope of authority.

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

**Article 119** Extraordinary meetings of the Board may be held by means of communication including telephone conference or video conference provided that directors can fully express their views, and directors attending the meetings shall sign on the resolutions.

The Board may accept meetings of the Board in the form of communications over written resolutions to replace meetings on-site. However, such motions must be delivered to each director by hand, mail, telegraph, email or facsimile. After the Board has delivered the motion to all the directors and that the number of directors giving consent and signature to the motion has reached the quorum, such motion, if delivered to the secretary to the Board by means of communication referred above, shall become a Board resolution and no convening of the meeting of the Board shall be required.

**Article 120** If any director of the Company is associated with the enterprises that are involved in the matters to be resolved at the meeting of the Board, he shall not exercise his or her voting rights for such matters, nor shall such director exercise voting rights on behalf of other directors. Such meeting of the Board shall be convened by a majority of the directors present thereat who are not connected. The resolution of the meeting of the Board shall be passed by more than half of the non-connected directors. If the number of non-connected directors present at such meeting is less than three, relevant proposals shall be submitted to the general meeting for consideration.

**Article 121** The Board shall keep minutes of resolutions on matters discussed at the meeting. The minutes shall be signed by the directors present at the meeting and by the person who recorded the minutes. The directors shall be liable for the resolutions of the Board. If a resolution of the Board violates the laws, administrative regulations or this Articles of Association and results in the Company sustaining serious losses, the directors participating in the resolution shall be liable to compensate the Company. If, however, it can be proven that a director expressly objected to the decision when the resolution is voted on and that such objection is recorded in the minutes of the meeting, such director may be released from such liability.

Opinions expressed by independent non-executive directors shall be stated in the resolution of the Board.

The minutes of the meeting of the Board shall be kept for no less than 10 years by the secretary of the Company as the Company's files.

**Article 122** The minutes shall consist of the following:

- (1) The session of the meeting, time, venue and form of the meeting;
- (2) The particulars of issuing the notice of the meeting;

- (3) The names of the convener and the chairman of the meeting;
- (4) The directors attending in person or by proxy;
- (5) The proposals reviewed in the meeting, the main points of speeches and major opinions by each director on relevant matters;
- (6) The voting result of each proposal (specifying numbers of affirmative, opposing and abstention votes);
- (7) Such other matters to be recorded as the directors attending the meeting consider appropriate.

**Article 123** The Company shall set up special committees such as a strategy committee, an audit committee, a nomination committee, and a remuneration and assessment committee, under the Board, and other special committees that the Board deems necessary to establish. All the special committees shall be accountable to the Board, perform their duties in accordance with this Articles of Association and the authorization of the Board, and submit resolutions to the Board for consideration and decision. Under the unified leadership of the Board, each special committee shall provide recommendations and advice for the decisions to be made by the Board.

Article 107 of  
the  
Guidelines  
to Articles of  
Association

All members of the special committees shall be comprised of directors, of which independent directors shall account for the majority of the members of the audit committee, the nomination committee, and the remuneration and assessment committee under the Board and shall act as the convener. The convener of the audit committee shall be an accounting professional. The Board is responsible for formulating the working procedures of the special committees and regulating the operation.

**Article 124** Primary duties of the audit committee of the Board include:

- (1) to be responsible for the relationship with the auditor of the Company;
- (2) to review the financial information of the Company;
- (3) to oversee the Company's financial reporting system, risk management and internal control systems;
- (4) to oversee the Company's environmental, social and governance ("ESG") matters;
- (5) other matters delegated by the Board and provided by laws, administrative regulations, departmental rules and regulations of the stock exchanges at the location where the Company's shares are listed.

**Article 125** The nomination committee of the Board is responsible for formulating the criteria and procedures for selection of the directors and senior management, selection and examination of the candidates for directors and senior management and their qualifications, and providing advices to the Board on the following matters:

- (1) nomination, appointment or dismissal of the directors;
- (2) appointment or dismissal of senior management;
- (3) other matters delegated by the Board and provided by laws, administrative regulations, departmental rules and regulations of the stock exchanges at the location where the Company's shares are listed.

**Article 126** The remuneration and appraisal committee of the Board is responsible for formulating and assessing evaluation indicator for the directors and the senior management, formulating and reviewing remuneration systems for the directors and the senior management, and providing advice to the Board on the following matters:

- (1) remuneration for the directors and senior management;
- (2) formulating or changing the share incentive plans and employee shareholding plans;
- (3) the shareholding plans of the Company's directors and senior management in subsidiaries to be split;
- (4) other matters delegated by the Board and provided by laws, administrative regulations, departmental rules and regulations of the stock exchanges at the location where the Company's shares are listed.

**Article 127** The strategic committee of the Board is responsible for conducting research, advising on and monitoring the Company's long-term development strategies and significant investment decisions.

**Article 128** The Company shall formulate working rules of special committees under the Board which shall be approved by the Board. Each special committee under the Board shall exercise its functions and powers according to its working rules and this Articles of Association, and is accountable to the Board and report its work to the Board.

## Chapter 10 Secretary to the Board of the Company

**Article 129** The Company shall have one secretary to the Board. The secretary to the Board is a member of senior management of the Company and is accountable to the Board.

