

The Chinese version shall prevail in case of inconsistency or discrepancy between the Chinese version and its English translation.

# **GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS COMPANY LIMITED**

## **THE ARTICLES OF ASSOCIATION**

(the Articles of Association was considered and passed at the second extraordinary shareholders' meeting in 2025)

### **Content**

Chapter 1	General Rules . . . . .	2
Chapter 2	Objectives and Scope of Business . . . . .	4
Chapter 3	Shares and Registered Capital . . . . .	5
Chapter 4	Reduction of Capital and Repurchase of Shares . . . . .	9
Chapter 5	Share certificates and Register of Shareholders . . . . .	11
Chapter 6	Rights and Obligations of Shareholders . . . . .	12
Chapter 7	Shareholders' Meeting . . . . .	18
Chapter 8	Special Voting Procedures for Different Classes of Shareholders . . . . .	37
Chapter 9	The Board . . . . .	40
Chapter 10	Secretary to the Board of the Company . . . . .	51
Chapter 11	General Manager and Deputy General Manager of the Company . . . . .	52
Chapter 12	Qualifications and Obligations of Directors and Senior Management Personnel of the Company . . . . .	53
Chapter 13	Financial Accounting System . . . . .	57
Chapter 14	Distribution of Profits . . . . .	57
Chapter 15	Internal Audit . . . . .	62
Chapter 16	Appointment of Accounting' Firm . . . . .	63
Chapter 17	Insurance . . . . .	63
Chapter 18	Labor Management and Trade Union . . . . .	64
Chapter 19	Merger and Division of the Company . . . . .	65
Chapter 20	Dissolution and Liquidation of the Company . . . . .	66
Chapter 21	Amendments to the Articles of Association of the Company . . . . .	68
Chapter 22	Settlement of Disputes . . . . .	69
Chapter 23	Notices . . . . .	69
Chapter 24	Interpretation and Definitions of These Articles of Association . . . . .	71

## **Chapter 1 General Rules**

**Article 1** Guangzhou Baiyunshan Pharmaceutical Holdings Co.,Ltd. (hereinafter referred to as the “Company”) was established as a joint stock company with limited liability in accordance with the “Company Law (hereinafter referred to as the “Company Law”) of the People’s Republic of China” and other relevant laws and administrative regulations of the PRC. In order to safeguard the legal interests of the Company, its shareholders, employees and creditors, to regulate the organization and acts of the Company, the Articles of Association are formulated in accordance with the Company Law, the Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (hereinafter referred to as the “Securities Law”), the Guidelines on Articles of Association of Listed Companies (《上市公司章程指引》) and other relevant provisions.

**Article 2** The Company was established by way of promotion in accordance with the approval document of Ti Gai Sheng [1997] No. 139 issued by the State Commission for Economic System Restructuring of the PRC. The Company was incorporated and registered with Guangzhou Administration for Industry and Commerce and established on 1 September 1997. Unified Social Credit Code: 914401063320680X7.

The promoter of the Company was Guangzhou Pharmaceutical Holdings Limited

As approved by the Securities Commission of the State Council by approval document No.[1997] 56 Hao in September 1997, the Company has issued to overseas investors 219,900,000 ordinary shares available for subscription in foreign currencies and such shares were listed on The Stock Exchange of Hong Kong Ltd. (the “Hong Kong Stock Exchange”) in October 1997. In January 2000, as approved by CSRC (approval document no. Zheng Jian Gong Si Zi [2000] 228 Hao), the Company issued to the public 78,000,000 ordinary shares in RMB and such shares were listed on the Shanghai Stock Exchange in February 2000.

### **Article 3**

Registered Chinese Name: 廣州白雲山醫藥集團股份有限公司

English Name: GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS COMPANY LIMITED

Address: 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC

Telephone: (8620)6628 1011

Fax: (8620)6628 1229

Postal code: 510130

**Article 4** The legal representative of the Company shall be a director who perform the company affairs on behalf of the Company, and shall be elected or replaced by the board of directors by a majority of all directors. If the director serving as the legal representative resigns, he/she shall be deemed to have resigned as the legal representative at the same time. If the legal representative has resigned, the Company shall determine a new legal representative within 30 days from the date of the resignation of the legal representative. If the Company changes its legal representative, the application for registration of change shall be signed by the legal representative after the change.

**Article 5** The legal consequences of civil activities conducted by the legal representative in the name of the Company shall be borne by the Company.

The limitations on the functions and powers of the legal representative under the Articles of Association or by the shareholders' meeting shall not be asserted against a bona fide counterpart.

If the legal representative causes damage to others while performing his/her duties, the Company shall assume civil liability for such damage. The Company may, after assuming the civil liability, seek compensation from the legal representative at fault in accordance with laws, administrative regulations, relevant regulations of the securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed or the provisions of the Articles of Association.

**Article 6** The Company is a joint stock limited company existing in perpetuity.

**Article 7** Pursuant to the requirements under the Constitution of the Communist Party of China the Company set up organizations of the Communist Party of China to perform core political functions and established related working organizations of the Party equipped with sufficient number of Party staff and to maintain sufficient funds for the work of the Party organizations.

**Article 8** The shareholders shall be liable to the extent of the shares subscribed and the Company shall be liable for its debts to the extent of all of its property.

**Article 9** "These Articles of Association are amended by way of special resolution passed at the shareholders' meeting of the Company and come into effect thereupon, with the existing related Articles of Association voided on the same day.

These Articles of Association shall, with effect from their effective date, constitute the instrument with binding effect in governing the constitution and activities of the Company, the rights and obligations between the Company and its shareholders and among shareholders."

**Article 10** The Articles of Association has binding legal effect on the Company and its shareholders, directors, and senior management. The aforesaid personnel may lodge claims in relation to the affairs of the Company in accordance with these Articles of Association.

Shareholders may bring actions against the Company, and the Company may bring actions against the shareholders, directors and senior management in accordance with these Articles of Association; a shareholder may bring actions against other shareholder(s) or may bring actions against directors and senior management of the Company in accordance with these Articles of Association.

The action mentioned above includes court proceedings.

**Article 11** Senior management referred to in the Articles of Association means the general manager, the deputy general manager of the Company, secretary to the Board and the financial controller of the Company and other senior managers determined by the Board.

**Article 12** The Company may invest in other companies with limited liabilities and/or companies limited by shares and shall be liable only to the extent of the investment contribution to those companies.

Upon approval by the Company's approval authority authorized by the State Council, the Company may, in accordance with its business and management, operate as a holding company as described in the Company Law.

## **Chapter 2 Objectives and Scope of Business**

**Article 13** The business objectives of the Company: We implement the new development philosophy, serve national strategies, focus on our core business in accordance with national industrial policies and market demands, adhere to the innovation driven development strategy, actively cultivate and develop new quality productive forces, empower the modernization of industrial system by digital technologies, and drive the high-quality development of the pharmaceutical and healthcare industry.

**Article 14** The business scope of the Company should be consistent with that as approved by the companies registration authority. The Company shall engage in operations within the business scope as approved by the companies registration authority.

The business scope of the Company is as follows: research and development of medicine; manufacturing of chemical raw material medicine; manufacturing of chemical drug preparations; production of Chinese patent medicine; processing of Chinese herbal medicine; manufacturing of biological medicine; manufacturing of medical materials and pharmaceutical supplies; wholesale of Western medicine; wholesale of Chinese patent drug and Chinese herbal medicine; retail of medicine; manufacturing of healthy foods; manufacturing of tea drinks and other beverages; wholesale of nonalcoholic drinks and tea; manufacturing of food additives; manufacturing of bottled (canned) drinking water; manufacturing of fruit and vegetable juice and beverages; manufacturing of solid beverage; manufacturing of carbonated beverage; manufacturing of cosmetic products; wholesale of cosmetic products and sanitary supplies; retail of cosmetic products and sanitary supplies; manufacturing of oral cleaning supplies; wholesale of cleaning supplies; manufacturing of soaps and synthetic detergents; wholesale of equipment for medical diagnosis, surveillance and treatment; retail of equipment for medical diagnosis, surveillance and treatment; operation of unlicensed medical apparatus; operation of licensed medical apparatus; retail of medical supplies and apparatus (excluding

pharmaceuticals and medical apparatus); wholesale of prepackaged food; retail of prepackaged food; manufacturing of veterinary drugs; sales of veterinary medicine; manufacturing of other wine; wholesale of wine; retail of wine, drinks and tea; wholesale of chemical products (including dangerous chemicals; excluding petroleum products and precursor chemicals); retail of chemical products (except for dangerous chemicals); import and export of technologies; import and export of goods (except for exclusively controlled and franchised merchandise); property management; property leasing; packaging service of transport goods; vehicle weighing service; development and operation of real estate; operation of parking lots; cargo terminal service; road freight transport.

(The items in the business scope of the Company which are subject to approval under the laws and administrative regulations of the PRC must obtain the approvals according to the laws)

**Article 15** The Company may adjust its investment portfolio, objectives and scope of business in order to be in line with the domestic and overseas market trends, demands arising from domestic and overseas business development, and its own development potential, after completing relevant procedures in accordance with these Articles of Association and with the approval of the relevant competent authorities.

**Article 16** The Company may establish its subsidiaries, branches and offices (whether wholly-owned or not) in the PRC (Hong Kong, Macau) or any other foreign countries for the purpose of business development, in order to strengthen the multi-national operations for the growth of the Company upon the approval of relevant competent authorities.

### **Chapter 3 Shares and Registered Capital**

**Article 17** The Company shall at all times have ordinary shares. The Company may also create other class(es) of shares in accordance with its requirements and upon the approval of the Companies supervising department authorized by the State Council.

**Article 18** The shares of the Company shall be in scrip form.

Shares issued by the Company shall have a nominal value at RMB1 each.

Share issues of the Company shall comply with the principles of being public, fair and just. Shares of the same class(es) rank *pari passu*.

The terms and price shall be the same for all shares of the same class(es) in a share issue. Any unit or individual shall pay the same price for each subscribed share.

**Article 19** Domestic shares issued by the Company are deposited and under the custody of China Securities Depository and Clearing Corporation Limited. H Shares of the Company are mainly in custody of central depository under Computershare Hong Kong Investor Services Limited and may also be held by shareholders in their personal names.

**Article 20** The Company may issue shares to domestic investors and overseas investors after such issuance has been registered or filed with the China Securities Regulatory Commission (the “CSRC”) or other competent securities regulators.

Overseas investors as mentioned in the foregoing paragraph refer to those investors from foreign countries and the regions of Hong Kong, Macau and Taiwan who subscribe for the shares issued by the Company. Domestic investors refer to the investors from the PRC, other than those investors from the aforesaid regions, who subscribe for the shares issued by the Company.

**Article 21** “Domestic shares” refer to the Company’s shares subscribed for in Renminbi by domestic investors.

“Foreign investment shares” refer to the Company’s shares subscribed for in a foreign currency by overseas investors. The Company’s domestic listed shares are abbreviated as “A Shares”. The Company’s overseas listed foreign investment shares listed in Hong Kong are abbreviated as “H Shares”. The Company’s listed shares including domestic listed shares and overseas listed foreign investment shares listed in Hong Kong are both ordinary shares.

**Article 22** As approved by the companies supervisory department authorized by the State Council, upon the establishment of the Company, 513,000,000 shares, representing 100% of the then issued ordinary shares of the Company, were issued to its promoter and such shares were held by Guangzhou Pharmaceutical Holdings Limited. The contribution of such shares by Guangzhou Pharmaceutical Holdings Limited was made by converting its state-owned assets into consideration.

As approved by the competent securities authorities of the State Council, the Company issued 219,900,000 overseas listed foreign capital shares after its establishment.

As approved by the securities competent authorities of the State Council, the Company issued 78,000,000 additional Renminbi-denominated ordinary shares to domestic investors. After the completion of the additional issue, the total number of shares of the Company is 810,900,000. The shareholding structure of the Company is as follows:

- (1) 390,833,391 shares (State shares), representing 48.20% of the total number of shares of the Company, are held by Guangzhou Pharmaceutical Holdings Limited, the promoter;
- (2) 219,900,000 shares (foreign shares), representing 27.12% of the total number of shares of the Company, are held by overseas investors;
- (3) 200,166,609 shares (domestic shares), representing 24.68% of the total number of shares of the Company, are held by domestic investors.

As approved by the CSRC., the Company issued 34,839,645 new shares to Guangzhou Pharmaceutical Holdings Limited as the consideration for assets acquisition and issued 445,601,005 new shares for absorption and merger of Guangzhou Baiyunshan Pharmaceutical Co., Ltd. After the completion of the major assets reorganization, the total number of shares of the Company is 1,291,340,650. The shareholding structure of the Company is as follows:

- (1) 584,228,036 shares (State shares), representing 45.24% of the total number of shares of the Company, are held by Guangzhou Pharmaceutical Holdings Limited, the promoter;
- (2) 219,900,000 shares (foreign shares), representing 17.03% of the total number of shares of the Company, are held by overseas investors;
- (3) 487,212,614 shares (domestic shares), representing 37.73% of the total number of shares of the Company, are held by domestic investors.

As a follow-up matter of the major asset reorganization, the Company repurchased 261,400 A shares from GPHL at the consideration of RMB1 and cancelled them thereafter. After the repurchase, the shareholding structure of the Company is as follows:

- (1) 583,966,636 shares (State shares), representing 45.23% of the total number of shares of the Company, are held by Guangzhou Pharmaceutical Holdings Limited, the promoter;
- (2) 219,900,000 shares (foreign shares), representing 17.03% of the total number of shares of the Company, are held by overseas investors; and
- (3) 487,212,614 shares (domestic shares), representing 37.74% of the total number of shares of the Company, are held by domestic investors.

As approved by the CSRC., the Company issued 334,711,699 domestic shares pursuant to a non-public issue of domestic shares of the Company. After the completion of such issuance, the total number of shares of the Company is 1,625,790,949. The shareholding structure of the Company is as follows:

- (1) The promoter, Guangzhou Pharmaceutical Group Co., Ltd. holds 732,305,103 shares (national stocks), accounting for 45.04% of the total shares of the company;
- (2) Overseas investors hold 219,900,000 shares (foreign share shares), accounting for 13.53% of the total shares of the company;
- (3) Domestic investors held 673,585,846 shares (domestic capital shares), which accounted for 41.43% of the total shares of the company.

**Article 23** The Company's registered capital is RMB1,625,790,949.

**Article 24** The Company or its subsidiaries (including affiliates of the Company) shall not provide financial assistance, by way of gift, advance, guarantee or lending, for others to acquire the shares of the Company or its parent company, except when the Company implements the employee share ownership scheme.

For the benefit of the Company, upon a resolution at the shareholders' meeting, or a resolution made by the Board in accordance with the Articles of Association or the authorization at the shareholders' meeting, the Company may provide financial assistance for others to acquire shares of the Company or its parent company, but the cumulative total amount of financial assistance shall not exceed ten percent of the total issued share capital. Resolutions made by the Board shall be approved by more than two-thirds of all directors.

**Article 25** The Company may, as required by its operation and development, increase its capital in accordance with the relevant provisions of these Articles of Association. The Company may increase its capital in any of the following ways respectively upon a resolution at the shareholders' meeting:

- (1) issuance of shares to unspecified investors;
- (2) issuance of shares to specified investors;
- (3) bonus issues of new shares to existing shareholders;
- (4) converting the surplus reserve into its capital; or
- (5) other methods as permitted under laws and regulations and by CSRC.

The Company's increase of capital by issuing new shares shall seek approval pursuant to the provisions of these Articles of Association and then be handled in accordance with procedures as required by the relevant laws and administrative regulations of the PRC.

**Article 26** Directors, senior management of the Company shall declare their shareholdings in the Company and the changes therein to the Company; and shall not transfer more than twenty-five percent of their shareholdings in the Company during their respective terms of office as determined at the appointment or transfer their shares within one year from the date on which the shares of the Company are listed on a stock exchange.

In the event that any director or senior management of the Company or any person who holds more than five percent of the shares in the Company sells the Company's shares or other securities in the nature of shareholding rights within six months after the acquisition of the same or repurchases the Company's shares within six months after sale of the same, any proceed arising therefrom shall be attributed to the Company and the Company's Board of Directors shall retrieve such proceed, however, securities companies holding more than five percent of the shares as a result of acquiring the remaining shares under an underwriting and other circumstances stipulated under the applicable domestic or foreign laws, administrative regulations and/or relevant regulations of the securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed are excluded. In the case that the Board of Directors fails to comply with the requirements under this paragraph, the responsible director(s) shall assume joint liability according to the law.

The shares in the Company or other securities in the nature of shareholding rights held by the director and senior management of the Company and shareholder who is natural person referred to in the paragraph above include those shares in the Company or other securities in the nature of shareholding right held by his spouse, parents, children and those held through the accounts of other persons.

In the case that the Board fails to comply with the requirements under the second paragraph above shareholder shall have the right to request the Board to comply within thirty days. In case of the Board fails to comply with the same within the aforesaid period, such shareholder shall have the right to institute a legal proceeding directly with the people's court in its own name for the benefit of the Company.

Shares of the Company shall be transferred in accordance with the laws. The Company shall not accept its shares being held as security under a pledge.

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

**Article 27** The Company may reduce its registered capital pursuant to the provisions of these Articles of Association.

**Article 28** In case of reduction of registered capital of the Company, a balance sheet and assets list shall be formulated and procedures as required by the Company Law and the provisions of other relevant regulations and these Articles of Association shall be complied with.

The Company shall notify its creditors within ten days from the date of passing of the resolution for the reduction of registered capital and shall publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within thirty days thereof. The creditors who have received the said notice have the right within thirty days from the date of receiving the notice, and the creditors who are not given such notice have the right within Forty-five days from the date of the notice was published in a newspaper, to demand the Company to settle the debt or to provide corresponding indemnity over the debt.

In the event of a reduction of the Company's registered capital, the capital contributions or shares held by shareholders shall be reduced proportionately in accordance with their respective shareholdings, unless otherwise stipulated by applicable laws, administrative regulations, relevant regulations of the securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed, or by the Articles of Association.

**Article 29** If, after making up losses as stipulated in paragraph 2 of Article 174 of the Articles of Association, the Company still has losses, it may reduce its registered capital to cover such losses. If the registered capital is reduced to cover the loss, the Company shall not make any distribution to the shareholders, nor shall it exempt the shareholders from the obligations to make capital contributions or pay up the amounts of shares.

The reduction of registered capital under the foregoing provision shall not be subject to the second paragraph of Article 28 of the Articles of Association. However, the Company must publish a notice of the capital reduction in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days from the date the shareholders' meeting passes the resolution approving the reduction.

After the Company reduces its registered capital in accordance with the provisions of the preceding two paragraphs, it shall not distribute profits until the cumulative amount of the statutory reserve and the discretionary reserve reaching fifty percent of the registered capital of the Company.

**Article 30** If the registered capital is reduced in violation of the provisions of the Company Law and other relevant regulations, the shareholders shall return the funds they have received, and the shareholders shall restore the capital contributions to the original state if their capital contributions are reduced or exempted; if losses are caused to the Company, the shareholders and responsible directors and senior management personnel shall be liable for compensation.

**Article 31** The Company may not purchase its own shares except under the following circumstances:

- (1) reduce the registered capital of the Company;
- (2) merger with another company which holds the Company's shares;
- (3) apply the shares for the purposes of the employee share scheme or in shares incentive scheme;
- (4) request from shareholders who object to a resolution of a shareholders' meeting on merger or division of the Company for the Company to acquire their shares;
- (5) apply the shares for the purposes of the conversion pursuant to the company convertible bonds issued by the listed company;
- (6) if the listed company considers that it is necessary to protect the value of the company and the interests of shareholders.

**Article 32** The Company repurchase its own shares through opened centralised trading or other methods as permitted by the applicable laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed. If the repurchase is made pursuant to the circumstances under (3), (5), (6) of Article 31 of these Articles of Association, such repurchase must be conducted by way of opened centralised trading or by such other ways as permitted by the applicable laws and administrative regulations or by the stock exchanges on which the shares of the Company are listed.

**Article 33** If the repurchase is made under the circumstances specified in (1), (2) of Article 31 of the Articles of Association, approval must be obtained from the shareholders' meeting; if the repurchase is made under the proposed circumstances specified in (3), (5), (6) under Article 31 of the Articles of Association, it may be approved in accordance with the provisions under these Articles or the authority granted at shareholders' meeting by resolution passing by two-thirds of the votes cast by the directors attending the board meeting.

If the laws, administrative regulations, relevant regulations of the securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed provide otherwise on matters involved in the aforementioned repurchase of shares, such provisions shall prevail.

**Article 34** In the event that any repurchase of shares by the Company pursuant to the laws and Article 31 hereof, shares acquired under a repurchase of shares under the circumstances stipulated in item (1) of Article 31 hereof shall be cancelled within ten days from the date of acquisition thereof while shares acquired under a repurchase of shares made under the circumstances stipulated in items (2) and (4) of Article 31 hereof shall be transferred or cancelled within six months and change of registration of registered capital shall be proceeded with the Company's original registration authority. Under the circumstances specified in (3), (5) and (6), the total number of shares of the Company held by the Company shall not exceed ten percent of the shares of the Company in issue and should be transferred or cancelled within 3 years.

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

## **Chapter 5 Share certificates and Register of Shareholders**

**Article 35** The shares certificates of the Company are issued in registered form.

The share certificates of the Company shall contain the particulars as required by the "Company Law", and any other items as required by any stock exchange on which the shares of the Company are listed.

**Article 36** The Company shall maintain a register of shareholders based on the vouchers provided by the securities registration and clearing organization. The register of share holders shall constitute conclusive evidence of the shareholders' shareholding in the Company. The register of H Shareholders shall be kept in Hong Kong for inspection by shareholders. However, the Company may suspend the registration of shareholders in accordance with laws, administrative regulations, relevant regulations of the securities regulatory authorities or the stock exchanges where the shares of the Company are listed. Shareholders enjoy rights and have obligations according to the class of shares held by them. Shareholders holding shares of the same class enjoy equal rights and have equal obligations.

The register of shares shall contain the following information:

- (1) the name, address (residence), occupation or nature of each shareholder;

- (2) the class and quantity of shares held by each shareholder;
- (3) the amount paid or payable amount of shares held by each shareholder;
- (4) share certificate numbers of shares held by each shareholder;
- (5) the date on which each shareholder registered as a shareholder; and
- (6) the date on which each shareholder ceased to be a shareholder.

**Article 37** Where PRC laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed have stipulations governing suspension of transfer of shares, such provisions shall be observed.

**Article 38** In the event that the Company convenes a shareholders' meeting, distributes dividends, liquidates or carries out any other acts requiring the confirmation of shareholders' identities, the Board or the convener of the shareholders' meeting shall designate a specific date as the record date. The shareholders whose names appear on the register of members at the close of trading on the record date, shall be entitled to the relevant rights and interests (unless certain shareholders are required to waive their voting rights on specific matters in accordance with the relevant regulations of the securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed).

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

**Article 39** Holders of ordinary shares of the Company shall enjoy the following rights:

- (1) to request the holding of, convene, call, chair, attend or appoint proxies to attend shareholders' meeting and to exercise the right to speak and voting rights in accordance with laws;
- (2) to receive dividends and other forms of distribution of interest in proportion to their respective shareholdings;
- (3) to supervise the management of the business operations of the Company and to make recommendations and interrogations;
- (4) to transfer, give or pledge shares held by them in accordance with laws, administrative regulations of the State and the Articles of Association;
- (5) to enjoy the rights of access, participation and decision on material matters as stipulated by laws, administrative regulations and the Articles of Association;
- (6) to inspect, duplicate the Articles of Association, the register of shareholders, the minutes of shareholders' meetings, the resolutions of meetings of the Board of Directors, financial and accounting reports; Shareholders who meet the requirements may inspect the Company's accounting books and certificates;

- (7) upon termination or liquidation of the Company, the right to participate in the distribution of the Company's remaining property in proportion to their shareholdings;
- (8) request from shareholders who object to a resolution of a shareholders' meeting on merger or division of the Company for the Company to acquire their shares; and
- (9) other rights conferred by laws, administrative regulations, relevant regulations of the securities regulatory authorities or the stock exchange where the Company's shares are listed and the Articles of Association.

**Article 40** Shareholders requesting to review or copy relevant materials of the Company shall comply with the Company Law, the Securities Law and other laws and administrative regulations.

Shareholders who individually or collectively hold more than three percent of the Company's shares for a consecutive period of more than 180 days may request to inspect the accounting books and accounting vouchers of the Company. Shareholders requesting to inspect the accounting books and vouchers of the Company shall submit a written request to the Company, stating the purpose of the inspection. If the Company reasonably believes that the shareholder's inspection of the accounting books and vouchers is for an improper purpose that may harm the legitimate interests of the Company, it may refuse the inspection, and must respond in writing to the shareholder within 15 days from the date of the written request, stating the reasons for refusal. If the company refuses to provide access, the shareholder may file a lawsuit with the People's Court.

A shareholder may appoint an accounting firm, law firm or other intermediary agencies to inspect the materials specified in the preceding paragraph.

Shareholders and the accounting firms, law firms and other intermediary agencies they appointed shall comply with the requirements of laws and administrative regulations on the protection of state secrets, trade secrets, personal privacy and personal information etc., when inspecting and reproducing relevant materials.

When a shareholder requests to review and copy the relevant information mentioned in previous paragraph (6) of Article 39 or requests for materials, he/she shall provide the Company with written documents evidencing the class and number of shares of the Company held by him/her, and the Company shall notify shareholders to inspect and duplicate at the designated location of the Company after verification of shareholder's identity. Shareholders should sign a confidentiality agreement as required by the Company.

Shareholders may examine photocopies of the minutes for free during office hours of the Company. Should any shareholder request photocopies of the minutes, the Company shall send the photocopies within 7 days after receiving a reasonable fee.

For shareholders requesting to inspect and duplicate materials related to the wholly-owned subsidiary of the Company, the above provisions shall apply.

**Article 41** If a resolution of a shareholders' meeting of shareholders or a resolution of the Board violates the laws and administrative regulations, shareholders shall have the right to request a people's court to declare that such resolution as invalid.

If the procedure for convening a shareholders' meeting of shareholders or Board meeting, or the method of voting at either meeting, violates the laws, administrative regulations, relevant regulations of the securities regulatory authorities or the stock exchange where the Company's shares are listed or the Articles of Association, or the contents of a resolution violates the Articles of Association, shareholders shall have the right to request a people's court to rescind the resolution within sixty days from the date on which the resolution is passed. However, if the irregularities in the convening procedures or the voting method are minor and have no material impact on the resolution, such resolution shall not be subject to annulment.

Where the Board, shareholders or other stakeholders dispute the validity of a resolution of a shareholders' meeting, they shall promptly file a litigation with the People's Court. Prior to the issuance of a judgment or ruling by the People's Court to annul such resolution or otherwise, the relevant parties shall comply with and implement the resolution of the shareholders' meeting. The Company, its directors and senior management shall perform their duties diligently to ensure the normal operation of the Company. Where the People's Court makes a judgement or ruling on the relevant matter, the Company shall fulfil its obligations to disclose the information in accordance with laws, administrative regulations, relevant regulations of securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed, fully explain the impact of the judgement or ruling on the Company, and actively cooperate with the authorities in the enforcement of the judgement or ruling after it has come into effect. If the matter involves the correction of prior-period items, the Company shall handle such corrections in a timely manner and perform the corresponding disclosure obligations.

**Article 42** A resolution of the shareholders' meeting, Board shall not be valid under the following circumstances:

- (1) no shareholders' meeting, board meeting has been convened to pass the resolution;
- (2) the resolution is not voted on at the shareholders' meeting or board meeting;
- (3) the number of attendees or the voting rights held by the attendees did not meet the quorum requirements as stipulated in the Company Law or the Articles of Association;
- (4) the number of votes in favor of the resolution matter or the voting rights held by such votes did not meet the required majority as stipulated in the Company Law or the Articles of Association.

**Article 43** In the event of violation of laws, administrative regulations, relevant regulations of the securities regulatory authorities or the stock exchange where the Company's shares are listed or the provisions under the Articles of Association by a director other than members of the audit committee or senior management personnel in performing his duties resulting loss suffered by the Company, the shareholders that solely or collectively hold one percent or more shares of the Company for a continuous period of one hundred eighty days have the right to make written request to the audit committee to file a litigation with a people's court. In the event of violation of laws, administrative regulations, relevant regulations of the securities regulatory authorities or the stock exchange where the Company's shares are listed or the provisions under the Articles of Association by the audit committee in performing its duties that has led to loss and damage suffered by the Company for a continuous period of 180 days, the shareholders have the right to make written request to the Board to file a litigation with a people's court.

Upon receipt of the written request by the shareholders as stipulated in the preceding paragraph, in case the audit committee and/or the Board refuses to file a litigation or fails to file a litigation within 30 days from receipt of such request, or under urgent circumstances that failure in filing a litigation immediately, the Company will suffer from irreparable damages, the aforesaid shareholders shall have the right to file a litigation with a people's court directly in their own name for protection of the Company's interests.

In the event that any person infringes the legal interests of the Company causing losses to the Company, the shareholders specified in the first paragraph may file a litigation with a people's court in accordance with the provisions of the preceding two paragraphs.

If the directors, supervisors, or senior management personnel of the Company's wholly-owned subsidiary, in the performance of their duties, violate laws, administrative regulations, the relevant provisions of the securities regulatory authorities or stock exchanges where the subsidiary is listed, or the provisions of the Articles of Association, causing losses to the Company, or if others infringe upon the lawful rights and interests of the Company's wholly-owned subsidiary causing losses, shareholders who have held more than one percent of the Company's shares, individually or collectively, continuously for more than 180 days, may submit a written request to the supervisory board or board of directors of the wholly-owned subsidiary to initiate litigation in the People's Court, or may directly initiate litigation in their own name in the People's Court. If a wholly-owned subsidiary of the Company does not have a supervisory committee or supervisors but has an audit committee, the provisions of paragraphs 1 and 2 of this Article shall apply.

**Article 44** In the event of violation of laws, administrative regulations, relevant regulations of the securities regulatory authorities or the stock exchange where the Company's shares are listed or the provisions under these Articles of Association by a director or senior management personnel in performing his duties resulting damage to the shareholders' interest, the shareholders may file a litigation with a people's court.

**Article 45** Shareholders of the Company shall assume the following obligations:

- (1) to comply with laws, administrative regulations and these Articles of Association;
- (2) to pay subscription moneys for the shares subscribed in accordance with the agreed manner of payment;
- (3) not to abuse their shareholders' rights to cause damage to the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and limited liability of the shareholders to cause damage to the interests of the creditors of the Company;

shareholders of the Company who abuse their shareholders' rights and cause the Company or other shareholders to suffer damages shall bear compensation liability in accordance with laws;

shareholders of the Company who abuse the independent legal person status of the Company and limited liability of shareholders to evade debts and cause damage to the interests of the creditors of the Company shall bear joint liability for the Company's debt.

- (4) may not withdraw its share capital from the Company unless otherwise stipulated by laws and regulations; and
- (5) to undertake further obligations imposed by laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed and these Articles of Association.

**Article 46** The controlling shareholders and actual controlling party of the Company shall exercise their rights and fulfill their obligations in accordance with the laws, administrative regulations, relevant regulations of securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed, and safeguard the interests of the listed company.

**Article 47** The controlling shareholder and actual controlling party of the Company shall comply with the following provisions:

- (1) exercise shareholders' rights in accordance with the law, and not to abuse the control right or use connected relationships to jeopardize the legitimate rights and interests of the Company or other shareholders;
- (2) strictly perform the public statements and commitments made, and shall not arbitrarily change or exempt them;
- (3) strictly fulfill the information disclosure obligations in accordance with the relevant regulations, actively and proactively cooperate with the Company in the information disclosure, and inform the Company in a timely manner of material events that have occurred or are intended to occur;

- (4) not to occupy the Company's funds in any way;
- (5) not to force, instruct or require the Company and relevant personnel to provide guarantees in violation of laws and regulations;
- (6) not to use the Company's undisclosed material information for benefits, not to disclose undisclosed material information relating to the Company in any way, and not to engage in insider trading, short-term trading, market manipulation and other illegal and unlawful acts;
- (7) not to jeopardize the legitimate rights and interests of the Company and other shareholders through unfair related-party transactions, profit distribution, asset reorganization, external investment and any other means;
- (8) ensure the integrity of the Company's assets, staff independence, financial independence, organizational independence and business independence, and not to affect the independence of the Company in any way;
- (9) other provisions of the laws, administrative regulations, relevant regulations of securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed, and other provisions of the Articles of Association.

If the controlling shareholder or actual controlling party of the Company does not act as a director of the Company but actually executes the affairs of the Company, the provisions of the Articles of Association relating to the obligations of loyalty and diligence of directors shall apply.

If the controlling shareholder or actual controlling party of the Company instructs a director or a senior manager to engage in an act that is detrimental to the interests of the Company or the shareholders, he or she shall be jointly and severally liable with such director or senior manager.

**Article 48** If the controlling shareholder or actual controlling party of the Company pledge the Company's shares held by them or under their effective control, he/she shall maintain the Company's control right and production and operation stability.

**Article 49** If the controlling shareholder or actual controlling party transfer the Company's shares held by him/her, he/she shall comply with the restrictive provisions on share transfer in laws, administrative regulations and relevant regulations of the securities regulatory authorities of the place where the Company's shares are listed and stock exchanges, and the commitments made on restricting share transfer.

## Chapter 7 Shareholders' Meeting

**Article 50** The shareholders' meeting is composed of all shareholders. The shareholders' meeting is the source of authority of the Company and exercises its powers according to the laws.