**Article 130** The secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience and shall be appointed by the Board. The primary responsibilities of the secretary to the Board include:

Article 133 of  
the  
Guidelines  
to Articles of  
Association

- (1) To ensure the organizations documents and records of the Company are complete;
- (2) To ensure the Company to prepare and submit all reports and documents to the regulatory authorities as required by the laws;
- (3) To ensure the proper establishment of the register of members of the Company, and to ensure timely access to the relevant records and documents by the individuals who are entitled to access such information; and
- (4) Perform other functions and powers as required by the laws, administrative regulations, departmental rules, and the listing rules of stock exchanges where stocks are listed, and other powers conferred by the Board.

## Chapter 11 General Manager of the Company

**Article 131** The Company has one (1) general manager and a certain number of vice general managers, who shall be appointed or dismissed by the Board. The vice general manager shall assist the general manager in his work, and shall be accountable to the general manager. In absence or incapability of the general manager in performing his duties for any reasons, such duties shall be performed by the vice general manager(s). The Board of the Company may decide upon whether a member of the Board shall concurrently act as the general manager.

Articles 124,  
126 and  
127 of the  
Guidelines  
to Articles of  
Association

Each general manager, vice general manager and other senior management shall have an every term of office of three (3) years, and shall be eligible for reappointment.

Persons holding administrative positions at the controlling shareholder of the Company (other than being a director or supervisor) may not concurrently serve as the Company's senior management members.

The senior management of the Company shall only receive remuneration from the Company, not from the controlling shareholders on behalf of the Company.

**Article 132** The general manager shall be accountable to the Board and exercise the following functions and powers:

Article 128 of  
the  
Guidelines  
to Articles of  
Association

- (1) To be in charge of the Company's production, operation and management and to organize the implementation of the resolutions of the Board;
- (2) To organize the implementation of the Company's annual business plans and investment plans;

- (3) To formulate plans for the establishment of the Company's internal management structure;
- (4) To draft the Company's basic management system;
- (5) To formulate basic rules and regulations for the Company;
- (6) To propose the appointment or dismissal of the Company's vice general manager(s) and financial controller;
- (7) To appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;
- (8) Such other functions and powers conferred by this Articles of Association and the Board.

**Article 133** The general manager may be present at a meeting of the Board. The general manager has no voting rights at the board meetings unless he is also a director.

**Article 134** The general manager shall formulate its detailed work plan, to be executed upon approval by the Board of Directors. The detailed work plan of the general manager shall include the following:

Articles 129 and 130 of the Guidelines to Articles of Association

- (1) the condition, procedure and attendees of the general manager meeting;
- (2) the respective job description and division of labor of general manager and other senior management members;
- (3) the application of Company's funds and assets; authority to sign the significant contracts and report to the Board of Directors and Board of supervisors;
- (4) other matters that the Board of Directors deems necessary.

**Article 135** The general manager may resign before the expiry of his terms of office and detailed procedure and methods in relation to resignation shall be referred to the employment (service) contracts between such manager and the Company.

Article 131 of the Guidelines to Articles of Association

**Article 136** 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 this Articles of Association.

Articles 134 and 135 of the Guidelines to Articles of Association

The senior management shall be liable for any losses caused to the Company by their breach of any laws, administrative regulations, departmental rules and regulations or the Articles of Association in performing their duties for the Company.

The senior management of the Company shall fulfill their duties honestly, protect the best interests of the Company and all the shareholders. The senior management of the Company shall be liable for compensation in accordance with law for any damage caused to the interests of the Company and public shareholders as a result of their failure to perform duties with honesty or violation of their fiduciary duties.

For the purposes hereof, the term “senior management” means general manager, vice general manager(s), the secretary to the Board, financial controller and other personnel as determined by the Board of the Company.

## Chapter 12 Supervisory Committee

**Article 137** The Company shall establish a supervisory committee. The supervisory committee is a standing supervisory agency of the Company which is responsible of the supervision of the Board and its members and senior management such as the general manager and vice general manager so as to prevent them from the misuse of authority and infringing upon lawful rights of the shareholder, the Company and the Company’s employees.

**Article 138** The supervisory committee shall consist of five (5) supervisors, one of which shall be the chairman of the supervisory committee. The term of office of each supervisor shall be a period of three (3) years and shall be eligible for re-election.

Articles 138 and 139 of the Guidelines to Articles of Association

The appointment and dismissal of the chairman of the supervisory committee shall be passed by exceeding half of its members.

Where no re-election is made in time upon expiry of the term of a supervisor, the original supervisor shall, prior to a new supervisor entering on the office, continue to perform his duties as a supervisor in accordance with the laws, administrative regulations and this Articles of Association.

If the number of the supervisors of the supervisory committee fall below the statutory requirement due to a supervisor’s resignation during his term of office, the resignation of such supervisor shall only become effective after a new supervisor fills the vacancy caused by the said resignation.

**Article 139** The supervisory committee shall comprise staff representative supervisors, independent supervisors (supervisors who are independent from the shareholders of the Company and have not held any position in the Company) and shareholders’ representative supervisors. Staff representative supervisors shall not be less than one-third of the number of supervisors, external supervisors (supervisors, including shareholders’ representative supervisors, who have not held any position in the Company) shall be more than half of the number of supervisors and there shall be more than two (2) independent supervisors.

Article 144 of the Guidelines to Articles of Association

Supervisors who are not staff representatives shall be elected and removed by general meetings, while staff representative supervisors shall be elected and removed by the staff of the Company democratically.