**Article 51** The shareholders' meeting shall exercise the following functions and powers:

- (1) to elect and replace directors who are not the employee's representatives and to decide matters relating to the remuneration of directors;
- (2) to consider and approve reports of the Board;
- (3) to consider and approve the Company's profit distribution proposals and loss recovery proposals;
- (4) to resolve on the increase or reduction of the Company's registered capital;
- (5) to resolve on matters such as merger, division, dissolution, liquidation or change of the corporate form of the Company;
- (6) to resolve on issuance of debenture by the Company;
- (7) to resolve on the appointment, removal of an accounting firm for the Company which undertakes the audit engagements of the Company;
- (8) to amend the Articles of Association;
- (9) to consider any provisional proposals of shareholders representing individually or collectively one percent or more of the outstanding voting rights of the Company;
- (10) to consider transactions exceeding ten percent of the Company's latest audited and recognized net assets, including external investments (acquisitions, mergers, short-term investment projects, investments on subsidiaries, etc.), acquisition or sales of assets, financial management by commission, lease of assets, asset and business management as consignor or consignee, donating or taking of assets, credit and debt reorganization, conclusion of franchise agreements, and transfer of research and development projects as transferor or transferee, waiver of rights (including waiver of right of first refusal, right of first contribution, etc.), conclusion of important contracts (lending, contracting, etc.), etc.;
- (11) to authorize the Board of Directors at the annual shareholders' meeting to decide to issue shares to finance a total of not more than RMB300 million and not more than twenty percent of the net assets as at the end of the latest year to specific subscriber(s), and such authorization shall lapse on the date of the next annual shareholders' meeting and is subject to laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed;

- (12) matters that may be delegated to the Board through authorization or entrustment granted by a shareholders' meeting of the Company;

The authorization or entrustment granted to the Board for handling matters as authorised or entrusted by a shareholders' meeting of the Company shall be in compliance with the requirements of maintaining the legal interests of the Company's shareholders and in strict compliance with laws and administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed to safeguard the Company's principles of efficient operation and scientific decision. The following matters may be delegated by the Board through authorization or entrustment:

1. formulating a provisional dividend plan;
2. specific matters involving issuance of new shares or convertible debenture;
3. other matters may be delegated by the Board through authorization or entrustment as stipulated by laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed and the Articles of Association. The shareholders' meeting must not delegate those powers which are only exercisable by the shareholders' meeting as prescribed by the applicable domestic or foreign laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed to the board of directors, or other organizations and individuals to exercise on its behalf.

- (13) to consider matters relating to guarantee as stipulated under Article 52 hereof;

- (14) to consider matters relating to financial assistance as stipulated under Article 54 hereof;

- (15) to consider matters relating to the Company's purchase and sale of material assets exceeding thirty percent of the latest audited total assets;

- (16) the shareholders' meeting may authorize the Board to make a resolution on the issuance of corporate bonds. Subject to compliance with domestic and foreign laws and administrative regulations, relevant regulations of securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed, the shareholders' meeting may authorize the Board to decide on the issuance of shares not exceeding fifty percent of the issued shares within three years, provided that a resolution of the shareholders' meeting shall be passed if the capital contribution is made by way of non-monetary property;

- (17) to consider matters relating to change of purpose for fund raising;

- (18) to consider share incentive scheme and employees stock scheme;

- (19) other matters which are required by laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed and the Articles of Association to be approved by way of resolutions passed at the shareholders' meeting.

**Article 52** The following guarantees made to outsiders by the Company shall be approved and passed in a shareholders' meeting:

- (1) a single guarantee of the amount exceeding 10% of the latest audited net asset value of the Company;
- (2) any guarantees to be given after the amount of the total guarantees made to outsiders by the Company and its holding subsidiaries exceeding 50% of the latest audited net asset value of the Company;
- (3) any guarantees to be provided after the amount of the total guarantees made to third parties by the Company and its holding subsidiaries exceeding 30% of the latest audited net asset value of the Company;
- (4) on the basis of the aggregated amount of guarantees in a continuous period of 12 months, those guarantees that exceed 30% of the most recent audited total assets of the Company;
- (5) a guarantee made to a party whose ratio of assets and liabilities (gearing ratio) exceeding 70%;
- (6) a guarantee made to a shareholder, the actual controlling party and/or their related party;
- (7) other guarantees prescribed by the stock exchanges located in the places where the Company's shares are listed or the Company's Articles of Association.

In the event that the guarantee referred to in item (4) above is considered at the shareholders' meeting of the Company, it must be approved by more than two-thirds of the voting rights held by shareholders present at the meeting.

**Article 53** If the relevant personnel violates the approval authority and deliberation procedures for external guarantees stipulated in the Articles of Association by providing guarantees to outsiders in violation of the regulations, the Company shall demand accountability of the relevant personnel, and if losses incurred to the interests of the Company and its shareholders, the responsible personnel shall bear the corresponding compensation responsibility; if the circumstances are serious and constitute a criminal offense, the case will be handed over to the judicial organs for handling in accordance with the relevant legal provisions.

**Article 54** The following acts of financial assistance by the Company shall be considered and approved by the shareholders' meeting:

- (1) a single financial assistance amount exceeds ten percent of the Company's latest audited net assets;

- (2) the latest financial statements of the recipient show that its asset liability ratio exceeds seventy percent;
- (3) the cumulative amount of financial aid within the last twelve months exceeds ten percent of the Company's latest audited net assets;
- (4) other circumstances as stipulated by laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listing, or the Articles of Association of the Company.

If the recipient of the financial assistance is a controlling subsidiary within the scope of the Company's consolidated financial statements, and the other share holders of the controlling subsidiary do not include the Company's controlling shareholder, actual controlling party and its related parties, the provisions of the preceding two subparagraphs shall not apply.

**Article 55** Unless the Company is under special circumstances such as a crisis, and with prior approval of the shareholders' meeting, without approval by a special resolution by the shareholders' meeting, the Company shall not enter into any contract with any person other than a director and senior management personnel of the Company whereby the management of the whole of substantial part of the business of the Company is delegated to such person.

**Article 56** The shareholders' meeting are divided into annual meetings or extraordinary shareholders' meeting. The annual meetings shall be convened once a year and shall take place within 6 months after the end of the previous financial year.

The Company shall convene an extraordinary shareholders' meeting within 2 months from the date of actual occurrence of any one of the following circumstances:

- (1) the number of directors fall short of the number as stipulated by the Company Law or is less than two-thirds of the number of directors as stipulated under the Articles of Association;
- (2) the accrued losses of the Company amount to one-third of its aggregate paid-up share capital;
- (3) shareholders who individually or collectively hold ten percent or more shares of the Company's issued shares make a written request to convene an extraordinary shareholders' meeting;
- (4) such meeting is considered necessary by the Board or proposed to be convened by the audit committee;
- (5) other circumstances as stipulated by laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed or these Articles of Association.

**Article 57** The venue of the shareholders' meeting of the Company shall be the registered office of the Company or such other place as stipulated in the notice of the shareholders' meeting. There shall be a physical venue for the shareholders' meeting to be held on-site, and the Company also provide online voting to facilitate shareholders. Where permitted by laws, administrative regulations, and the securities regulatory authorities or stock exchange of the place where the company is listed, and where conditions allow, the shareholders' meeting may be held not only at a physical venue but also simultaneously by electronic communication means. If the shareholders' meeting is held by electronic communication means, all shareholders shall have the right to speak and vote.

**Article 58** In the event of holding a shareholders' meeting, the Company shall appoint legal counsels to provide legal opinion on the following issues and publish an announcement:

- (1) whether the convening and holding of the meeting comply with the laws, administrative regulations relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed and the Articles of Association;
- (2) the qualifications of those who are present at the meeting, and the legality and validity of the convener's qualifications;
- (3) the legality and validity of the voting procedures and results of the meeting;
- (4) the issue of legal opinion on any other relevant matters as the Company may request.

**Article 59** The Board shall convene the shareholders' meeting on time within the specified period. An independent director has the right to propose the Board to convene an extraordinary shareholders' meeting, but shall obtain the consent of more than half of all the independent directors. In respect to the proposal by the independent director for convening an extraordinary shareholders' meeting, the Board shall, in accordance with the laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed and the Articles of Association, give a written reply as to whether agree or disagree with such proposal for convening an extraordinary shareholders' meeting within ten days upon receipt of such proposal.

In the event that the Board disagrees to convene an extraordinary shareholders' meeting, an explanation shall be given and an announcement shall be made in accordance with relevant regulations (if any) of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed.

**Article 60** The audit committee is entitled to propose in writing to the Board to convene an extraordinary shareholders' meeting. The Board shall, in accordance with the laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed and the Articles of Association, furnish a written reply to the audit committee stating its agreement or disagreement to the convening of the extraordinary shareholders' meeting within ten days after having received such proposal.

In the event that the Board agrees to convene an extraordinary shareholders' meeting, it shall serve the notice of such meeting within five days after the relevant Board resolution is passed consent of the audit committee shall be obtained in the event of any changes made to the original proposal in the notice.

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

**Article 61** Any shareholder(s) who individually or jointly more than 10% of the shares of the Company is/are entitled to propose in writing to the Board to convene an extraordinary shareholders' meeting.

The Board shall, in accordance with the laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed and the Articles of Association, furnish a written reply to the relevant shareholders stating its agreement or disagreement to the convening of the extraordinary shareholders' meeting within ten days after having received such proposal.

In the event that the Board agrees to convene an extraordinary shareholders' meeting, it shall serve the notice of such meeting within five days after the relevant Board resolution is passed. Consent of the relevant shareholders shall be obtained in the event of any changes made to the original proposal in the notice.

In the event that the Board does not agree to convene an extraordinary shareholders' meeting or does not furnish any written reply to the relevant shareholders within ten days after having received such proposal, any shareholder(s) who individually or jointly more than 10% of the shares of the Company is/are entitled to propose to the audit committee to convene an extraordinary shareholders' meeting, the meeting agenda and proposals shall be fully consistent with those submitted to the Board of Directors.

In the event that the audit committee agrees to convene an extraordinary shareholders' meeting, it shall serve the notice of such meeting within five days after having received such proposal. Consent of the relevant shareholders shall be obtained in the event of any changes made to the original proposal in the notice.

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

**Article 62** Where the audit committee or shareholders decides to convene the shareholders' meeting on its own initiative, it shall send out a written notice to the Board, and shall submit the records to the stock exchange.

Prior to the announcement of the resolution of the shareholders' meeting of shareholders, the shareholdings of the shareholders convening the shareholders' meeting shall not be less than 10%. The shareholders convening the meeting shall disclose an announcement no later than the time when the notice of the shareholders' meeting is sent, and shall undertake that the percentage of shares they hold will be not less than 10% of the total share capital of the Company from the date which the shareholders' meeting is proposed and the date on which the shareholders' meeting is convened.

Upon the notice and the announcement of resolution of the shareholders' meeting, the audit committee or the shareholders convening the shareholders' meeting shall submit the relevant documentary information to the stock exchange.

**Article 63** Where the shareholders' meeting is convened by the audit committee or shareholders on its own initiative, the Board and its secretary shall work in a cooperative manner. The Board shall provide the register of shareholders prepared on the date of equity registration.

**Article 64** Where the shareholders' meeting is convened by the audit committee or shareholders on its own initiative, the expenses necessary for the shareholders' meeting shall be borne by the Company.

**Article 65** The Company shall dispatch written notices of the annual shareholders' meeting to all registered shareholders at least 21 days before the date of the meeting informing them the matters to be considered at the meeting and the date and venue of such meeting. If the Company convenes an extraordinary shareholders' meeting, written notice of the meeting shall be given at least 15 clear days before the date of the meeting.

If laws, administrative regulations, securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed stipulate a longer notice period for convening the annual shareholders' meeting or extraordinary shareholders' meeting of the Company, such provisions shall be observed.

**Article 66** After the convener dispatches the notice of shareholders' meeting, such shareholders' meeting shall not be postponed or cancel and the resolutions set out in the notice of shareholders' meeting shall not be cancelled without justifiable causes. Where the convention of such shareholders' meeting must be postponed for special reasons, the Company shall be announced and disclosed the reasons thereof within at least two business days before the original date of such shareholders' meeting. The convener shall explain the reasons for the postponement and announce the date of postponed shareholders' meeting in the notice of postponement.

**Article 67** The contents of a proposal shall be within the terms of reference of the shareholders' meeting, and have definite agenda and specific matters for resolution, and shall comply with the relevant provisions of the laws, administrative regulations and the Articles of Association of the Company.

The convener shall disclose such information which may assist the shareholders to make reasonable decisions in respect of the matters to be discussed 5 days before the shareholders' meeting. If supplemental information is to be provided, the convener shall disclose before the date on which the shareholders' meeting is to be held.

If laws, administrative regulations, securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed stipulate an earlier time for the disclosure of the above-mentioned information, such those stipulations shall be observed.

**Article 68** The Board, the audit committee and shareholder(s) who individually or jointly hold more than one percent of the total number of the shares of the Company is entitled to propose resolutions to the Company to be decided at the shareholders' meeting convened by the Company.

Shareholders(s) who individually or jointly hold more than one percent of the shares of the Company, and if any such shares carry voting rights of the Company, is/are entitled to proposed additional resolutions in writing to the convener ten days before the shareholders' meeting is held. The convener shall issue a supplemental notice of shareholders' meeting with two days after receiving such proposal specifying the contents of such proposal, and submit such extraordinary proposal to the shareholders' meeting for consideration. However, this shall exclude extraordinary proposals that violate the laws, administrative regulations, relevant provisions of securities regulatory authorities or stock exchanges in the places where the Company's shares are listed, or the provisions of the Articles of Association, or do not fall within the scope of authority of the shareholders' meeting. If the shareholders' meeting must be postponed due to the publication of a supplemental notice of the shareholders' meeting according to the relevant provisions of securities regulatory authorities or stock exchanges in the places where the Company's shares are listed, the convening of the shareholders' meeting shall be postponed in accordance with the relevant provisions of securities regulatory authorities or stock exchanges in the places where the Company's shares are listed; if the relevant provisions of securities regulatory authorities or stock exchanges in the places where the Company's shares are listed have other special provisions regarding shareholders' submission of extraordinary proposals and the Board's issuance of supplemental notices of shareholders' meeting, such provisions shall also be complied with.

Saving as prescribed in the preceding provisions, subsequent to the notice of shareholders' meeting, the proposals already listed in the notice of the shareholders' meeting or the newly added proposals shall not be amended. The shareholders' meeting shall not vote on or pass a resolution for any proposal which is not listed in the notice of the shareholders' meeting or inconsistent with the Articles of Association.

**Article 69** Shareholders' meeting shall not resolve on matters which have not been specified in the notice of meeting.

**Article 70** The notice of the shareholders' meeting shall satisfy the following requirements:

- (1) to be given in such manners in compliance with the laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed;
- (2) to specify the venue, date and time of the meeting;
- (3) to include any matter and proposal to be tabled at the meeting;

- (4) to provide to the shareholders the necessary information and explanation for the purpose of facilitating the shareholders to make sound decisions on the matters to be discussed; this principle shall include (but not limited to) the circumstances in which the Company shall provide the specific conditions and contract (if any) of a proposed transaction and a thorough explanation of the causes and consequences of such transaction when the Company proposes merger, share repurchase, capital restructuring or other reorganization;
- (5) to disclose the nature and extent of interest if any director and senior management personnel has material interest in the matters to be discussed; and to explain the difference (if any) between the impact of the matters on such director and senior management personnel as shareholder and the impact on the shareholders of the same class;
- (6) to contain the full text of any special resolution proposed to be passed at the meeting;
- (7) to specify in clear wordings that all shareholders are entitled to attend the shareholders' meeting, and that each of the shareholders entitled to attend and vote is also entitled to appoint in writing one or more than one proxy to attend and vote on his or her behalf; and such proxy may not be a shareholder;
- (8) to specify expressly the date and place for serving the power of attorney authorizing the proxy to vote;
- (9) to specify the date of equity registration of the shareholders who are entitled to attend the shareholders' meeting;
- (10) to contain the name and telephone number of the permanent contact person.
- (11) the voting time and the voting procedures for such online or other form of voting.

Where the Company convenes the shareholders' meeting and provides domestic shareholders the ways of voting such as internet or other means, the time of voting through internet or other means shall be no earlier than 3:00 p.m. on the day before the live shareholders' meeting and no later than 9:30 a.m. on the day of the live shareholders' meeting, and shall be concluded no earlier than 3:00 p.m. on the day the live shareholders' meeting ends.

**Article 71** Where the shareholders' meeting intends to discuss the election of directors, the notice of convening the shareholders' meeting shall fully disclose the detailed information on the candidates for directors at least in the following aspects:

- (1) educational background, working experience, concurrent positions, and other personal information;
- (2) whether such candidate has any affiliation with the Company or its controlling shareholders and actual controllers;

- (3) the number of shares of the Company such candidate holds; and
- (4) whether such candidate has been subject to the punishment of the CSRC or any other relevant departments or the reprimand of the stock exchange.

Save for the directors who are elected by way of cumulative voting system, a single proposal shall be put forward for each candidate for directors.

**Article 72** Subject to the applicable laws, regulations and relevant rules of the place where the securities of the Company are listed and relevant rules regarding listing of securities, the notice of shareholders' meeting may be served on shareholders (whether they have the right to vote at the shareholders' meeting or not) by public announcement or other means specified by Article 216 of the Articles of Association.