**Article 140** The Company’s directors, general manager, vice general manager(s) and other senior management shall not act concurrently as supervisors.

Article 136 of the Guidelines to Articles of Association

**Article 141** The supervisory committee shall have at least one meeting every six months. The chairman of the supervisory committee shall be responsible for convening the meetings. Supervisors may propose to convene extraordinary Supervisory Committee meeting.

Article 146 of the Guidelines to Articles of Association



**Article 142** The supervisory committee shall be accountable to the general meeting and exercise the following functions and powers in accordance with law:

- (1) To examine the Company's financial position;
- (2) To supervise the performance by the Company's directors, general manager, vice general manager(s) and other senior management of their duties to the Company, and propose to remove the directors or other senior management for violation of the laws, administrative regulations, this Articles of Association or resolutions of general meetings;
- (3) To demand rectification from the Company's directors, general manager, vice general manager(s) or other senior management when the acts of such persons are harmful to the Company's interest;
- (4) 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 engage, in the name of the Company, certified public accountants and practicing auditors for a re-examination of the aforesaid information;
- (5) To propose to convene an extraordinary general meeting and to convene and preside over the general meeting when the Board fails to perform the duties of convening and presiding over the general meeting;
- (6) To represent the Company in negotiating with or in bringing legal actions against the directors and senior management;
- (7) To submit proposals to the general meeting;
- (8) To propose the convening of extraordinary meetings of the Board;
- (9) Examine the regular reports of the Company prepared by the Board and issue written opinions thereon;
- (10) Such other functions and powers as prescribed by this Articles of Association.

The supervisors may attend Board meetings and make inquiries or suggestions in relation to the resolutions of Board meetings.

**Article 143** A meeting of the supervisory committee shall not be convened unless it is attended by exceeding half of the Supervisors. A supervisor shall attend meetings of the supervisory committee in person, or appoint in writing another supervisor to attend the meeting on his behalf during his absence for any reason. The proxy form shall specify the extent of authorization.

Each supervisor shall have one vote. Resolutions at the meeting of the supervisory committee shall be passed by exceeding half of the supervisors.

**Article 144** The notice of the meeting of the supervisory committee shall contain the following content:

Article 149 of the Guidelines to Articles of Association

- (1) the date, venue and duration of the meeting;
- (2) the purpose and the items to be considered;
- (3) the date on which the notice is despatched.

**Article 145** The reasonable expenses incurred by the supervisory committee in the engagement of professionals such as lawyers, certified public accountants and practicing auditors, to perform its functions and powers shall be borne by the Company.

**Article 146** The supervisory committee formulates the rules of procedures for the supervisory committee, identify the method of negotiation and way of resolution in order to ensure working efficiency and scientific decision-making.

Article 147 of the Guidelines to Articles of Association

**Article 147** The supervisory committee shall record in the minute book decision on matters discussed, supervisors who attended the meeting shall sign on the attendance book.

Article 148 of the Guidelines to Articles of Association

A supervisor is entitled to request for some descriptive record to be made with regard to his speech in the meeting. The minutes of the meeting of the supervisory Committee shall be kept as the Company's files for a period of not less than 10 years.

**Article 148** A supervisor shall faithfully perform his supervisory duties in accordance with the laws, administrative regulations and this Articles of Association.

Articles 137, 140, 142 and 143 of the Guidelines to Articles of Association

A Supervisor shall comply with the laws, administrative regulations and this Articles of Association and have obligations of loyalty and diligence towards the Company and shall not abuse their rights to accept bribes or other illegal income and shall not misappropriate the properties of the Company.

A supervisor shall ensure that the information disclosed by the Company is true, accurate and complete, and sign a written confirmation for regular reports.

A supervisor may not make use of his or her connected relationship to harm the Company's interests. For any losses caused to the Company arising therefrom, he shall be liable to make indemnification.

If a supervisor violates the provisions of laws, administrative regulations, departmental rules and regulations or this Articles of Association while performing the duties for the Company and causing losses to the Company, he shall be liable to make indemnification.

## Chapter 13 Qualifications and Obligations of the Company's Directors, Supervisors, General Manager and Other Senior Management

**Article 149** A person may not serve as a director, supervisor, general manager, vice general manager or any other senior management of the Company if any of the following circumstances applies:

Articles 95 and 136 of the Guidelines to Articles of Association

- (1) A person without or with restricted capacity of civil conduct;
- (2) A person who has been sentenced to criminal punishment for corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order; or who has been deprived of his political rights, in each case where less than 5 years has elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) A person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who is personally liable for the insolvency of such company or enterprise, where no more than 3 years has elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (4) A person who is a former legal representative of a company or enterprise which had its business license revoked or has been ordered to be closed down due to a violation of the law and who incurred personal liability, where no more than 3 years has elapsed since the date of the revocation of the business license of such company or enterprise;
- (5) A person who has a relatively large amount of debts due and outstanding;
- (6) A person under a penalty of prohibited access to the securities market imposed by the CSRC, which penalty is still effective;
- (7) Circumstances prescribed by the relevant laws and regulations in the place where the shares of the Company are listed.

If any election or appointment of directors, supervisors, or engagement of senior management is in contravention of this Article, the election, appointment, or engagement shall be invalid. The Company shall dismiss any directors, supervisors, and senior management in the event that the circumstances specified in the preceding paragraph of this Article occur during their tenure.

**Article 150** Directors, supervisors, general manager, vice general managers and other senior management officers should abide by laws, administrative regulations, and this Articles of Association. They also owe the following faithful duties to the Company:

Article 97 of the Guidelines to Articles of Association

- (1) not to use their powers to accept bribes or other illegal gains, nor embezzle the Company's property;
- (2) not to misappropriate Company funds;
- (3) not to open accounts in their own names or other individuals' names for Company assets or funds;

- (4) not to violate the provisions of this Articles of Association, make loans out of the Company's funds to others, or provide guarantees using Company's property without consent from general meeting or the Board;
- (5) not to violate provisions of this Articles of Association or, without the consent of the general meeting, enter into contracts or conduct transactions with the Company;
- (6) without consent from general meeting, not to exploit their position for seeking business opportunities that should belong to the Company for themselves or others, or operating business similar to the Company for themselves or for others;
- (7) not to retain commissions from transactions with the Company;
- (8) not to disclose Company secrets without authorization;
- (9) not to exploit their association relationship to harm the Company's interests;
- (10) other faithful duties prescribed by laws, administrative regulations, departmental rules, and this Articles of Association.

Income obtained by directors, supervisors, general manager, vice general managers or other senior management officers in violation of this Article should belong to the Company. Directors, supervisors, general manager, vice general managers or other senior management officers who cause losses to the Company should bear liability for compensation.

**Article 151** The duties of good faith of the Company's directors, supervisors, general manager, vice general manager(s) and other senior management do not necessarily cease upon the termination of their tenure. The obligation of confidentiality in relation to trade secrets of the Company survives the termination of their tenure. Other obligations may continue for such period on a fair basis depending on the time lapse between the occurrence of the relevant event and the termination and the circumstances and conditions under which the relationships between them and the Company are terminated.

**Article 152** The Company may insure against the various possible legal risks faced by the directors, supervisors, general manager and other senior management in the ordinary course of performing their duties.

**Article 153** The Company shall enter into written contracts with the directors, supervisors and senior management.

## **Chapter 14 Financial and Accounting Systems and Distribution of Profits**

**Article 154** The Company shall formulate its own financial and accounting systems in accordance with provisions of the laws, administrative regulations and rules of the relevant state department.

**Article 155** The Company adopts the calendar year as its financial year, which shall begin in each year on 1 January and end on 31 December of the Gregorian calendar.

Article 150 of  
the  
Guidelines  
to Articles of  
Association

**Article 156** After the end of the first six (6) months of each financial year, the Company shall publish its results within a period of 2 months and issue its interim report within a period of three (3) months. After the end of each financial year, the Company shall publish its results within a period of three (3) months and issue its annual report within a period of 4 months.

Article 151 of the Guidelines to Articles of Association, Rule 13.46, 13.48, 13.49(1) and (6) of the Hong Kong Listing Rules

The Company shall disclose and deliver its annual report to the CSRC and the stock exchanges within 4 months from the ending date of each financial year, shall disclose and deliver its interim report to the CSRC branches and stock exchanges within 2 months from the ending date of the first half of each financial year, the above annual report and interim report shall be prepared according to the laws, regulations and requirements of the CSRC and stock exchanges. The Company shall disclose its first quarterly financial report and third quarterly financial report within 1 month from the ending dates of the first 3 months and first 9 months respectively of each financial year.

**Article 157** The Company shall not maintain any account books other than statutory account books.

Article 152 of the Guidelines to Articles of Association

Assets of the Company shall not be held in any accounts opened in the name of any individuals.

**Article 158** Where the Company distributes its after-tax profits of the current year, it shall draw 10 percent of the profits as the Company's statutory common reserve. The Company may stop drawing if the accumulative balance of the common reserve has already accounted for over 50 percent of the Company's registered capital.

Article 153 of the Guidelines to Articles of Association

If the accumulative balance of the Company's statutory common reserve is not enough to make up for the losses of the Company of the previous year, the current year's profits shall be used first for making up the losses before the statutory common reserve is drawn therefrom according to the provisions of the preceding paragraph.

After the Company draws the statutory common reserve from the after-tax profits, it may, upon a resolution made by the general meeting, draw a discretionary common reserve from the after-tax profits.

After the losses have been made up and common reserves have been drawn, the remaining profits shall be distributed to shareholders in light of their proportions of shares held.

If the general meeting distributes the profits by violating the provisions of the preceding paragraph before the losses are made up and the statutory common reserves are drawn, the profits distributed must be refunded to the Company.

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

**Article 159** The common reserves of the Company is used to make up the Company's losses, increase the production operation of the Company or increase the Company's capital. However, capital common reserve shall not be used to make up the Company's losses.

When the statutory common reserve is converted into capital, the remaining balance of that reserve shall not be less than 25% of the registered capital of the Company before the conversion.

**Article 160** The Company may distribute dividends in the following forms:

- (1) Cash;
- (2) Shares.

Dividends and other amounts payable by the Company to holders of domestic shares shall be denominated and declared in RMB. Dividends and other amounts payable by the Company to holders of foreign shares shall be denominated and declared in RMB. The exchange rate shall be the average central parity rate for the relevant foreign currency against the RMB announced by the People's Bank of China five (5) working days prior to the date of the declaration of the dividend or other distributions. Payment in foreign currency to holders of foreign shares shall be made in accordance with the relevant foreign exchange control regulations of the PRC.