The public announcement referred to in the above paragraph shall be published at the websites of the stock exchanges in the places where the Company's shares are listed and within the scope of media which satisfied the conditions stipulated by CSRC. Upon publication of such announcements, all shareholders are deemed to have received the notice of the relevant shareholders' meeting.

**Article 73** The accidental omission to dispatch any such notice to, or the non-receipt of any such notice by, any person entitled to receive the same shall not invalidate that meeting or any resolutions passed thereat.

**Article 74** The Board of the Company or any other convener shall take necessary measures to guarantee the good order of the shareholders' meeting, take measures to deter any act disturbing the shareholders' meeting, picking quarrels and provoking troubles or infringing the legal rights and interests of any shareholder, and shall report in a timely manner such act to the relevant department for investigation and punishment.

**Article 75** All shareholders or their agents already registered as at the date of equity registration shall be entitled to attend the shareholders' meeting of shareholders and the creditors meetings of the Company. Their voting rights shall be exercised in accordance with the relevant laws, regulations and these Articles of Association.

Any shareholder (including Computershare Hong Kong Investor Services) who is entitled to attend the shareholders' meeting and vote may attend the shareholders' meeting in person, or appoint one proxy or several proxies (who may not be shareholder) or corporate representatives to attend or vote and exercise the same statutory rights as other shareholders (including but not limited to the rights under Article 77) on the behalf of such shareholder.

Any shareholder (including Computershare Hong Kong Investor Services) who is entitled to attend the creditors meetings and vote may attend the creditors meetings in person, or appoint one proxy or several proxies (who may not be shareholder) or corporate representatives to attend, vote and exercise the same statutory rights as other shareholders (including, but not limited to the rights to speak and vote) on the behalf of such shareholder.

**Article 76** Each shareholder is entitled to appoint one representative, but such a representative need not be a shareholder of the issuer.

Shareholder attending the shareholders' meeting in person shall present his or her identity card or other valid certificate or proof showing his or her identity; proxy appointed by the shareholder shall present his or her identity card and power of attorney issued by the shareholder.

Corporate shareholder shall entrust the legal representative or its agent to attend the shareholders' meeting. Legal representative attending the shareholders' meeting shall present his or her identity card and valid proof showing the status of legal representative; corporate shareholders may also appoint proxies to attend the meeting and vote at the meeting, and if the corporate shareholder has appointed a proxy to attend any meeting, it shall be deemed to attend in person. The corporate shareholder may execute a written power of attorney (proxy form) through its duly authorized personnel. The proxy attending the meeting shall produce his/her identity card and the written power of attorney duly issued by the legal representative of the corporate shareholder (unless such power of attorney has been deposited with the Company in advance in accordance with the relevant provisions of securities regulatory authorities or stock exchanges in the places where the Company's shares are listed, or the requirements of the shareholders' meeting notice, or the shareholder is a recognized clearing house or its proxy). Where the legal representative attends the meeting, it shall be deemed that the corporate shareholder attends the meeting in person.

A non-corporate shareholder shall entrust the person in charge of the organization or the agent entrusted by the person in charge to attend the shareholders' meeting. The person in charge of the organization attending the shareholders' meeting shall produce his/her identity card and valid proof showing his or her capacities as the person in charge; the agent attending the shareholders' meeting shall produce his or her identity card and a power of attorney in writing duly issued by the person in charge of the organization according to law.

For matters involving H-share shareholders, the relevant provisions of securities regulatory authorities or stock exchanges at the listing place shall be followed.

**Article 77** A proxy is entitled to exercise the following rights pursuant to the appointment made by the appointing shareholder:

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

Where any shareholder is required to abstain from voting or restricted to voting only for or only against a resolution, the vote cast by or on behalf of such shareholder in contravention of such requirement or restriction is deemed as invalid.

**Article 78** Shareholder shall authorize his or her proxy in writing, and the power of attorney should contain the following information:

- (1) name of the principal, the class and number of shares held by him/her in the Company;
- (2) name of the proxy;
- (3) specific instructions from the shareholder, including direction as to affirmation, objection and veto to each matter to be discussed in the agenda of the shareholders' meeting;
- (4) issue date and validity period of the power of attorney;
- (5) signature (or chop) of the principal. Where the principal is a corporate shareholder, the corporate seal shall be affixed.
- (6) other contents required by laws, administrative regulations, relevant provisions of securities regulatory authorities or stock exchanges in the places where the Company's shares are listed.

**Article 79** The instrument appointing a proxy shall be deposited at the Company's legal address or such other place as specified in the notice of meeting 24 hours before the time appointed for holding the meeting at which the instrument proposes to vote, or 24 hours before the time appointed for taking of poll.

Where such instrument is signed by a person under a power of attorney or other authority on behalf of the appointer, that power of attorney or other authority is required to be notarised.

A notarised copy of that power of attorney or other authority together with the instrument appointing a proxy is required to be deposited at the Company's legal address or such other place as specified in the notice of the meeting.

If the appointer is a corporation, the legal representative or such person who is authorized by the resolution of its Board or other governing body to act as its representative may attend the shareholders' meeting of the Company. If the appointer is a noncorporate organization, the person in charge or the person authorized by its decision-making body shall attend the shareholders' meeting of the Company as a representative.

**Article 80** An instrument of proxy sent to a shareholder by the Board for use by him/her for appointing a proxy shall be in such form to enable the shareholder to freely instruct the proxy to vote in favour or against the related resolution(s), and to instruct separately in respect of each resolution dealing with business to be transacted at the meeting. Such a form shall contain a statement that in default of such instructions, the proxy of the shareholders may vote as he thinks fit.

**Article 81** A vote given by a proxy in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the principal or revocation of the proxy or power of authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, insanity, revocation or transfer as aforesaid has been received by the Company before the commencement of the meeting at which the proxy is used.

**Article 82** The register of attendees of the shareholders' meeting shall be prepared by the Company. Such register shall specify information such as the name of the persons (or units) attending the shareholders' meeting, identity card number, number of shares or voting shares held, name of the persons (or units) the proxy represents.

**Article 83** The convener and the legal counsel retained by the Company shall jointly verify the qualification of shareholder with the register of shareholders provided by the securities depository and clearing authority, and shall register the name of the shareholders as well as the number of their voting shares. Such registration shall be ceased prior to the announcement by the chairman of the shareholders' meeting the number of shareholders and their proxies present at the meeting and the total number of their respective voting shares.

**Article 84** To effectively safeguard the interests of public shareholders, the Company may, if conditions permit, provide a network voting system for domestic shareholders to vote at shareholders' meetings.

If a network voting platform is provided for domestic shareholders to vote at shareholders' meeting, all domestic shareholders whose names appeared in the register of the Company at the date of record of shareholders for the shareholders' meeting (unless certain shareholders are required to abstain from voting on individual matters under the relevant provisions of securities regulatory authorities or stock exchanges in the places where the Company's shares are listed) are all entitled to vote via the network, provided that only one of the voting methods either in person, through the network or other ways shall be selected for the same shares. If duplicate votes are cast for the same voting right, the result of the first vote shall prevail.

Network voting for domestic shareholders at shareholders' meeting shall be implemented in accordance with relevant laws, regulations and relevant provisions of securities regulatory authorities or stock exchanges in the places where the Company's shares are listed.

The shareholders' meeting shall adopt registered voting.

Before the shareholders' meeting votes on proposals, two shareholder representatives shall be elected to participate in vote counting and scrutinization. When matters under consideration involve a shareholder's related party interests, that shareholder and their proxies shall be excluded from vote counting and supervision.

When the shareholders' meeting votes on proposals, lawyers and shareholder representatives shall jointly be responsible for vote counting and scrutinization, and the voting results shall be announced on the spot, with the voting results of resolutions recorded in the meeting minutes.

Corporate shareholders or their proxies who vote through online or other means have the right to verify their voting results through the corresponding voting system.

**Article 85** The Board, independent directors, shareholders holding more than 1% of the voting shares or the investors protection institutions established according to laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed are entitled to solicit proxy from shareholders publicly. While soliciting proxy of shareholders, sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom proxy is being solicited. No consideration or other form of actual consideration shall be involved in the solicitation of proxy from shareholders. Except for the statutory provisions, the Company shall not impose any limitation related to the minimum shareholding ratio on the solicitation of proxy.

**Article 86** Resolutions of the shareholders' meeting are divided into ordinary resolutions and special resolutions.

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

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

**Article 87** For the purpose of voting at a shareholders' meeting, a shareholder (including proxy) exercises his/her voting rights in accordance with the number of shares carrying voting rights represented by him. Each share has one vote.

Where material issues considered at a shareholders' meeting affect the interests of minority investors, the votes of minority investors shall be counted separately. The results of the separate votes shall be disclosed publicly in a timely manner.

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

In the event that a shareholder purchased the voting shares of the Company in contravention of paragraph 1 or 2 of Article 63 of the Securities Law, the voting rights in respect of those shares that exceed the stipulated portion cannot be exercised in the 36 months after the purchase and shall be excluded from counting the total number of shares that have voting rights at shareholders' meeting.

**Article 88** Any vote of shareholders at a shareholders' meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

**Article 89** The following matters require the approval of an ordinary resolution at a shareholders' meeting:

- (1) the working reports of the Board;
- (2) the plan for distribution of profits and the plan for making up losses prepared by the Board;
- (3) the appointment and removal of directors who are not employee representatives and the remuneration and payment methods of directors of the Board;
- (4) decisions on the guarantees provided for in Article 52 of the Articles of Association, with the exception of guarantees specified in item (4);
- (5) the appointment, removal of an accounting firm undertaking the Company's audit business and the remuneration of an accounting firm;
- (6) any matters not otherwise required by the laws, administrative regulations, relevant provisions of securities regulatory authorities or stock exchanges in the places where the Company's shares are listed, or the Articles of Association to be passed by special resolutions.

**Article 90** The following matters shall be approved by passing of special resolution at the shareholders' meeting:

- (1) increase or reduction of the Company's registered capital and issue of any class of shares, options and other similar types of securities;
- (2) issue of the Company's bonds;
- (3) separation spin-off, merger, dissolution and liquidation of the Company;
- (4) amendment to the Articles of Association;
- (5) purchase or sale of material assets by the Company within one year or provision of guarantees to others exceeding thirty of the total assets in the most recent audit period of the Company;
- (6) share incentive scheme;
- (7) other matters as stipulated by laws, administrative regulations, relevant provisions of securities regulatory authorities or stock exchanges in the places where the Company's shares are listed, or the Articles of Association, and/or matters deemed by the shareholders' meeting by ordinary resolution to impose material effect on the Company and necessary for passing by special resolution.

**Article 91** Where matters relating to connected transactions are deliberated at the shareholders' meeting, the connected shareholders should not participate in the voting, and the shares carrying the voting rights they represent shall not be counted in the total number of valid votes. The announcement of resolutions of the shareholders' meeting should fully disclose the voting status of the nonconnected shareholders.

When the shareholders' meeting considers guarantee matters stipulated in Article 52 of the Articles of Association, shareholders with interests in such guarantee matters shall abstain from voting.

**Article 92** The name list of candidates for directors shall be submitted by way of proposal to the shareholders' meeting for voting.

If the listed company whose single largest shareholder together with its parties acting in concert are interested in 30% or more of the shares of the listed company, the elections of directors at the shareholders' meeting shall be conducted by way of cumulative voting. The votes of minority shareholders on the election of independent directors shall be counted separately and disclosed. Where two or more independent directors are to be elected at the shareholders' meeting, the aforementioned provisions shall also be abided by.

The "cumulative voting system" as in the foregoing means that each share has the number of voting right identical to the number of directors to be elected, and the voting right owned by the shareholders may be cumulatively used when the shareholders' meeting elects the directors. The Board shall announce to the shareholders the resume and basic information of the candidates for directors.

Set out below are the details of the cumulative voting at the shareholders' meeting:

- (a) For the purposes of the election of directors, each share held by a shareholder of the Company has the same number of votes as the number of directors to be elected. That means the total number of votes that a shareholder is entitled to in the election of directors equal to the number of shares that he/she held times the number of candidates for directors. The number of candidates for directors can be more than the number of directors to be elected. However, the number of candidates to which the votes are cast by each shareholder cannot exceed the number of directors to be elected and the total number of votes cast cannot be more than the number of votes that a shareholder is entitled, otherwise the votes shall be invalid.
- (b) the voting on independent directors and non-independent directors should be separated. In relation to the election of independent directors, the number of votes that each shareholder is entitled to equal to the number of shares that he/she held times the number of independent directors to be elected. Those votes can only cast on the candidates for independent directors. In relation to the election of non-independent directors, the number of votes that each shareholder is entitled to equal to the number of shares that he/she held times the number of non-independent directors to be elected. Those votes can only cast on the candidates for non-independent directors.

- (c) after the end of the voting, the vote counting should be undertaken by the scrutineer of the shareholders' meeting. The number of votes obtained by the candidates for directors shall be announced for determining which candidates are elected and which candidates for directors are elected shall be determined in the order of the number of votes that they obtained. However, for a candidate to be elected, the minimum number of votes that he/she obtained must be more than half of the number of votes held by those shareholders (including their proxies) attending the shareholders' meeting.

**Article 93** Save for the cumulative voting system, the shareholders' meeting shall vote on all proposals item by item, and shall vote on the proposals on in time sequence when various proposals are put forward for a single matter. Unless the shareholders' meeting is suspended or no resolution can be passed due to force majeure or any other special reasons, the shareholders' meeting shall not set aside or cast no vote on the proposals.

**Article 94** The convener shall disclose the results of the shareholders' meeting after and within the prescribed time. The announcement of the resolutions of the shareholders' meeting should include the commencement time of the meeting, venue, manner, convener, number of shareholders (agents) present and the number of shares that they own (or holding as agents), proportion in the shares of the Company that have voting rights, the voting manner of each resolution, the voting result of each resolution, the conclusion of the legal opinion and such information as stipulated by the applicable domestic and foreign laws, administrative regulations and/or the listing rules of the stock exchanges located in the places where the shares of the Company are listed.

If the shareholders' meeting considers material events which impact the interests of medium and small investors, a separate disclosure should be made in respect of the votes cast by the shareholders after excluding the votes of the directors and members of the senior management of the listed Company and those shareholders who, either individually or in aggregation with others, hold more than 5% of the shares of the Company. Legal counsels shall issue opinion in respect of whether, among other things, the convening of the meeting, holding of the meeting and voting are in compliance of laws and regulations diligently and in a responsible manner. The legal opinion should be disclosed concurrently with the announcement on the shareholders' resolutions, the contents should include opinion on, among other things, whether the convening of the meeting, procedures for the holding of the meeting, eligibilities of the persons attending the meeting, eligibility of the convener and the voting procedures (information on shareholders abstained from voting) and the voting results are legal and valid.

**Article 95** If a proposal is not passed or the shareholders' meeting of shareholders changes the resolutions of any previous shareholders' meeting, a special reminder shall be given in the announcement of the resolutions of the shareholders' meeting.

**Article 96** The date the newly appointed directors enter on their offices shall be the date on which the shareholders' meeting considers and approves their appointment.

**Article 97** Where the shareholders' meeting passes the proposal on cash dividends, bonus shares or conversion of capital reserves into share capital, the Company shall implement specific scheme within two months upon the shareholders' meeting is concluded.

**Article 98** If the shareholders' meeting is convened by the Board of Directors, the chairman of the Board of Directors shall chair and preside at the meeting; where the chairman is unable to perform his/her duties or fails to perform his duties, it shall be chaired and presided over by the deputy chairman (where the Company has two vice chairmen, by the deputy chairman elected by more than half of the directors); where the deputy chairman is unable to perform his/her duties or fails to perform his/her duties, a director elected by more than half of the directors shall chair and preside at the meeting.

Shareholders' meetings convened by the audit committee shall be presided over by the convener of the audit committee. In the event that the convener of the audit committee is unable or fails to perform his/her duties, a member of the audit committee elected by more than half of the audit committee members shall preside over the meeting.

Shareholders may convene the shareholders' meeting themselves and a representative nominated by the convener shall preside over the meeting.

If the chairman of the meeting breaches the Rules of Procedures of Shareholders' Meetings during the meeting and the meeting cannot be continued as a result, the shareholders present at the meeting physically may elect a person to act as chairman by more than one-half of the votes cast in favour of the relevant resolution and the meeting may continue.

**Article 99** Where the shareholders' meeting requires directors and senior management to attend the meeting, directors and senior management shall attend and accept inquiries from shareholders.

The directors, senior management personnel shall provide explanation and clarification to the inquiries and suggestions raised by the shareholders at the shareholders' meeting, except for those involving the company's trade secrets and undisclosed sensitive information that cannot be disclosed at the meeting.

**Article 100** The Company shall formulate rules of proceedings of the shareholders' meeting of the shareholders to specify in details the convening and voting procedures of the shareholders' meeting, including notice, registration, deliberation of proposal, votes, vote counting, announcement of voting results, formation of resolutions, minutes and the signatures thereon, announcement, as well as the principles of authorization by the shareholders' meeting to the Board, the contents of such authorization shall be expressly specified.