**Article 161** Decision-making Procedures and Mechanism relating to Profit Distribution

- (I) The annual profit distribution proposal of the Company shall be proposed and prepared by the Board of Directors in accordance with the requirements of the Articles of Association and in view of the profitability and capital supply and needs. The profit distribution proposal is subject to the consideration and approval by the Board of Directors before submission to the general meeting for consideration and approval by the Shareholders. Where independent directors consider that the specific cash dividend plan might jeopardize the Company's or its minority shareholders' interests, they have the right to issue their independent opinions.
- (II) In considering the profit distribution proposal at the general meeting, the Shareholders shall be provided with the method of online voting. A number of channels shall be adopted to actively communicate and exchange information with the Shareholders, especially minority Shareholders, take into full account the opinions and requests of them and answer their questions in a timely manner. Once the general meeting has approved a resolution on the profit distribution plan or the Board has formulated a specific plan based on the conditions and upper limit of the interim dividend for the subsequent year as approved by the annual general meeting, the Company shall complete the distribution of dividends (or shares) within 2 months of the general meeting or the Board meeting.
- (III) If the Company is profitable for any year and the conditions for cash dividends have been met, but the Board of Directors fails to submit a profit distribution proposal at the general meeting in accordance with the existing profit distribution policy, the Board of Directors shall give a special explanation on the reason for no cash dividend distribution, the use of funds that has not been utilised for distribution but retained by the Company and the utilisation plan, and shall disclose the same in regular reports.



## Article 162 Profit Distribution Policy:

- (I) Profit distribution principles: The Company adopts consistent and stable profit distribution policies, which should emphasize on investors' reasonable investment return while maintaining sustainable development of the Company, but the profit distribution shall not exceed the range of the accumulated distributable profits or damage the Company's ability to continue operations.
- (II) Form of the profit distribution: The Company may distribute profit in the form of cash, shares, or by the combination of cash and shares, and shall adopt cash distribution provided that the conditions for cash distribution are satisfied.
- (III) Cash distribution interval
1. The Company must make profit distribution at least once a year, provided that the Company records profit for the year with positive accumulative profit undistributed.
  2. The Company may make interim profit distribution. When the Company convenes an annual general meeting to consider the annual profit distribution plan, it may consider and approve the conditions of the distribution of interim cash dividend, the proportional limits, and the upper amount limits and etc. for the subsequent year, provided that the upper limit of the interim dividends for the subsequent year considered at the annual general meeting shall not exceed the net profit attributable to the listed Company's shareholders for the corresponding period. Subject to profit distribution conditions, the Board should formulate a specific interim profit distribution plan which conforms with the conditions of profits distribution according to the resolution of the general meeting.
- (IV) The Board shall propose differentiated cash dividend policies according to the procedures as set out in the Articles of the Association by considering the following different circumstances after taking into full consideration the characteristics of the industry in which the Company operates, its stage of development, its business model, profitability, debt repayment capacity, any arrangements for significant capital expenses and returns for investors:
- (1) If the Company is at mature stage and there are no arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 80% of the total profit to be distributed;
  - (2) If the Company is at mature stage and there are arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 40% of the total profit to be distributed;
  - (3) If the Company is at growth stage and there are arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 20% of the total profit to be distributed;

If the stage of development of the Company is difficult to identify and there are arrangements for significant capital expenses, the preceding provision shall apply.

The specific conditions for the cash dividend distribution are as follows:

- (1) Positive figures are recorded for the distributable profits of the Company (i.e. the remaining after-tax profits after the Company has covered loss and has extracted statutory reserve fund) during the preceding financial year;
- (2) A standard unqualified audit report is issued by an auditor for the financial report of the Company during the preceding financial year.

If the Company recorded negative distributable profits for the preceding financial year or the auditor issued non-standard qualified audit report, the Company shall not distribute cash dividends during that year.

- (3) The Company has no such events as major investment plans or significant cash expenditures (excluding fund-raising projects).

Significant investment plans or significant cash expenditures refer to: the accumulated expenses for proposed external investment, acquisition of assets or purchase of equipment by the Company in the coming twelve months amount to or exceed 50% of the latest audited net assets of the Company and are more than RMB50 million.

- (V) Conditions for distributing scrip dividends: When the Company has a good business operation and the Board believes that the distribution of scrip dividends will be in the interests of the Shareholders of the Company as a whole, the Company may propose a plan for distribution of scrip dividends, provided that there are sufficient cash for dividend distribution. In distributing profit by way of scrip dividend, true and reasonable factors such as the growth of the Company and the dilution to net assets per share shall be taken into account.
- (VI) If there is any misappropriation of the Company's capital by any shareholder of the Company, the Company shall deduct the cash dividends allocated to such shareholder in order to repay the amount of misappropriated capital.

**Article 163** Conditions, Decision-making Procedure and Mechanism for Adjusting the Profit Distribution Policy:

Article 153 of  
the  
Guidelines  
to Articles of  
Association

- (I) Conditions for adjusting the profit distribution policy
  1. The profit distribution policy shall be adjusted when the state or the competent authorities promulgate new laws, regulations or regulatory rules in relation to the profit distribution policy of the listed companies.
  2. The Company may make any adjustment to the profit distribution policy based on the actual circumstance when there are material changes in the external operating environment or the operation of the Company. The above material changes in the external operating environment or the operation of the Company refer to the significant adverse effect on the operation of the Company as a result of the changes in the market, policy or macroeconomy environment where the Company operates.