**Article 101** At the annual shareholders' meeting, the board of directors shall report their respective work of the previous year to the shareholders' meeting, and each independent director shall also make his duty report correspondingly.

**Article 102** The chairman of the shareholders' meeting shall, before voting, announce the number of shareholders and their proxies attending the meeting as well as the total number of their voting shares carrying the voting shares, and the number of shareholders and their proxies attending the meeting and the total number of their shares shall be subject to the registration of the shareholders' meeting.

The on-site shareholders' meeting shall not conclude before the end of voting conducted online or by other means. The meeting chairperson shall announce the voting status and results for each proposal and declare whether the proposal is approved based on the voting outcome.

Prior to the official announcement of the voting results, the companies involved in voting by shareholders onsite, voting by way of network or voting in other manners, persons responsible for vote counting, scrutineer, substantial shareholders, network service providers and other related parties are obliged to keep confidentiality the information relating to voting.

The shareholders attending the shareholders' meeting should make one of the following opinion on the proposal submitted for voting: for, against or abstain, except that securities registration and settlement organizations which hold shares as nominee under the stock connect between Mainland China and Hong Kong may vote in accordance with the instructions of the beneficial holders.

Ballot papers which has not been filled, ballot papers which have been filled erroneously, the handwriting on the ballot papers cannot be recognized or ballot papers which have not been cast will be considered as the relevant voters having abandoned his voting rights and the voting results in respect of his voting shares will be considered as "abstained".

**Article 103** If the chairman of the shareholders' meeting has any doubt as to the result of a resolution put to the vote at the meeting, he may have the votes counted. If the chairman of the shareholders' meeting fails to have the votes counted, any shareholder who is present in person or by proxy and objects to the result declared by the chairman of the shareholders' meeting may demand a vote count immediately after the declaration of the result, and the chairman shall have the votes counted immediately.

**Article 104** The method of vote counting by the shareholders' meeting and the vote counting results shall be recorded in the minutes of the meeting.

The minutes together with the valid information such as the attendance register of the attending shareholders and the power of attorney of their proxies, the votes cast by way of internet and by other means shall be kept at the legal address of the Company for a period of 10 years.

**Article 105** The chairman shall guarantee the truth, accuracy and completeness of the minutes of the meeting. The directors, secretary to the Board, convener or their representative, chairperson who attend or are present at the meeting shall sign on the minutes of the meeting. The minutes shall contain the following:

- (1) the time, venue, agenda of the meeting, and the name of the convener;
- (2) the name of the chairman of the meeting, the directors and senior management personnel attending or being present at the shareholders' meeting;

- (3) the numbers of domestic shareholders (including their proxies), overseas listed foreign investment shares shareholders (including their proxies), holders of tradable shares (including their proxies) and holders of non-tradable shares (including their proxies), the total number of their shares carrying the voting rights and the proportion in the total number of shares of the Company;
- (4) the process of deliberation of each proposal, the main points of speeches and the voting results (including the votes on each resolution by domestic shareholders, foreign shareholders, holders of tradable shares and holders of non-tradable shares);
- (5) the inquiries or suggestions of the shareholders as well as the corresponding replies or explanations;
- (6) the name of legal counsel, vote counters, and supervisors; and
- (7) other contents which shall be contained in the records of the meeting as prescribed by these Articles of Association.

**Article 106** The convener shall ensure that the continuity of the shareholders' meeting until the final resolution is formed. Where the shareholders' meeting is suspended or no resolution can be made due to force majeure or any other special reasons, necessary measures shall be taken to resume or directly terminate the shareholders' meeting, and an announcement shall be made in a timely manner. Meanwhile, the convener shall report this to the branch CSRC at the place where the Company is located and the stock exchange.

**Article 107** Matters such the convening and voting procedures of the shareholders' meeting and the deliberation of proposal, including notice, registration, deliberation of proposal, votes, vote counting, announcement of voting results, formation of resolutions, minutes and the signatures thereon, announcement, as well as the principles of delegation by the shareholders' meeting to the Board, the contents of such delegation, and other matters which have not been stipulated by these Articles of Association, shall be performed in accordance with the relevant provisions of the Rules of Proceedings of the Shareholders' Meeting of the Company.

## **Chapter 8 Special Procedures for the Voting by Different Classes of Shareholders**

**Article 108** Shareholders of different classes of shares are classified as class shareholders. Class shareholders have the rights and obligations pursuant to the provisions of the laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed and the Articles of Association.

**Article 109** Variations or abrogation of the rights conferred on a class of shareholders shall be approved by special resolution passed at shareholders' meeting and approved by holders of shares of that class at a class meeting convened in accordance with provisions of the Articles of Association.

**Article 110** The followings are considered as a variation or abrogation of the rights of class shareholders:

- (1) to increase or reduce the number of shares in that class of shares or to increase or reduce the number of shares in a class of shares which have rights on voting, distribution or other privileges equal or superior to that class of shares;
- (2) to exchange all or a portion of that class of shares for shares of another class, or to exchange all or a portion of the shares of another class for that class of shares or to grant the rights to exchange the same;
- (3) to cancel or reduce the rights to claiming all the accrued dividends or cumulative dividends of shares of that class of shares;
- (4) to reduce or cancel the preferential rights of that class of shares to claim the dividends or the preference to distribution of assets upon the liquidation of the Company;
- (5) to increase, cancel or reduce the rights to conversion of shares, options, voting rights, rights of transfer, pre-emptive rights and the rights to acquire the securities of the Company of that class of shares;
- (6) to cancel or reduce the rights to receive the monies payable by the Company in a particular currency of that class of shares;
- (7) to create a new class of shares which have the rights to voting, distribution or other privileges equal or superior to that class of shares;
- (8) to restrict or to impose more restrictions on the transfer or ownership of that class of shares;
- (9) to issue rights on subscription for or conversion of shares into that class of shares or another class of shares;
- (10) to increase the rights and privileges of another class of shares;
- (11) to re-structure the Company in such a way that different class shareholders will undertake disproportionate obligations under the restructuring;
- (12) to vary or abrogate the provisions of this chapter.

**Article 111** The classes of shareholders being affected, with or without voting rights at the shareholders' meeting, shall have voting rights at the class meeting of shareholders in relation to matters specified in Articles 110(2) through (8), (11) through (12). However, shareholders having interest shall not have any voting rights at the class meeting of shareholders.

“Interested shareholder(s)” mentioned in the preceding paragraph means:

- (1) in the case of a repurchase of shares from all the shareholders in proportion to their arising shareholdings or by public purchases through the stock exchanges made in accordance with Article 32, interested shareholder refers to the controlling shareholder as defined under Article 221;
- (2) in the case of a repurchase of shares under an off-market agreement made in accordance with Article 32; interested shareholder refers to the shareholder relating to that agreement;
- (3) in the case of a restructuring of the Company, interested shareholder refers to a shareholder within a class who bears less than proportionate liabilities imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of the shareholders of that class.

**Article 112** The resolutions of the class meeting of shareholders shall be passed only through voting by shareholders having more than two-thirds of equity interest with voting rights and attending such class meeting in accordance with Article 111.

**Article 113** With respect to class shareholders’ meeting, the Company shall send to all registered shareholders of that class written notices of the class meeting in compliance with the requirements on the length of notice in respect of extraordinary shareholders’ meeting stipulated under article 65 of the Articles of Association, notifying them the matters to be considered at, and the date and venue of, the class meeting. Those shareholders of the class who wish to attend the meeting shall return the written replies to the Company within the time limit as specified in the notice of meeting.

**Article 114** The notices of class shareholders’ meeting should be delivered only to the shareholders entitled to vote thereat. The class shareholders’ meeting should be held in the procedures much the same as possible as those of the shareholders’ meeting, and the procedures for holding a shareholders’ meeting as set out in the Articles of Association of the Company apply to the class shareholders’ meeting.

**Article 115** In accordance with the provisions under the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited, in addition to shareholders of other classes of shares, shareholders of domestic shares and overseas listed foreign investment shares are deemed to be different classes of shareholders.

The special procedures for approval by separate class shareholders shall not apply to the following circumstances:

- (1) where the Company issues domestic shares and overseas listed foreign investment shares upon approval by a special resolution at a shareholders’ meeting and either separately or concurrently once every twelve months, and the number of domestic shares and overseas listed foreign investment shares so issued shall not exceed 20% of each of the then outstanding domestic shares and overseas listed foreign investment shares;

- (2) where the Company's plan to issue domestic shares and overseas listed foreign investment shares on its establishment is implemented within fifteen months from the date of approval by the Securities Commission of the State Council.

## **Chapter 9 The Board**

### **Section 1 The Board**

**Article 116** The Company set up the Board (the "Board"). The Board shall consist of ten shareholder representative directors and one employee representative director. The Board shall have one chairman and one to two deputy chairmen.

**Article 117** Non-employee representative directors shall be elected at the shareholders' meeting, and employee representative directors shall be democratically elected by the employees of the Company, with a term of office of 3 years. Upon expiration of the term, the directors may be re-elected and serve consecutive terms. Directors appointed by the Board to fill casual vacancies or increase the number of directors shall hold office until the Company's first annual shareholders' meeting after their appointment, and shall be eligible for re-election at that time.

The chairperson of the Board and deputy chairperson of the Board shall be elected or dismissed by a majority of the general body of directors. The term of office of directors and deputy directors shall be 3 years and they may be re-elected and serve consecutive terms.

Subject to the compliance of the provisions of the relevant laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed, the shareholders' meeting may dismiss by ordinary resolution any directors of whom the term of office has not expired (the claim for compensation under any contracts shall however be not affected).

The term of directors elected pursuant the Paragraph 1 of this article shall commence on the date of entering on the office, and shall end on the date the term of the board of directors expires. Prior to the expiry of the term of a director, the shareholders' meeting shall not dismiss the duties of such director without any reasons. Where no new appointment is made upon expiry of the term of a director, the original director shall, prior to the new director entering on the office, continue to perform his or her duties as a director in accordance with the provisions of laws and administrative regulations and the Articles of Association.

The senior management personnel shall serve the office of director concurrently. However, the total number of directors serving the office of senior management personnel concurrently and labour union representative holding the office of director shall not exceed half of the total number of directors of the Company.

The directors must have the necessary knowledge, skill and quality to perform the duties of directors. The directors shall discharge their duties of loyalty and to act diligently as stipulated under the “Code of Corporate Governance of Listed Companies” and the Listing Rules of the Shanghai Stock Exchange and other duties stipulated under the applicable laws, administrative regulations and/or the listing rules of the stock exchanges located in the places where the shares of the Company are listed.

The members of the senior management of the Company shall discharge their duties in accordance with the stipulated requirements.

**Article 118** Where a director is unable to attend in person the shareholders’ meeting of directors twice or has not entrusted other directors to attend, he or she shall be deemed as not performing his or her duties, and the Board shall recommend the shareholders’ meeting of the shareholders to dismiss and replace such director.

**Article 119** Directors may resign before his or her term of office expires. Directors resigning shall submit notice of resignation in writing to the Company, and the resignation shall take effect on the date the Company receives the resignation report. The Company shall timely disclose relevant information in accordance with relevant provisions of securities regulatory authorities or stock exchanges in the places where the Company’s shares are listed.

If the resignation of a director causes the number of directors constituting the Board to fall below the quorum, the resignation of audit committee members results in the number of audit committee members falling below the statutory minimum, or there is a lack of accounting professionals to serve as convener, or the resignation of an independent directors causes the percentage of independent directors in the Board of Directors or the special committees to fail to meet the requirements of laws, administrative regulations, relevant provisions of securities regulatory authorities or stock exchanges in the places where the Company’s shares are listed, or the Articles of Association, or causes the lack of accounting professionals who are independent directors, the original director shall, prior to the new director entering on the office, continue to perform his or her duties as a director in accordance with the provisions of laws and administrative regulations, relevant provisions of securities regulatory authorities or stock exchanges in the places where the Company’s shares are listed, and the Articles of Association.

**Article 120** The Company shall establish a director resignation management system that clearly defines accountability and compensation measures for any unfulfilled public commitments and other outstanding matters. Upon the resignation of a director takes effect or the expiry of the term of office, such director shall duly complete all handover. The fiduciary duties owed by the director to the Company and shareholders will not be released for certain before or within a reasonable period of time after the resignation takes effect. The obligation of confidentiality of such director in relation to the commercial secrets of the Company remains effective after the term of such director ends until such commercial secrets become public information. The continuity of other obligations shall be determined on the principle of fairness, and dependent on the length of time between the incident occurs and the resignation, as well as the conditions and circumstances under which the director terminates his or her relationship with the Company. The obligations that directors should bear during their term of office for performing their duties shall not be exempted or terminated due to their departure.

**Article 121** The shareholders' meeting may resolve to remove directors (excluding employee directors), and the removal shall take effect on the date the resolution is made. Company employees may remove employee directors through employee representative assemblies, employee meetings or other democratic forms, and the removal shall take effect on the date the resolution is made. Where directors are removed without reasonable causes before the expiry of their term, directors may request compensation from the Company.

**Article 122** Without stipulation by these Articles of Association or legal authorization by the Board, no director shall in his or her own name act for the Company or the board of directors. Where a director acts in his or her own name but a third party reasonably believes that such director is acting for the Company or the Board, such director shall declare in advance his or her position and status.

**Article 123** Where directors cause damage to others in performing the Company's duties, the Company shall bear compensation liability; where directors have intent or gross negligence, they shall also bear the liability for compensation.

Where directors violate laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed, or provisions of the Articles of Association when performing the Company's duties, causing losses to the Company, they shall bear liability for compensation.

**Article 124** The Board should first take into account the opinions of the Party Committee of the Company before resolving major issues such as those involving the reform development of the Company, main goals and tasks and key work arrangements. When the Board has to appoint senior management of the Company, the Party Committee shall prepare and make proposals and suggestions on the candidates nominated by the Board or the general manager.

**Article 125** The Board is accountable for the shareholders' meeting of the shareholders and shall exercise the following powers:

- (1) convention of the shareholders' meeting, and report to the shareholders' meeting;
- (2) implementation of the resolutions of the shareholders' meeting;
- (3) formulation of the business plan and investment scheme of the Company;
- (4) formulation of the profit distribution policy and loss recovery policy of the Company;
- (5) formulation of the policy of increase or reduction of registered capital and the policy of issue of corporate bonds of the Company or other securities of the Company and proposals for listing;
- (6) drafting of the policies of material corporate acquisition, acquisition of the Company's shares, or the merger, separation, dissolution, liquidation and change of corporate form of the Company;

- (7) making decision on the establishment of internal management system in the Company;
- (8) making decisions on the employment or dismissal of the Company's senior management and decision on their remuneration and reward and punishment;
- (9) formulation of the basic management system of the Company;
- (10) formulation of the proposal on amendment of the Articles of Association;
- (11) making decisions on matters such as external investment, acquisition and sale of assets, mortgaged assets, external guarantee, financial management by commission, connected transaction, external donations, within the scope of authorization by the shareholders' meeting
- (12) management of disclosure of information of the Company;
- (13) proposal to the shareholders' meeting on employment or replacement of accounting firm responsible for auditing for the Company;
- (14) receiving the work report of the general manager of the Company and checking the work of the general manager;
- (15) pass resolutions regarding the repurchase of the shares of the Company by the Company under the circumstances prescribed in (3), (5) and (6) of Article 31 of the Articles of Association;
- (16) other functions and duties as conferred by laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed, the Articles of Association, or the shareholders' meeting.

**Article 126** The Board shall explain to the shareholders' meeting regarding the advice issued by the chartered accountant in relation to the financial report of the Company.

**Article 127** The Board shall formulate the rules of proceedings of the Board, for the purpose of ensuring the implementation by the Board of the resolutions of the shareholders' meeting, enhancing work efficiency, and guaranteeing scientific decision making.

The rules of procedures of the Board shall provide for the convincing of the meetings of Board, rules of procedure and voting procedures.

**Article 128** The Board of Directors shall determine the authorities and establish a strict review and decision-making process for foreign investments, acquisitions and sales of assets, asset pledges, external guarantees, entrusted wealth management, related transactions and external donations. Major investment projects must be reviewed by relevant experts and professionals, and submitted to shareholders for approval.

Subject to compliance with laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed, the decision-making authority enjoyed by the Board is as follows:

- (1) to consider and approve transaction matters accounting for three percent to ten percent of the Company's audited net assets for the latest period, including external investments (acquisitions, mergers, short-term investment projects, investments in subsidiaries, etc.), purchase or sale of assets, entrusted wealth management, leasing of assets as lessor or lessee, entrusting or being entrusted management of assets and business, donation or acceptance of donated assets, debt or debt restructuring, signing licensing agreements, transfer or acceptance of R&D projects, waiver of rights (including waiver of preemptive purchase rights, preemptive capital contribution rights, etc.), entering into important contracts (borrowing and lending, contracting, etc.), etc.;
- (2) to decide on connected transaction matters that must be considered by the Board as stipulated in relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed;
- (3) to decide on single risk investment matters accounting for three percent to ten percent of the Company's audited net assets for the latest period (activities outside the Company's regular business scope, industries the Company has not been involved in, or business activities that the Board considers to have greater risks and are difficult to grasp, including but not limited to investments in stocks, futures, foreign exchange trading, etc.);
- (4) to decide on write-off of assets accounting for three percent to ten percent of the Company's audited net profit for the latest period;
- (5) other matters requiring the Board to consider as stipulated by laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed, the Articles of Association, or authorized by the shareholders' meeting.

**Article 129** Subject to compliance with laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed, guarantee matters that do not meet the requirements of Article 52 of the Articles of Association and therefore do not require shareholders' approval shall be reviewed and approved by the company's board of directors. For guarantee matters provided by the company, approval must be obtained not only by a majority of all directors but also by at least two-thirds of the directors present at the board meeting, and such matters must be disclosed in a timely manner. The board of directors' approval of guarantees provided by the company must not violate the following provisions:

- (1) the Company shall not provide guarantees for controlling shareholders, subsidiaries of shareholders, affiliates of shareholders or other connected parties in which the Company holds less than 50% equity, any non-legal person entities or individuals;

- (2) when the Company provides guarantees for subordinate subsidiaries, it may require such subsidiaries to provide legal and effective counter-guarantees to the Company.

**Article 130** Subject to compliance with laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed, financial assistance matters that do not meet the requirements of Article 54 of these Articles of Association and therefore do not require shareholders' approval shall be reviewed and approved by the company's board of directors. For any financial assistance provided by the company, approval must be obtained not only by a majority of all directors but also by at least two-thirds of the directors present at the board meeting, and such matters must be disclosed in a timely manner.

**Article 131** Chairman of the Board shall exercise the following powers:

- (1) to preside the shareholders' meeting, and to convene, preside the meetings of the board of directors;
- (2) to supervise and check the actual status of the board resolutions;
- (3) other duties assigned by the Board.

The vice chairman of the Board shall assist the Chairman. The chairman must exercise or perform his or her powers and duties, and the vice chairman shall perform the duties (where the Company has two vice chairmen, the deputy chairman elected by more than half of the directors shall perform the duties). Where a vice chairman is unable to or does not perform his or her duties, a majority of the directors may jointly elect one director to perform the duties.

**Article 132** Regular meetings of the Board are required to be held at least four times a year, to be convened by the chairman. Written notices of such meeting shall be issued to the directors by mail or facsimile 10 days before the date of such meeting.

Board meetings, in principle, are held at the Company's legal address. However, they may also be held at any other places in or outside of China as resolved by the Board.

**Article 133** Where it is necessary to convene a provisional meeting of the board of directors, written notice shall be given to all the directors by mail or facsimile at least three days in advance. In case of emergency situations, where a provisional meeting of board of directors is required to be convened as soon as possible, notice to convene the meeting may be given by telephone or by other verbal means, without being subject to the aforementioned time limits, while the convener of the meeting is required to give an explanation at the meeting.

Shareholders representing more than one-tenth of voting rights or more than one-third of directors, more than half of independent directors, members of the audit committee or managers of the Company may propose to convene a provisional meeting of Board. The chairman of the Board shall convene and preside a board meeting within ten days after receiving such proposal.

**Article 134** The meeting of Board shall be convened in the attendance of more than half of directors.

Each director shall have one vote. Resolutions made by the Board must be passed by a majority of the general body of directors, unless otherwise stipulated by relevant provisions of the securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed or the Articles of Association.

On any transaction to be resolved by the Board of Directors in which the director or his or her associates ("associate" is defined in accordance with the general statutory interpretation in the jurisdiction where the shares of the Company are listed) has or have material interest, such director shall report in writing to the Board of Directors on a timely basis and shall not exercise his or her voting rights on the resolution, nor exercise voting rights on behalf of other directors. Such directors shall not be counted in the number of attendees of the relevant meeting of the Board. Where a resolution of the Board involves the provision of a guarantee, any Director who has a material interest in such guarantee shall abstain from voting. Such Board meeting shall be convened in the attendance of a majority of directors with no connected relationship. Resolutions made by the board meetings shall be approved by a majority of directors with no connected relationship. Where there are less than three directors with no connected relationship in a board meeting, any matters to be deliberated shall be submitted to the shareholders' meeting.

**Article 135** Notice given in writing shall be in Chinese language. Such notice shall contain all information such as agenda, time and date, venue, period, cause, matters to be discussed of the meeting, and date of issue of such notice. If any director who attends the meeting but has not stated before or upon attendance the no notice of the meeting has been received, such director shall be deemed to have received the notice of the meeting.

**Article 136** The shareholders' meeting or extraordinary meeting s of the Board can beheld via teleconference or by means of any similar communication equipments. Directors are deemed as attending the meeting personally if the attending Directors are able to clearly hear what other Directors speak and communicate with each other.

**Article 137** Subject to the compliance with laws, administrative regulations, relevant provisions of the securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed, the Board may convene a Board meeting by way of on-site convening, communication voting or voting in writing. Draft of such resolutions must be delivered to each director through email, mail, fax or in person.

For any resolutions required to be passed by voting at an extraordinary board meetings, if the resolution to be passed is sent to all directors in writing (including email or fax) and the number of directors who sign and approve such resolution meets the number of directors as required to make such decision in accordance with Article 134 of the Articles of Association, such resolution is deemed effectively passed and no Board meeting is required to be convened.

**Article 138** Directors shall attend any meeting of the Board in person. Where a director is unable to attend for some reasons, he or she may authorize in writing another director to attend the board meeting on his or her behalf. The instrument of proxy shall specify the name of the proxy, the matters to be authorized, scope of authorization and validity, and the proxy shall sign on or affix a chop to such instrument.

The director attending the meeting for another director shall exercise the rights of latter director within the scope of authorization. An independent director shall not appoint a non-independent director to vote on his behalf. Any director who is unable to attend a particular board meeting without authorizing a proxy to attend shall be deemed as waiving the right to vote at that meeting.

**Article 139** The Board shall cause the decisions on the matters discussed at the meeting to be recorded in the minutes with the signatures of the attending directors and the minutestaker. All resolutions of the Board meeting shall be recorded and kept in Chinese language.

The minutes and resolutions of the Board of Directors shall be kept as records of the Company for a period of not less than 10 years.

The directors shall assume the liability of the resolutions of the Board. The directors who attend the meeting in which the resolution is passed shall assume liability of indemnification for any material loss caused to the Company arising from the breach of any laws, administrative regulations, relevant provisions of the securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed or the Articles of Associations, shareholders' meeting resolutions by such resolutions of the Board. However, a director's liability may be waived if it is proved that such director has raised an objection to such resolution and such objection is recorded in the minutes of the meeting.

**Article 140** The minutes shall include the following:

- (1) date and venue of the meeting, and the name of the convener;
- (2) names of attending directors and the directors (or proxies) attending the board meeting on behalf of others;
- (3) agenda of the meeting;
- (4) main points of the speeches of the directors;
- (5) methods and results of voting of each resolution (voting results shall specify the number of affirmative, opposing or veto votes).

## **Section 2 Independent Director**

**Article 141** An independent director refers to a director who does not act in other capacities in the Company other than a director, and who does not have any direct or indirect interest in the Company or its substantial shareholders or de facto controller(s), or who does not have any relationship that may affect the Company or its substantial shareholders or actual controller(s) in making independent and objective judgement.

Independent directors shall perform their duties independently and shall not be influenced by the Company, its substantial shareholders, de facto controllers or other units or individuals.

**Article 142** Independent directors bear fiduciary duties to the company and all shareholders and shall earnestly perform their duties in accordance with the laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed and the provisions of the Articles of Association, and shall discharge their duties including participating in decision-making, supervising and balancing, providing professional consultation on the Board of Directors, and safeguard the overall interest of the Company, and protect the legitimate rights and interests of minority shareholders.

The Company has formulated the System for Independent Directors, specifying the qualification, appointment and dismissal of independent directors and detailing the duties and performance, performance guarantee provided for independent directors, etc.

**Article 143** The Company shall appoint independent directors. The ratio of independent directors to the total number of directors in the Board of directors shall be no less than one-third. Under no circumstances shall there be less than three independent non-executive directors (independent directors shall satisfy the requirements of an independent non-executive director under the respective listing rules of stock exchanges located in the places where the shares of the Company are listed). At least one of the independent directors shall have appropriate professional qualifications in accounting as required by the securities, regulatory rules of the place where the company is listed.

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

**Article 144** The Board of the Company set up certain special committees, including the audit committee, nomination and remuneration committee, strategic development and investment committee, and budget committee. Each special committee shall perform its duties in accordance with the laws, administrative regulations, relevant provisions of the securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed, the Articles of Association and the authorization of the Board of Directors, and the proposals of the special committees shall be submitted to the Board of Directors for consideration and approval. The working regulations of the special committees shall be formulated by the Board of Directors, and the procedures for the discussion and voting of the special committees shall be implemented in accordance with the relevant provisions of the implementing rules of each special committee of the Company.

All special committees are comprised of Directors and convened by independent directors that have the largest proportion except the Strategic Development and Investment Committee, while the audit committee shall be composed of more than three directors and a majority of the members shall be independent non executive directors, of whom at least one independent director shall be a professional accountant and act as the convener.

**Article 145** The committees of the Board may engage intermediary parties for the provision of professional advices and the relevant costs and expenses shall be borne by the Company.

**Article 146** The audit committee shall exercise the powers of the Supervisory Board as stipulated in the Company Law and the powers of the audit committee as stipulated by the securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed, and be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audits and internal control. The following matters shall be submitted to the Board of Directors for consideration after being approved by a majority of all members of the audit committee:

- (1) disclosure of financial information in financial and accounting reports and regular reports, as well as internal control evaluation reports;
- (2) appointment or removal of the accounting firm undertaking audit services of the Company;
- (3) appointment or removal of the financial controller of the Company;
- (4) changes in accounting policies, accounting estimates or corrections of major accounting errors for reasons other than changes in accounting standards;
- (5) other matters as stipulated by laws, administrative regulations, the provisions of securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed and the provisions of Articles of Association.

**Article 147** The audit committee shall convene at least one meeting every quarter. An extraordinary meeting may be convened upon the proposal of two or more members of the audit committee or when the convener of the audit committee considers it necessary. The quorum of a meeting of the audit committee shall be not less than two-thirds of the members.

A resolution of the audit committee shall be passed by a majority of the members. Each member of the audit committee shall have one vote for a resolution to be voted.

Resolutions of the audit committee shall be recorded in the minutes in accordance with regulations. The minutes shall be signed by the members of the audit committee present at the meeting.

**Article 148** The nomination and remuneration committee is responsible for formulating the selection criteria and procedures for selection of directors and senior management of the Company, screening and reviewing candidates and their qualifications; formulating the appraisal director skills matrix and standards for directors and senior management and conducting appraisal regularly, formulating and reviewing the remuneration policies and plans for directors and senior management including the mechanism for determining remuneration, decision making process, payment and stop payment recourse arrangements, etc., and making recommendations to the Board of Directors on the following matters:

- (1) nominating or appointing or removing directors;
- (2) appointing or dismissing senior management;
- (3) the remuneration of directors and senior management;
- (4) formulating or amending stock incentive plan and employee stock ownership plan, and the grant of incentives to the participants and fulfilment of conditions for exercising the rights by the participants;
- (5) arranging stock ownership plans by directors and senior management in the proposed spin-off subsidiary;
- (6) Other matters as stipulated by laws, administrative regulations, the provisions of securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed and the provisions of Articles of Association.

If the Board of Directors does not adopt or fully adopt the recommendations of the nomination and remuneration committee, the Board should record the nomination committee's opinions and the specific reasons for non-adoption in the Board resolution, and make a disclosure thereof.

**Article 149** The strategic development and investment committee is mainly responsible for:

- (1) conducting research and making recommendations on the long-term strategic development and significant investment decisions of the Company;
- (2) reviewing or approving investment projects intended to be implemented by the Company with authorization of the Board;
- (3) reviewing, approving and managing the other investment projects authorized by the Board.

**Article 150** The budget committee is responsible for directing the formulation of the annual operation plans and targets, annual budget plans of the Company, and supervising and examining the implementation.

## Chapter 10 Secretary to the Board of the Company

**Article 151** The Company shall have a secretary to the Board. The secretary to the Board shall be senior management personnel of the Company.

**Article 152** The secretary shall be a natural person with required professional knowledge and experience and appointed by the Board. The main duties of the secretary are to ensure:

- (1) responsible for disclosing information of the Company, coordinating the information disclosure related affairs of the Company, organizing the formulation of the information disclosure management system of the Company, and urging the Company and the relevant persons who have the obligation to disclose information to comply with the provisions on information disclosure;
- (2) responsible for managing the investor relations, coordinating information communication between the Company and securities regulators, investors and actual controllers, intermediaries, media, etc.;
- (3) preparing and organizing meetings of the Board of Directors and shareholders' meeting, attending shareholders' meeting, meetings of the Board of Directors, meetings of the special committee and relevant meetings of senior management, preparing minutes of meetings of the Board of Directors and having the same signed;
- (4) responsible for the confidentiality of the undisclosed information and immediately reporting to the stock exchanges on which the company's shares are listed once the confidentiality of undisclosed material information has been comprised;
- (5) paying attention to media reports and proactively verifying the authenticity thereof, and urging the Company and other relevant entities to respond promptly to enquiries from the stock exchanges on which the shares of the Company are listed;
- (6) organizing trainings for directors and senior management of the Company in accordance with relevant laws, administrative regulations and relevant provisions of the stock exchanges on which the Company's shares are listed and assisting them in understanding their respective duties in respect of information disclosure;
- (7) urging directors and senior management to comply with laws, administrative regulations, provisions of the stock exchanges on which the Company's shares are listed and the Articles of Association and to earnestly fulfill their commitments; when the secretary is aware that the Company or its directors and senior management have made or may have made any resolution in violation of the relevant provisions, he or she shall warn the Company or any of its director and senior management and immediately report such violation to the stock exchanges on which the Company's shares are listed;

- (8) responsible for management of movements in the Company's stocks and their derivatives; and
- (9) fulfilling other duties as required by laws, administrative regulations and the stock exchanges on which the Company's shares are listed.

**Article 153** A Director and other senior officers of the Company may hold the office of the secretary to the Board concurrently. The accountants of the accounting' firm appointed by the Company shall not act as the secretary to the board.

Where the secretary to the Board is also a Director and an act is required to be done by a Director and the secretary separately, such person who is acting both as Director and the secretary shall not perform the act in both capacities.

## **Chapter 11 General Manager and Deputy General Manager of the Company**

**Article 154** The Company shall have one general manager, who shall be hired or dismissed by the board of directors. The term of office shall be three years, and such General Manager may be re-hired and serve consecutive terms.

The general manager may resign before his or her term expires. The specific procedures and methods for resignation of general manager shall be specified in the employment contract between general manager and the Company.

**Article 155** The general manager shall be responsible to the Board and shall have the following functions and duties according to the Articles of Association or the authorization of the Board:

- (1) to be responsible for the production and management of the Company and to arrange the implementation of the resolutions of the Board and report his work to the Board of Directors;
- (2) to arrange the implementation of the annual business plans and investment proposals of the Company;
- (3) to prepare proposals for the establishment of internal management structure of the Company;
- (4) to prepare the fundamental management systems of the Company;
- (5) formulating the specific regulations of the Company;
- (6) proposing the employment and dismissal of other senior management;
- (7) determining to employ and dismiss management staff members except those who will be employed and dismissed by the Board as may be determined by the Board;
- (8) other functions and duties as conferred by the Articles of Association and the Board.

**Article 156** The general manager of the Company shall be present at the meetings of the Board. However, the general manager has no voting rights at the Board meetings unless he is also a Director.

The general manager and deputy manager of the Company are not allowed to change the resolutions of the shareholders' meeting or Board Meetings or act ultra vires in discharging their duties.

**Article 157** When the general manager of the Company exercising his or her powers, he or she shall perform the honesty obligation and due diligence, in accordance with the provisions of the laws, administrative regulations, securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed and the Articles of Association as well as the bye-laws relating to the general manager of the Company. Where the general manager violates any laws, regulations securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed or the provisions of the Articles of Association and causes loss to the Company, the Board of the Company shall take legal action for compensation.

The bye-laws relating to the general manager are as follows:

- (1) conditions and procedures of the convening of general manager meeting and the personnel attending;
- (2) specific duties and allocation of work of the senior management personnel;
- (3) usage of the capital or assets of the Company, licence for entering into material contract, and reporting system to the Board;
- (4) other matters deemed necessary by the Board.