## (II) Decision-making Procedure for Adjusting the Profit Distribution Policy

The Board shall take full consideration of the opinions of the minority shareholders during the process of studying and demonstrating the adjustment of the profit distribution policy. When considering and passing the adjustment of profit distribution policy, the Board shall obtain approval from the majority of all directors. If there are adjustments or amendments to the profit distribution policy as set out in the Articles of Association, the Board should consider and passed the same before submitting to the general meeting for consideration and approval, and the Company can provide the voting platform in the form of network for the convenience of the shareholders to attend the general meeting. The Company shall take the right protection of the shareholders as the starting point, and give detailed demonstration and explain reasons in the proposal of the general meeting. The passing of the adjustment or amendments to the profit distribution policy at the general meeting shall be subject to the approval from two thirds of the voting rights held by the shareholders (including their proxies) present at the general meeting.

If the Company adjusts the profit distribution policy according to the production and operation conditions, investment plans and the long-term needs, the adjusted profit distribution policy shall not be in breach of the relevant requirements of the stock exchanges where the shares are listed.

**Article 164** The Board may, for the interests of the Company, invest the dividend which is unclaimed for one year after the date on which the dividend is declared by the Company or apply such dividend for other purposes. Subject to relevant laws and regulations of the PRC, the Company may exercise power to confiscate the dividends which nobody has claimed only after the expiry of the relevant applicable limitation period.

**Article 165** The Company shall appoint receiving agents in Hong Kong on behalf of the holders of overseas-listed foreign shares to receive and keep on behalf of the relevant shareholders the dividends distributed by the Company in respect of overseas-listed foreign shares and other payables, and make payment to such shareholders.

Rule 19A.51  
of the Hong  
Kong Listing  
Rules

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

**Article 166** The Company shall implement its internal audit system with professional auditors to carry out internal audit supervision to the financial and economic activities of the Company. The system of the internal audit and the duties of such auditors shall be implemented after the approval of the Board. The responsible auditor shall be responsible for and report to the Board.

Articles 157  
and 158 of the  
Guidelines  
to Articles of  
Association

## Chapter 15 Engagement of Accounting Firms

**Article 167** The Company shall engage an accounting firm that complies with relevant PRC regulations to audit financial statements, verify net assets, and provide other related consulting services.

Article 159 of the Guidelines to Articles of Association

The accounting firm mentioned in this Articles of Association refers exclusively to the accounting firm appointed by the Company to provide auditing services for the periodic financial reports of the Company in accordance with relevant laws, administrative regulations and the listing rules of the stock exchange.

**Article 168** The term of engagement of an accounting firm is one (1) year from the conclusion of the annual general meeting to the conclusion of the next annual general meeting, and can be renewed.

Articles 159 and 160 of the Guidelines to Articles of Association

The appointment of an accounting firm by the Company must be decided by the general meeting, and the Board cannot appoint an accounting firm before the general meeting decides.

**Article 169** The Company shall ensure the provision of true and complete accounting evidence, books of account, financial and accounting reports and other accounting data to the accounting firm engaged by it, and no refusal, withholding and false information are allowed.

Article 161 of the Guidelines to Articles of Association

**Article 170** The amount of remuneration of an accounting firm and the manner in which the remuneration is determined shall be decided upon by the general meeting.

Article 162 of the Guidelines to Articles of Association

**Article 171** Where the Company dismisses or does not reappoint an accounting firm, it shall notify the accounting firm fifteen (15) days in advance. When the general meeting votes on the dismissal of the accounting firm, the accounting firm is entitled to present its views to the general meeting. Where an accounting firm proposes its resignation, it shall explain to the general meeting whether there are any irregularities in the Company.

Article 163 of the Guidelines to Articles of Association

## Chapter 16 Merger and Division of the Company

**Article 172** The merger of the Company may be effected by way of absorption or new establishment.

Articles 172, 173 and 174 of the Guidelines to Articles of Association

A company that absorbs other company is known as merger by absorption whereby the company being absorbed shall be dissolved. The merger of two or more companies by the establishment of a new company is known as merger by the establishment of a new company whereby the merged companies shall be dissolved.

As for a merger, the parties to the merger shall conclude an agreement and prepare balance sheets and checklists of properties. The Company shall inform creditors of the merger within 10 days from the date when the merger resolution is passed, and make announcements of the merger on newspapers within 30 days from that date. Within 30 days after receipt of the notices or (for those who have not received the notices) within 45 days after publication of the announcement, the creditors are entitled to require the Company to settle the debts or to provide corresponding guarantees.

After the merger of the Company, the credits and debts of all the parties thereto will be inherited by the continuing company or the newly formed company after the merger.

**Article 173** In case of a division, the Company's properties shall be divided accordingly.

Articles 175  
and 176 of the  
Guidelines  
to Articles of  
Association

In case of a division of the Company, all the parties involved therein shall sign an agreement on the division, and prepare balance sheets and checklists of properties. The Company shall inform the creditors within 10 days after the date of making the resolution for such division, and make announcements on newspapers within 30 days as required by the applicable laws, administrative regulations or the regulatory provisions of the place where the Company's shares are listed.