## **Chapter 12 Qualifications and Obligations of Directors and Senior Management Personnel of the Company**

**Article 158** A person will be disqualified from being a director or senior management of the Company if one of the followings occurs:

- (1) he has no civil capacity or restricted civil capacity;
- (2) he was convicted and sentenced for an offence of corruption, bribery, unauthorized appropriation or embezzlement of properties or disturbance of the socialist market economic order and has served out the sentence for less than five years; or (s) he has been deprived of political rights for committing an offence and the term of deprivation has expired for less than five years; where such person has been granted probation, less than two years have elapsed since the expiration of the probationary period;
- (3) he was a director, factory manager, or general manager of a company or an enterprise which was insolvent and for which he was personally liable and a period of less than three years has elapsed since the completion of the liquidation of such company or enterprise;

- (4) he was a legal representative of a company, a company being ordered to close or an enterprise the business license of which was revoked due to illegal business operation and for which he was personally liable and the period of not less than three years has elapsed since such revocation or the date of being ordered to close;
- (5) he has been listed by the People's Court as a dishonest debtor for failing to repay significant amounts of debt that have become due and payable;
- (6) he has been denied access to the securities market facilities imposed by the CSRC and the restriction period has not yet expired;
- (7) he is publicly identified by the stock exchange as unsuitable to serve as a director and senior management of listed companies, and such period has not elapsed;
- (8) other contents as required by laws, administrative regulations, securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed.

**Article 159** Directors shall comply with laws, administrative regulations, securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed and the provisions of the Articles of Association, shall have a duty of loyalty to the Company, shall take measures to avoid conflicts between their own interests and those of the Company, and shall not use their powers to obtain improper benefits.

Directors shall have the following duties of loyalty to the Company:

- (1) they shall not embezzle the Company's property or misappropriate the Company's funds;
- (2) they shall not deposit Company funds in accounts opened in their own name or in the name of other individuals;
- (3) they shall not use their authority to bribe or receive other illegal income;
- (4) they shall not directly or indirectly enter into contracts or conduct transactions with the Company without reporting to the Board of Directors or the shareholders' meeting and obtaining the approval by resolution of the Board of Directors or the shareholders' meeting in accordance with the provisions of the Articles of Association;
- (5) they shall not use their position to seek business opportunities belonging to the Company for themselves or others, except those which have been reported to the Board of Directors or the shareholders' meeting and approved by a resolution of the shareholders' meeting, or where the Company cannot use such business opportunities in accordance with the provisions of laws, administrative regulations, securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed or the Articles of Association;

- (6) they shall not engage in or operate businesses similar to those of the Company for themselves or others without reporting to the Board of Directors or the shareholders' meeting and obtaining approval by resolution of the shareholders' meeting;
- (7) they shall not accept commissions from others for transactions with the Company for their own benefit;
- (8) they shall not disclose Company secrets without authorization;
- (9) they shall not use their connected relationships to harm the interests of the Company;
- (10) other duties of loyalty stipulated by laws, administrative regulations, securities regulatory authorities or the stock exchanges in the places where the Company's shares are listed and the Articles of Association.

Any income obtained by a director in violation of the provisions of this Article shall belong to the Company; if it causes losses to the Company, he or she shall bear the liability for compensation.

The provisions of Item (4) in second paragraph of this Article shall apply to contracts or transactions entered into by close relatives of directors and senior management, enterprises directly or indirectly controlled by directors, senior management or their close relatives, and other related parties with other connected relationships with directors and senior management.

**Article 160** The directors shall comply with the laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed and the Articles of Association, shall diligently perform their obligations to the Company, and shall fulfill their obligations with reasonable care generally due to managers in the best interests of the Company.

The directors shall diligently perform their following obligations to the Company:

- (1) to exercise prudently, conscientiously and diligently the rights granted by the Company to ensure that the Company's commercial activities are in compliance with the laws, administrative regulations and the requirements of economic policies of China and that its commercial activities are within the scope stipulated in the business license;
- (2) to treat all shareholders fairly;
- (3) to understand the operation and management of the Company in a timely manner;
- (4) to approve regular reports of the Company in written form and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;
- (5) to provide the relevant information and materials required by the audit committee and shall not intervene the performance of duties by the audit committee;

- (6) to perform other obligations of diligence stipulated by the laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed and the Articles of Association.

**Article 161** The validity of any act of a director and senior management personnel of the Company acting on behalf of the Company against any bona fide third party shall not be affected by any irregularity in his appointment, election or any defects in his qualification.

**Article 162** The fiduciary duties of the directors and senior management personnel of the Company 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 as to be determined under the principle of fairness, depending on the time lapse between the termination and the act concerned and the circumstances under which the relationship between them and the Company are terminated.

**Article 163** The Company shall not in any manner pay taxes for a director and senior management personnel.

**Article 164** Subject to the approval at the shareholders' meeting, the Company may purchase liability insurance for its directors and senior management personnel except for the liabilities as result of violating laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed and these Articles of Associations.

**Article 165** Any person taking up the position other than as a director or supervisor in the organization of the Company's controlling shareholder or actual controlling party may not take up the position of senior management personnel of the Company. The salaries of the members of the senior management of the Company shall only be paid by the Company and shall not be paid by the controlling shareholders.

**Article 166** The provisions of the Articles of Association regarding the fiduciary and diligent obligations of directors shall be also applicable to the senior management personnel. Senior management personnel shall dutifully fulfill their duties and uphold the best interest of the Company and all of its shareholders. If any senior manager fails to faithfully fulfill their duties or violates their fiduciary obligations, causing damage to the interests of the Company and its general public shareholders, he or she shall be responsible for compensation according to law.

Where directors or senior management personnel, in the performance of their duties for the Company, cause damage to others, the Company will be liable for compensation; if the director or senior management personnel acts with intent or gross negligence, he/she shall also bear the liability for compensation. A director, senior management personnel who violates the provisions of laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed or the Articles of Association in his/her performance of duties and powers and causing the Company to suffer damages shall bear compensation liability.

## **Chapter 13 Financial Accounting System**

**Article 167** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and provisions of the relevant State departments.

**Article 168** The financial statements of the Company should be prepared in accordance with the PRC Accounting Standards and regulations.

**Article 169** The announcement and disclosure of the interim results or financial data of the Company should be prepared in accordance with the PRC Accounting Standards and regulations.

**Article 170** The Company shall submit and disclose its annual report to the local office of the CSRC and the stock exchange within 4 months from the end of each accounting year, and submit and disclose its interim report to the local office of the CSRC and the stock exchange within months from the end of the first half of each accounting year.

The annual report and interim report shall be prepared and disclosed in accordance with the relevant laws, administrative regulations and relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed.

**Article 171** No books of accounts other than those provided in accordance with laws may be established by the Company. Capital of the Company shall not be deposited in accounts opened and maintained in the name of any individual.

## **Chapter 14 Distribution of Profits**

**Article 172** The profits of the Company after tax shall be distributed to uses in the following order:

- (1) the after-tax profit of the current year shall first be used to make up for losses if the Company's statutory reserves are insufficient to make up for the losses of previous years;
- (2) ten percent of such profit shall be allocated to the Company's statutory reserves until the Company's accumulated statutory reserves are fifty percent or more of the Company's registered capital and no further allocation is required;
- (3) after contribution to the statutory reserves fund has been made from its after tax profits, discretionary reserves may be contributed from after tax profit, upon a resolution approved at the shareholders' meeting;
- (4) after the losses have made up for and contributions to the reserve fund have been made, any remaining after-tax profit shall be distributed in proportion to percentage of shares held by shareholders.

No dividends shall be distributed prior to the Company making up for the losses and contributions to the statutory and discretionary reserves.

The Board of the Company shall determine the specific proportion of profit distribution to uses as set out in sections (3), (4) above in accordance with the laws, administrative regulations and the business and development needs of the Company, and such proportion shall be submitted to the shareholders' meeting for approval.

Where the shareholders' meeting is in breach of the Company Law to make profit distribution to the shareholders, the shareholders shall return the profits so distributed to the Company; if losses are caused to the Company, the shareholders and responsible directors and senior management personnel shall be liable for compensation.

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

**Article 173** The capital reserve fund comprises the following:

- (1) the amount of share premium arising from the issue in excess of the par value of shares;
- (2) any other incomes to be transferred to the capital reserve fund in accordance with the requirements of the financial regulatory authorities under the State Council prior to its transfer and increase.

**Article 174** The surplus reserve of the Company is only allowed to be used for making up losses of the Company, expansion of production facilities of the Company and conversion into registered capital of the Company.

To cover the Company's losses using the reserve funds, the discretionary reserve and statutory reserve shall be used first; if the losses cannot be fully covered, the capital reserve may be used in accordance with the relevant regulations.

When converting the statutory surplus reserve into registered capital, the remaining amount of the unconverted fund must not be less than twenty-five percent of the registered capital prior to its transfer and increase.

**Article 175** The distribution of dividends (or shares) shall be completed within two months after the shareholders' meeting of the Company has passed a resolution on profit distribution proposal, or the Board of Directors has formulated a specific plan to distribute next year's midterm dividend in accordance with the conditions and cap of such distribution as considered and approved the annual shareholders' meeting.

**Article 176** The profit distribution of the Company is made according to the proportion of the shares held by the shareholders, emphasizing on bringing reasonable investment returns to the investors. The profit distribution policy strives to maintain continuity and stability.

(I) The Company's profit distribution policy is as follows:

1. Principle of profit distribution:

The Company implements a stable policy of profit distribution. On making a profit distribution, the Company will comply with the statutory requirement to make the distribution in order and will take into account the provision of reasonable and stable returns on investment to the shareholders and the long-term and sustainable growth of the Company.

2. Method of profit distribution:

The Company may implement profit distribution in the form of cash, bonus shares or a combination of both, or such other forms which are permitted by laws and regulations. For the purpose of profit distribution, distribution in the form of cash dividend shall have priority over dividend in the form of shares. If the Company shall distribute profits in the form of bonus shares, such distribution shall be made subject to the provision of reasonable dividend in the form of cash and maintenance of an appropriate size of share capital, taking into account, among other things, the growth of the Company and dilution of the net asset value per share.

Subject to the satisfaction of the conditions for distribution of cash dividend, the Company shall distribute dividend in cash annually. The Board may, subject to conditions and base on the financial position of the Company, recommend the Company to declare interim dividends.

When the Company convenes an annual shareholders' meeting to deliberate the annual profit distribution plan, it may deliberate and approve the conditions, and the upper limit of the proportion and the amount of cash dividends in the next year. The upper limit of the interim dividends for the next year as deliberated at the annual shareholders' meeting shall not exceed the net profit attributable to shareholders of the Company during the corresponding period. According to the resolution of the shareholders' meeting, the Board of Directors shall formulate a specific interim dividend plan under the condition of profit distribution.

3. Conditions of profit distribution and minimum dividend proportion:

The Company shall pay the total amount of cash dividends so paid (including the interim dividend in cash having been distributed) shall not be less than 30% of the net profit attributable to shareholders of the Company for the year, provided that the working capital requirement for the Company's normal production and operation is met and the long-term and sustainable growth of the Company is maintained, and that there is no material investment plan or material cash expense.

Material investment plan or material cash expense means the proposed external investment, acquisition or purchase of assets by the Company in the next twelve months with accumulated expenses amounting to or exceeding 10% of the latest audited net assets of the Company.

For distribution of dividends, the Board shall take into account, among other things, features of the industries where the Company operates, stage of development, the Company's own business model, profits level, solvency and whether there is significant capital expenditure arrangement, and investor return in distinguishing the following situations and form different cash dividend distribution proposals in accordance with the procedures specified by the Articles of Association:

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

If it is difficult to distinguish the Company's stage of development but there is significant capital expenditure arrangement, the profit distribution may be dealt with pursuant to the provisions of previous Paragraph (3).

The proportion of cash dividends in the profit distribution shall be the cash dividend divided by the sum of cash dividend and stock dividend.

4. In the event of misappropriation of the Company's funds by a Shareholder, the Company can deduct the funds misappropriated from the cash dividends to be allocated to that Shareholder as repayment.

#### (II) Decision-making procedures of profit distribution by the Company:

The management of the Company shall make reasonable proposals on profit distribution to the Board based on, among other things, the provisions of the Articles of Association, size of share capital, profits, investment arrangements, capital needs, cash flow and returns to the shareholders of the Company. When making specific plan for cash dividends, the Board should earnestly study and demonstrate the timing, conditions and minimum ratio for cash dividends, conditions for adjustment and their decision-making procedures, etc. and should fully and widely listen to the opinions of minority shareholders with respect to the profit distribution proposal through multiple channels and propose detailed annual or interim profit distribution plans which are scientific and reasonable.

When the profit distribution plan(s) is being considered by the Board, it shall be approved by the majority of all directors. The profit distribution plan(s) should only be submitted to the shareholders' meeting for consideration and approval after it has been considered and approved by the Board and shall be approved by shareholders present at the shareholders' meeting and who hold more than half of the voting rights.

If an independent director believes that the specific plan for cash dividends might be detrimental to the interests of the Company or minority shareholders, he or she shall have the right to express their independent opinions. If the Board of Directors does not adopt or does not fully adopt the opinion of an independent director, the opinion of the independent director and the specific reason for not adopting the opinion shall be recorded in the resolution of the Board of Directors in detail and be disclosed.

Before the specific plan is deliberated at the shareholders' meeting, the Company shall take the initiative to communicate and exchange with shareholders, in particular minority shareholders, through various channels, fully listen to the opinions and demands of minority shareholders, and promptly respond to the concerns of minority shareholders.

(III) In the event that the Company revises its profit distribution policy in response to the external business environment or its own state of operation, the Company shall first consider the protection of the shareholders' interests, make thorough consideration and state the reasons thereof. The revised profit distribution policy shall not be contrary to the relevant requirements of CSRC and stock exchanges in the PRC and Hong Kong. Any proposal on the revision of the profit distribution policy shall be thoroughly discussed and verified and the corresponding decision-making procedures shall be carried out and shall be approved by more than two-thirds of the voting rights held by shareholders attending the shareholders' meeting. When considering the revised proposal with regard to cash distribution policies, the Company should, through network voting and other ways, to provide convenience for minority shareholders in connection with their attendance at the shareholders' meeting.

(IV) The Company shall expressly disclose the details about the formulation and implementation of the cash dividend policy in its annual report, and state the details of the following matters:

1. Whether the policy is in compliance with the requirements of the Articles of Association or the resolutions passed at the shareholders' meeting;
2. Whether the basis and ratio of the distribution of dividends are specific and clear;
3. Whether the relevant decision making procedure and system are sound;
4. If the Company doesn't distribute dividends, the specific reason, the measures to be taken to enhance return for investors in the next step, etc. shall be disclosed;
5. Whether there are enough opportunities for minority shareholders to express their views and concerns, and whether their legal interests are sufficiently protected, etc.

If the cash dividend policy is to be adjusted or changed, the Company shall disclose the details of such policy, such as whether the conditions and procedures for the adjustments or changes are in compliance with the regulations and are transparent.

**Article 177** The Company shall appoint a receiving agent for the shareholders of overseas listed foreign investment shares. The receiving agent shall receive on behalf of such shareholder the dividends distributed and other amounts payable to such shareholders by the Company in respect of the overseas listed foreign investment shares. The receiving agent appointed by the Company shall satisfy the requirements provided under the laws or relevant regulations of the stock exchange at the place of listing.

**Article 178** Dividends or other distributions declared by the Company to be payable to holders of any shares shall be denominated in Renminbi, whereas dividends or other distributions payable to holders of domestic shares are paid in Renminbi, and those payable to holders of overseas listed foreign investment shares (H shares) listed in Hong Kong are paid in Hong Kong dollars. The formula for conversion to Hong Kong dollars is as follows:

		<div>Dividends or other distributions in RMB</div>
Conversion price of the dividends or other distributions	=	<div>The mean of the exchange rates for each unit of the foreign currency against RMB as announced by the People’s Bank of China for the calendar week preceding the date on which such dividends or other distributions are declared by the Company</div>

## **Chapter 15 Internal Audit**

**Article 179** The Company shall implement an internal audit system that specifies the leadership system, duties and responsibilities, staffing, financial security, utilization of audit results and accountability for internal audit work.

The Company’s internal audit system should be implemented after approval by the Board of Directors and should be disclosed to the public.

**Article 180** The Company’s internal audit organization shall conduct supervision and inspection of the Company’s business activities, risk management, internal control, financial information and other matters.

**Article 181** The internal audit organization shall be responsible to the Board of Directors.

The internal audit organization shall be subject to the supervision and guidance of the audit committee in the course of supervision and inspection of the Company’s business activities, risk management, internal control and financial information. The internal audit organization shall report immediately and directly to the audit committee if it discovers any relevant major issues or clues.

**Article 182** The Company's internal audit organization shall be responsible for the specific organization and implementation of the Company's internal control evaluation. The Company shall issue an annual internal control evaluation report based on the evaluation report and relevant information issued by the internal audit organization and reviewed by the audit committee.

**Article 183** When the audit committee communicates with external audit units such as accounting firms and State audit institutions, the internal audit organization shall actively cooperate and provide necessary support and collaboration.

**Article 184** The audit committee shall participate in the evaluation of the responsible person for internal audit.

## **Chapter 16 Appointment of Accounting Firm**

**Article 185** The Company shall appoint an independent accounting firm which complies with the relevant requirements of the State to conduct audit on the annual financial statement and to review other financial reports (including accounting reports and verification on net assets etc.) and to provide other related services.

**Article 186** The accounting firm will be appointed for a term commencing from the close of an annual shareholders' meeting and ending at the close of the following annual shareholders' meeting.

**Article 187** The Company shall provide accurate and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information to their auditor and shall not refuse to provide, conceal or give false information.

**Article 188** The audit fees of the accounting firm shall be determined at the shareholders' meeting.

**Article 189** The Company's appointment or removal of an accounting' firm under taking audit work shall be decided at a shareholders' meeting. If the Company removes or does not reappoint an accounting firm, it shall notify the accounting firm in a timely manner. The accounting firm should be allowed to make representations on the voting for its dismissal. The Board of Directors shall not appoint an accounting firm prior to the decision of the shareholders' meeting.

If the accounting firm offers to resign, it shall make a statement to the shareholders' meeting as to whether the Company is involved in any inappropriate situations.

## **Chapter 17 Insurance**

**Article 190** The Company shall purchase insurances from The People's Insurance Company of China or any other insurance companies registered in the PRC and authorized to provide insurance to companies in PRC under the PRC laws.

Types of insurance, insured amounts and the terms thereof are determined by the shareholders' meeting of the Company based on the circumstances of the Company and the practices of similar industries in other countries and the practice and legal requirements in the PRC.

## **Chapter 18 Labor Management and Trade Union**

**Article 191** The Company establishes regulations in respect of labor management, human resources management, remuneration and benefits and social insurance of the Company in accordance with the laws and administrative regulations of the PRC.

**Article 192** The Company employs the management personnel on appointment basis and all other employees on contract basis respectively. The Company has the right to recruit and dismiss its employees in accordance with the laws, administrative regulations and regulations and procedures of human resources management of the Company, and the employees have the right to resign.

**Article 193** The Company has the power to determine remuneration and benefits of its management staff and employees of various level based on its own economic efficiency and the scope of salary as required by relevant administrative regulations of the PRC.

**Article 194** The Company implements regulations and requirements issued by relevant department governing labor management under the State Council on retirement of employees and labor protection and insurance for unemployed job seekers.

**Article 195** The Company must protect the legal rights of its employees, reinforce labor protection and implement safe production.

The Company shall provide various career education and training programs for its employees so as to enhance their quality.

**Article 196** The employees of the Company have the right to form a trade union for organization of union activities and protection of legal rights of the employees in accordance with the laws. The Company shall provide necessary convenience for the trade union to organized activities. The Company shall allocate fund to the trade union for their organization of activities as required by relevant regulations of the PRC.

**Article 197** In the event that the Company considers and determines such issues on the employees' vital interests as remuneration, benefits, safe production, labor protection and labor insurance, the Company shall first listen to the views of the trade union and the employees of the Company, and invite representatives of the trade union or employees to attend relevant meetings. In the event that the Company considers and determines such important issues as production and operation and the formulation of important rules and regulations, the Company shall listen to the views and suggestions of the trade union and the employees of the Company.

## Chapter 19 Merger and Division of the Company

**Article 198** For merger or division of the Company, the Board of the Company shall put forward and submit the proposal to competent authorities for examination and approval in accordance with the laws after the same has been approved under the procedures provided in these Articles of Association. Shareholders who oppose the proposal for merger or division have the right to request the Company or the shareholders who are in favor of merger or division to purchase their shares at a fair price. The resolution of the Company on merger or division shall be reduced to a document for the inspection of the shareholders.

In respect of the holders of overseas listed foreign investment shares, the aforesaid documents shall be served to them by post or in some other manner specified by Article 216 of the Articles of Association, subject to the laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed.

**Article 199** If the consideration to be paid by the Company for the merger does not exceed ten percent of the Company's net assets, it may not be subject to resolution of the shareholders' meeting, unless otherwise stipulated by the laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed and the Articles of Association.

If a merger of the Company pursuant to the preceding paragraph is not resolved by the shareholders' meeting, it shall be subject to a resolution of the Board of Directors.

**Article 200** The merger of the Company may take the form of either a merger by absorption or merger by new establishment. When the Company is merged, the parties to the merger shall execute a merger agreement and prepare their respective balance sheets and inventory of assets. The Company shall notify its creditors within 10 days from the date of passing of the resolution of the merger and shall publish the announcement in newspapers or the National Enterprise Credit Information Publicity System within thirty days thereof.

A creditor can, within thirty days of receiving the notice from the Company or, in the absence of such notice, within forty-five days of the date of the public announcement, require the Company to repay its debts or provide a corresponding guarantee for such debt.

The merged entity or the newly established company shall assume the liability for the debts and obligations of parties to the merger after the merger of the Company.

**Article 201** When the Company is divided, its assets must be divided accordingly. When the Company is divided, the parties to the division shall execute a division agreement and prepare their respective balance sheets and inventory of assets. The Company shall notify its creditors within 10 days from the date of passing of the resolution of division and shall publish the announcement in newspapers or the National Enterprise Credit Information Publicity System within thirty days thereof. The companies resulting from the division shall assume joint liability for the debts of the Company before the division, except where the Company has reached a written agreement on debt settlement with the relevant creditors before the division.

**Article 202** Where the merger or the division of the Company involves the changes to the registered particulars, such changes shall be registered with the companies registration authorities in accordance with the laws. Where the Company is dissolved, it shall apply for deregistration in accordance with the laws. In the event that a new company is set up, it shall apply for incorporation in accordance with the laws.

## **Chapter 20 Dissolution and Liquidation of the Company**

**Article 203** The Company shall be dissolved and liquidated pursuant to laws upon occurrence of any one of the following circumstances:

- (1) dissolution due to expiry of business operation validity;
- (2) dissolution by resolution of the shareholders' meeting;
- (3) dissolution due to merger or separation of the Company;
- (4) the Company is revoked of its business license, ordered to be closed down or deregistered in accordance with laws;
- (5) in the event that the Company encounters serious difficulties in its business and its continuous operation will cause substantial losses to shareholders and such problem may not be solved by any other alternative, shareholder(s) holding 10% or more of the shares of the Company may request a people's court to proceed a mandatory dissolution of the Company.

If the Company encounters any of the dissolution causes specified in the preceding paragraph, it shall publicly announce the dissolution causes via the National Enterprise Credit Information Publicity System within ten days.

**Article 204** In the circumstances of paragraphs (1) and (2) of the foregoing Article, if no asset has been distributed to shareholders, the Company may continue to survive by amending the Articles of Association or by a resolution at the shareholders' meeting.

Any amendment to the Articles of Association or resolution at the shareholders' meeting under the preceding paragraph shall be subject to the approval of shareholders with two-thirds or more of the voting rights present at the shareholders' meeting.

If dissolved by reasons of paragraph (1), (2), (4) and (5) of the foregoing Article, the Company shall be liquidated. The directors, who are the liquidation obligors of the Company, shall form a liquidation committee to carry out the liquidation within fifteen days from the date when the event of dissolution occurs. The members of the liquidation task force shall be composed of directors, unless it is otherwise provided in the Articles of Association or otherwise elected by the shareholders' meeting.

The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the Company or the creditors.

**Article 205** The liquidation task force shall notify the creditors within ten days from the date of its establishment and publish the announcement in newspapers or the National Enterprise Credit Information Publicity System within 60 days. The creditors may, within 30 days from receipt of the notice (or within 45 days for those creditors who did not receive the notice), declare their creditors' rights to the liquidation task force.

Creditors declaring their creditors' rights shall provide details of the creditors' rights and the relevant proof. The liquidation task force shall register the creditors' rights.

During the declaration period, the liquidation task force shall not settle any creditors' rights.

**Article 206** During the liquidation period, the liquidation committee exercises the following functions and powers:

- (1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify the creditors by notice or public announcement;
- (3) to dispose of and liquidate any business of the Company that has not been wound up;
- (4) to pay all outstanding taxes and tax liabilities arising from the liquidation process;
- (5) to settle claims and debts;
- (6) to distribute the Company's remaining properties after satisfaction of the Company's;
- (7) to represent the Company in any civil proceedings.

**Article 207** The members of the liquidation task force shall perform their duties of liquidation and shall be obliged to loyalty and diligence. Any member of the liquidation committee who neglects to fulfill his/her liquidation duties, thus causing any loss to the Company, shall be liable for compensation. Any member of the liquidation task force who has caused any loss to the Company or the creditors of the Company by reason of any intentional or gross negligence of such a member shall be liable for the compensation to the Company or the relevant credit.

**Article 208** After the liquidation task force has sorted out the assets of the Company and prepared a balance sheet and an inventory of assets, it shall prepare and submit a liquidation proposal to the shareholders' meeting or the People's Court for confirmation.

The assets of the Company remaining after the payment of liquidation expenses, employee salaries, social insurance premiums and statutory compensatory amounts, outstanding taxes and the debts of the Company shall be distributed to shareholders in proportion to their respective shareholdings.

The Company shall remain in existence but shall not engage in any business activities which are not related to the liquidation during the liquidation. The assets of the Company shall not be distributed to shareholders before payments have been made in accordance with the preceding paragraph.

**Article 209** In the event that the liquidation task force, having sorted the Company's assets and prepared a balance sheet and inventory of assets, discovers that the value of the Company's assets are insufficient to settle its debt in full, it shall apply to the People's Court for bankruptcy and liquidation of the Company in accordance with laws.

After the People's Court accepts the application for bankruptcy, the liquidation task force shall hand over matters regarding the liquidation to the bankruptcy administrator designated by the People's Court.

**Article 210** Upon the completion of liquidation of the Company, the liquidation task force shall prepare a liquidation report, a statement of income and expense and accounts and books for the period of liquidation which shall be audited by the PRC certified public accountants and submitted to the shareholders' meeting or the People's Court for confirmation, and be submitted to the company registration authority to apply for deregistration of the Company.

**Article 211** Where the Company does not incur any debt or has repaid all debts during its existence, the Company may be deregistered through summary procedures with the commitment of all shareholders. Deregistration of the Company through the summary procedure shall be announced through the National Enterprise Credit Information Publicity System for a period of not less than twenty days. If there is no objection after the expiration of the announcement period, the Company may apply to the company registration authority for deregistration within twenty days.

Where the Company is deregistered through the summary procedures, and the shareholders make false undertakings as to the contents stipulated in the first paragraph of this article, they shall be jointly and severally liable for the debts incurred before the deregistration.

## **Chapter 21 Alterations to the Articles of Association of the Company**

**Article 212** The Company may amend these Articles of Association in accordance with the provisions of the laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed and these Articles of Association.

**Article 213** If the amendments to the Articles of Association as resolved at the shareholders' meeting are subject to the approval of competent authorities, such amendments shall be submitted to the competent authority for approval, and any change shall be registered according to law if any registered item of the Company is changed.

**Article 214** Under any of the following circumstances, the Company shall amend the Articles:

- (1) where after an amendment to the Company Law or the relevant laws or administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed, there is a conflict between the provisions of the Articles and those of the amended laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed;
- (2) where there are changes in circumstances from the time when the provisions herein are formulated that cause discrepancies to what is stated herein;
- (3) the shareholders' meeting has decided to amend the Articles.

## **Chapter 22 Settlement of Disputes**

**Article 215** The Company shall act according to the following principles to settle disputes:

Whenever there occur any disputes or claims between shareholders of the Company and the Company, shareholders and any director, or senior management personnel of the Company,, or holders of the overseas listed foreign investment shares and the Company's directors, senior management personnel, or holders of the overseas listed foreign investment shares and holders of domestic shares regarding the rights or obligations relating to the affairs of the Company conferred or imposed by the Articles of Association, the Company Law or any other relevant laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed, the parties concerned may seek to enforce their rights by instituting legal proceedings in the courts of the place of incorporation of the Company or the courts of Hong Kong.

## **Chapter 23 Notices**

**Article 216** Except as otherwise provided in the Articles of Association, notices, materials or written statements issued by the Company to its shareholders may be delivered in the following way:

- (1) By hand;
- (2) By mail;
- (3) By facsimile transmission or e-mail;
- (4) By posting on the websites designated by the Company and the stock exchange where the Company's shares are listed, on the premise of complying with laws, administrative regulations and the listing rules of the stock exchanges of the places where the Company's shares are listed;
- (5) By announcement;

- (6) By some other methods agreed by the Company or the notified parties in advance or recognized by the notified parties after receipt of a notice; or
- (7) some other methods recognized by the securities regulator and the stock exchanges of the places where the shares of the Company are listed or stipulated in the Articles of Association.

## **Article 217**

- (1) For the purpose of delivering or making available of corporate communications to holders of overseas listed foreign shares as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, compliance with the laws and regulations of the places where the Company's shares are listed and the relevant listing rules, the Company may select to issue the corporates communications in the form prescribed in Article 216 (4) of the Articles of Association or in such other forms as may be prescribed by the listing rules and the securities regulatory authorities of the places where the Company's shares are listed in lieu of delivering such corporate communications by hand or by mail. The term "Corporate Communications" shall mean any document issued or to be issued by the Company for the information or action by holders of any securities of the Company, including but not limited to:
  - 1. reports of the Board of Directors, the annual accounts of the Company together with the auditor's report and, where applicable, the financial summary report;
  - 2. interim reports and, where applicable, interim summary reports;
  - 3. notices of meetings;
  - 4. listing documents;
  - 5. circulars; and
  - 6. proxy forms.
- (2) When a notice is sent by post, it shall be clearly addressed with postage prepaid, and mailed in an envelope, and the letter containing the notice shall be deemed to have been received by the shareholders forty eight hours after it is sent. Any member who fails to provide a registered address shall be deemed to have received the notice, provided that the Company display and retain the notice at the its legal address for 24 hours.
- (3) Notices issued by the Company to the holders of domestic shares must be published at the websites of the stock exchanges or in one or more newspapers which satisfied the conditions stipulated by the securities regulatory authorities under the State Council. Upon publication of that announcement, all the holders of the domestic shares shall be deemed to have received the notice.

- (4) In the Articles of Association, a “public announcement” or “announcement” shall, unless the context otherwise requires, means an announcement published on the websites of the PRC domestic stock exchange or overseas stock exchange and/or in the newspapers in the places where the stock exchanges are located. The relevant newspapers must satisfy the conditions stipulated under the laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company’s shares are listed.

**Article 218** Any notices, documents, material or written statements to be served to the Company by the shareholders, directors may be served to the Company’s domicile by hand or by registered mail.

**Article 219** In order to prove that such notices, documents, material or written statements have been served to the Company, the shareholders, directors shall provide evidence to prove that such notices, documents, material or written representations have been served within the prescribed time by way of ordinary delivery with postage prepaid to the correct address of the Company.

**Article 220** Subject to the laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company’s shares are listed, notices of the Company given by public announcement shall be deemed received by all relevant personnel upon such announcement is made.

Notices of the Company given by hand delivery shall be deemed received to be upon signature (or chop affixation) on the delivery receipt by the recipient and the date of receipt shall be the date of such signature. Date of receipt of notices of the Company given by mail shall be the third day from such notice is posted at a post office. Date of receipt of notices of the Company given by public announcement shall be the date of the first announcement is published.

## **Chapter 24 Interpretation and Definitions of These Articles of Association**

**Article 221** Definition:

- (1) a controlling shareholder refers to a shareholder who holds shares representing more than fifty percent of the company’s total share capital; or a shareholder who, although holding shares representing less than fifty percent of the Company’ total share capital, has voting rights sufficient to substantially influence the resolutions of the shareholders’ meeting.
- (2) an actual controlling party shall mean a natural person, legal person or other organizational entity that is actually able to control a company through an investment relationship, agreement or other arrangements.
- (3) connect relationship shall mean the relationship between the controlling shareholders, actual controlling party, directors or senior management personnel of the Company and the enterprises directly or indirectly controlled by such persons, and other relationship that may result in a transfer of the interests of the Company, provided that there shall be no connected relationships between enterprises controlled by the State solely by reason of them being under the common control of the State.

**Article 222** The Board is responsible for the interpretation of these Articles of Association. Where there are matters not contained in these Articles of Association, these matters shall be proposed by the Board for approval by way of special resolution at the shareholders' meeting.

If the provisions under these Articles of Association conflict with the laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed, the laws, administrative regulations, relevant regulations of the securities regulatory authorities or stock exchanges in the places where the Company's shares are listed shall prevail.

**Article 223** The Rules of Procedures for Shareholders' Meetings and The Rules of Procedures for the Board of Directors shall be formulated in accordance with these Articles of Association. The aforesaid rules shall be made as appendices to these Articles of Association, and become effective upon approval by shareholders' meeting of the Company.

**Article 224** In the Articles of Association, the following expressions have the following meanings:

"Articles of Association"	the existing Articles of Association of the Company in force;
"Board"	the board of directors of the Company;
"PRC"	the People's Republic of China;
"Renminbi" or "RMB"	the lawful currency of the PRC;
"Chop"	common chop used and the formal chop (if any) kept by the Company or either one of the two (as the case may be) from time to time;
"Business Day"	the opening day (not including Saturday) of the banks in the normal business hours located in China.

**Article 225** The terms of "above", "within" shall include the figures mentioned herein whilst the terms of "more than", "than", "beyond", "below" and "over" shall not include the figures mentioned.

**Article 226** The accounting firm referred in these Articles of Association should have the same meaning as "auditors".