Debts incurred by the Company before its division shall be jointly and severally borne by the company which exists after the division, except otherwise prescribed when the Company has reached a written agreement on debt settlement with the creditors before the division.

**Article 174** Where any of the registered items is changed during the process of merger or division, the Company shall go through modification registration with the company registration authority according to the law. If the Company is dissolved, it shall be deregistered according to the law. If a new company is established, it shall go through the procedures for company establishment according to the law.

Article 178 of  
the  
Guidelines  
to Articles of  
Association

## **Chapter 17 Dissolution and Liquidation of the Company**

**Article 175** The Company shall be dissolved and liquidated according to the law under any of the following circumstances:

Article 179 of  
the  
Guidelines  
to Articles of  
Association

- (1) The business term of the Company set out in the Articles of Association expires, or other events which triggers the dissolution of the Company occurs;
- (2) The general meeting decides to dissolve it;
- (3) It needs to be dissolved due to merger or division of the Company;
- (4) The Company's business licence is revoked or it is ordered to close down or it is deregistered according to laws;
- (5) If the Company gets into serious trouble in operations and management and continual operation may incur material losses of the interests of the shareholders, and no solution can be found through any other channel, the shareholders holding more than 10% of the total voting rights of the Company may request the people's court to dissolve the Company.

**Article 176** Upon the occurrence of the situation mentioned in sub-paragraph (1) of the preceding Article, the Company may continue to exist by amending the Articles of Association.

Articles 181  
and 188 of the  
Guidelines  
to Articles of  
Association

The amendment to the Articles of Association pursuant to the preceding Article shall be subject to the approval of more than two-thirds of the voting rights held by the shareholders present at the shareholders' general meetings.

Where the Company is dissolved according to the provisions of sub-paragraphs (1), (2), (4) and (5) of the preceding Article, a liquidation committee shall be formed within 15 days to commence liquidation. The liquidation committee shall be composed of directors or persons confirmed by the general meeting. If a liquidation committee is not established within the stipulated period, the creditors can apply to the people's court, requesting the court to appoint relevant personnel to form the liquidation committee to carry out liquidation work.

**Article 177** The liquidation committee shall notify creditors within 10 days of its establishment, and make announcements on newspapers within 60 days of its establishment. Creditors shall, within 30 days from the date of receipt of notice or (for creditors who have not personally received such notice) within 45 days from the date of the notice, claim for their creditors' rights to the liquidation committee. When filing their claims, creditors shall explain those creditor-related issues and provide supporting documentation thereon. The liquidation committee shall register such claims.

Article 183 of  
the  
Guidelines  
to Articles of  
Association

During the period of claiming of creditors' rights, the liquidation group shall not make repayment to the creditors.

**Article 178** The liquidation committee exercises the following functions during the process of liquidation:

Article 182 of  
the  
Guidelines  
to Articles of  
Association

- (1) Liquidating the properties of the Company, and preparing balance sheets and asset checklists;
- (2) Informing creditors by notice or public announcement;
- (3) Disposing and liquidating the businesses of the Company that have not been completed;
- (4) Clearing off the outstanding taxes and taxes incurred during the liquidation process;
- (5) Clearing off credits and debts;
- (6) Disposing the residual properties after such debt clearing;
- (7) Participating in the civil litigation on behalf of the Company.

**Article 179** After liquidating the properties of the Company and preparing balance sheets and checklists of properties, the liquidation committee shall make a plan of liquidation, and report it to the general meeting or the people's court for confirmation.

Article 184 of  
the  
Guidelines  
to Articles of  
Association

The remaining properties of the Company after payment of liquidation costs, wages, social insurance premium and statutory compensation, outstanding taxes and debts of the Company, shall be distributed to the shareholders of the Company as per the classes of their shares and their shareholding percentages.



During the period of liquidation, the Company shall not carry out any business operations unrelated to the liquidation.

Before the settlement of repayments as prescribed in the preceding Article, the Company's properties shall not be distributed to shareholders.

**Article 180** In case of liquidation upon dissolution, if the liquidation committee notices that the properties of the Company are insufficient for clearing off the debts after liquidating the properties of the Company and preparing balance sheets and checklists of properties, it shall immediately apply to the people's court to declare bankruptcy. Once the people's court declares the bankruptcy of the Company, the liquidation committee shall hand over the liquidation matters to the people's court.

Article 185 of the Guidelines to Articles of Association

**Article 181** Following the completion of liquidation of the Company, the liquidation committee shall formulate a liquidation report, submit the same to the general meeting or the people's court for confirmation, and submit it to the company registration authority to apply for company de-registration, and announce the Company's termination.

Article 186 of the Guidelines to Articles of Association

**Article 182** Members of the liquidation committee shall perform their duty honestly and discharge the obligation of liquidation in accordance with laws.

Article 187 of the Guidelines to Articles of Association

Members of the liquidation committee shall not take personal advantage of their posts to take bribes, receive other illegal incomes, or misappropriate assets of the Company.

Members of the liquidation committee shall compensate the losses brought to the Company or the creditors due to their intentional or gross negligence.

**Article 183** Where the Company is declared bankrupt according to law, it shall carry out bankruptcy liquidation in accordance with laws relating to the enterprise bankruptcy.

Article 188 of the Guidelines to Articles of Association

## **Chapter 18 Notice and Public Announcement**

**Article 184** Subject to compliance with the laws and regulations of the places where the Company is incorporated and listed and the Hong Kong Listing Rules, a notice of the Company may be sent as follows:

Article 164 of the Guidelines to Articles of Association

- (1) Delivery by hand;
- (2) By post;
- (3) By fax or email;
- (4) Subject to compliance with the laws, regulations, regulatory documents and relevant rules of the securities regulatory authority of the place where the Company's shares are listed, by posting on the website designated by the Company and stock exchange;
- (5) By public announcement;

- (6) Such ways as the Company and the notified party agreed in advance or any other way which is recognized by the notified party upon receipt of the notice;
- (7) Other ways which are recognized by the securities regulatory authority and the stock exchanges of the place where the shares of the Company are listed or stipulated in this Articles of Association.

With regards to the way in which the Company provides and/or disseminates information to shareholders of overseas listed foreign shares in accordance with the Hong Kong Listing Rules, and on the premise of complying with provisions of relevant laws, regulations, normative documents, and the securities regulations of the place where the Company is listed, the Company needs to (i) send or otherwise make available the corporate communications to the relevant holders of its securities using electronic means, or (ii) make the corporate communications available on its website and the Hong Kong Stock Exchange's website.

Corporate communications mentioned in the preceding paragraph, refer to any document issued or to be issued by the Company for the information or action of the holders of any of the Company's securities, including but not limited to (i) the directors' reports and the Company's annual accounts together with a copy of the auditors' reports and, where applicable, summary financial report; (ii) interim reports and, where applicable, summary interim report; (iii) notices of meeting; (iv) listing documents; (v) circulars; and (vi) proxy forms.

The shareholders of the Company's overseas listed shares may also choose in writing to receive the printed copies of the aforementioned corporate communications by mail.

**Article 185** Where a notice from the Company is served by hand and is signed (or stamped) by the recipient on the return receipt of delivery, the date of the recipient's signature shall be deemed to be the delivery date. Where the notice is served by post, the delivery date shall be 48 hours after such notice is delivered to the post office. Where the notice is served by fax or email or published on website, the delivery date shall be the date when the notice is sent out. The delivery date shall be the date indicated on the report slip of the facsimile. Where the notice is served by public announcement, the delivery date shall be the first date of publication of such announcement. The requirements of the regulatory authority of the place in which the Company's shares are listed shall apply, if such requirements specify otherwise.

Articles 165, 169 and 170 of the Guidelines to Articles of Association

**Article 186** The Company shall issue notice and disclose information to shareholders of A shares through media and websites in line with the requirements of the CSRC. Unless otherwise provided, any notice or announcement issued by the Company on the Hong Kong Stock Exchange under this Articles of Association in accordance with the Hong Kong Listing Rules shall be disclosed in the domestic market at the same time. The Company shall issue notices and announcements to the shareholders of overseas-listed foreign-invested Shares in the manner and on the websites provided by this Articles of Association and the Hong Kong Listing Rules.

Rule 2.07A, 2.07B and 2.07C of the Hong Kong Listing Rules, Article 171 of the Guidelines to Articles of Association

## Chapter 19 Procedures for Amendment to the Articles of Association

**Article 187** The Company shall amend this Articles of Association on the occurrence of any of the following events:

Article 189 of the Guidelines to Articles of Association

- (1) After the amendment of the Company Law or the relevant laws or administrative regulations, the provisions of this Articles of Association are in conflict with the amended Company Law or the relevant laws or administrative regulations;
- (2) There is change in the Company which makes it inconsistent with this Articles of Association;
- (3) The amendments to this Articles of Association have been decided by the general meeting.

**Article 188** Amendments to the Articles of Association passed by resolutions at the shareholders' general meeting shall be required to be examined and approved by the competent authorities, and shall be submitted to the competent authorities for approval. If there is any change relating to the registered particulars of the Company, the changes shall be registered in accordance with law.

Articles 190, 191 and 192 of the Guidelines to Articles of Association

The Board shall revise the Articles of Association in accordance with the resolution of the shareholders' general meeting regarding the revision of the Articles of Association and the approval opinion from the competent authorities. Where the amendment to the Articles of Association is related to the information required to be disclosed by laws and regulations, such changes, in accordance with laws or regulations, shall be announced.

## Chapter 20 Supplementary Provisions

**Article 189** This Articles of Association are written in Chinese. Where there is any inconsistency between any other languages or different versions and the Chinese version of the same, the Chinese version which has been approved and registered at the company registration authority at the latest time shall prevail.

**Article 190** In this Articles of Association, the terms “more than”, “within” and “less than” shall include the given figure, and the terms “under”, “beyond”, “below” and “exceeding” shall not include the given figure.

Article 196 of the Guidelines to Articles of Association

**Article 191** Reference to the term “Accounting Firm”, “Connected” and “Related Parties” herein shall have the same meaning as ascribed to the terms “Auditors”, “Connected” and “Connected Persons” in the Hong Kong Listing Rules.

**Article 192** Annex to this Articles of Association shall include the procedural rules for the general meeting, the procedural rules for the Board meeting and the procedural rules for the meeting of the Supervisory Committee.

**Article 193** The Board shall be responsible for the interpretation of this Articles of Association. Where there are matters not contained in this Articles of Association, such matters shall be proposed by the Board and be passed by way of resolutions at the general meeting.

\* For reference only