

**ARTICLES OF ASSOCIATION  
OF  
Shanghai HeartCare Medical Technology Corporation Limited  
(上海心瑋醫療科技股份有限公司)**

(Considered and approved at a extraordinary general meeting on November 1, 2021)

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## CHAPTER 1 GENERAL PROVISIONS

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

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

The Company was established by means of promotion based on the change of Shanghai HeartCare Medical Technology Corporation Limited into a joint stock limited company as a whole under the laws of the PRC on December 3, 2020, and was registered with the Shanghai Administration for Industry and Commerce on December 3, 2020 and obtained a business license. The Company’s unified social credit code is 91310115MA1H7W8439. All the shareholders of the former Shanghai HeartCare Medical Technology Corporation Limited are the founders of the Company as follows: WANG Guohui (王國輝), ZHANG Kun (張坤), DING Kui (丁魁), Ningbo Meishan Bonded Port Area Xinwei Investment Management Partnership (LP) (寧波梅山保稅港區心瑋投資管理合夥企業(有限合夥)), Ningbo Meishan Bonded Port Area Kaiyuan Investment Management Partnership (LP) (寧波梅山保稅港區楷遠投資管理合夥企業(有限合夥)), Ningbo Meishan Bonded Area Speed Investment Partnership (LP) (寧波梅山保稅港區斯彼德投資合夥企業(有限合夥)), Ningbo Meishan Bonded Area Sinena Investment Partnership (LP) (寧波梅山保稅港區新勝意納投資合夥企業(有限合夥)), Shanghai Weiyu Enterprise Management Consulting Partnership (LP) (上海瑋鈺企業管理諮詢合夥企業(有限合夥)), Shanghai Weiyun Enterprise Management Consulting Partnership (LP) (上海瑋鑿企業管理諮詢合夥企業(有限合夥)), Ningbo Tongchuangsuwei Investment Partnership (LP) (寧波同創速維投資合夥企業(有限合夥)), Hangzhou Hidea Mingde Venture Capital Partnership (LP) (杭州海達明德創業投資合夥企業(有限合夥)), Hangzhou Huipu Direct Equity Investment Partnership (LP) (杭州匯普直方股權投資合夥企業(有限合夥)), Horgos Dadao Venture Capital Corporation Limited (霍爾果斯達到創業投資有限公司), Jiangsu Sharewin Heike Healthcare Investment Fund (LP) (江蘇盛宇黑科醫療健康投資基金(有限合夥)), Zhangjiagang Grandyangtze Jiyuan Investment Partnership (LP) (張家港國弘紀元投資合夥企業(有限合夥)), SDIC Unity Capital National Emerging Industry Venture Capital Guiding Fund (LP) (國投創合國家新興產業創業投資引導基金(有限合夥)), Tianjin Huajinjintian Medical Healthcare Venture Capital Partnership (LP) (天津華金錦天醫藥醫

療創業投資合夥企業(有限合夥)), LYFE Columbia River Limited , Zhuhai Sherpa Phase I Equity Investment Partnership (LP) (珠海夏爾巴一期股權投資合夥企業(有限合夥)), SherpaStrokemed Company Limited , CICC Pucheng Investment Corporation Limited (中金浦成投資有限公司) , REN Yi (任毅) and LYFE Ohio River Limited.

**Article 3** The Chinese name of the Company: 上海心瑋醫療科技股份有限公司

English name: Shanghai HeartCare Medical Technology Corporation Limited

Domicile: Floor 1 and 3, Building 38, No. 356, Zhengbo Road, Lingang New District, Pilot Free Trade Zone, Shanghai, PRC

Postcode: 201201

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

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

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

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

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

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

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

**Article 9** To the extent permitted by laws and regulations, the Company may invest in other companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the Company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

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

## CHAPTER 2 BUSINESS OBJECTIVES AND SCOPE

**Article 11** The business objective of the Company: people-oriented, adhering to the spirit of ingenuity, pursuing innovative technology and protecting life and health with high-quality medical products.

**Article 12** Upon registration according to the law, the Company's business scope is as follows: Licensed items of business: production of Class III and Class II medical devices, and operation of Class III medical devices. (For the above items subject to the administrative approval, approvals from the relevant authorities must be obtained prior to operation. Specific items shall be subject to approvals or licenses from relevant authorities) General items of business: technology development, technology transfer, technology consulting and technical services in the fields of medical technology and biotechnology (excluding the development and application of human stem cells, gene diagnosis and treatment technologies), research and development, sale and production of Class I medical devices, research and development and sale of Class II medical devices, research and development of Class III medical devices, import and export of goods and technology. (Except for the items subject to the administrative approval, the Company carries out operating activities listed in its business license freely according to the law).

## CHAPTER 3 SHARE

### Section 1 Issuance of Shares

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

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

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

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

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

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

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

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

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

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

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

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

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

Where holders of domestic shares of the Company transfer the shares held by them to overseas investors, and such transferred shares are listed or traded on an overseas stock exchange, upon the approval by the securities regulatory authority under the State Council and the Hong Kong Stock Exchange. All or part of the Company’s domestic shares can be converted into foreign shares, and converted foreign shares can be listed and traded at the overseas stock exchanges. The transferred or converted shares that are listed and traded overseas shall also comply with the regulatory procedures, regulations and requirements of the overseas securities market.

The transferred shares that are listed and traded overseas, or the domestic shares are converted into foreign shares and listed and traded overseas, which do not need the vote at general shareholders’ meeting or class general shareholders’ meeting to be convened. The overseas listed foreign shares which are converted by domestic shares belong to the same class as the overseas listed foreign shares listed at the same overseas stock exchange.

**Article 18** When the Company was established, the share capital of the Company was RMB28,000,000, and the total number of shares was 28,000,000 shares, all of which are ordinary shares. The equity structure is listed as follows:

<b>No.</b>	<b>Name of promoters</b>	<b>Number of shares held (share)</b>	<b>Percentage of shareholding (%)</b>	<b>Method of Capital contribution</b>
1	WANG Guohui (王國輝)	3,831,380	13.6835	By conversion of net assets into shares
2	DING Kui (丁魁)	1,565,816	5.5922	By conversion of net assets into shares
3	ZHANG Kun (張坤)	1,394,316	4.9797	By conversion of net assets into shares
4	Ningbo Meishan Bonded Area Speed Investment Partnership (LP) (寧波梅山保稅港區斯彼德投資合夥企業(有限合夥))	251,972	0.8999	By conversion of net assets into shares
5	Ningbo Meishan Bonded Area Sinena Investment Partnership (LP) (寧波梅山保稅港區新勝意納投資合夥企業(有限合夥))	408,828	1.4601	By conversion of net assets into shares
6	Ningbo Meishan Bonded Port Area Xinwei Investment Management Partnership (LP) (寧波梅山保稅港區心瑋投資管理合夥企業(有限合夥))	2,235,940	7.9855	By conversion of net assets into shares
7	Ningbo Tongchuangsuwei Investment Partnership (LP) (寧波同創速維投資合夥企業(有限合夥))	1,738,660	6.2095	By conversion of net assets into shares
8	Ningbo Meishan Bonded Port Area Kaiyuan Investment Management Partnership (LP) (寧波梅山保稅港區楷遠投資管理合夥企業(有限合夥))	1,277,192	4.5614	By conversion of net assets into shares
9	Hangzhou Hidea Mingde Venture Capital Partnership (LP) (杭州海達明德創業投資合夥企業(有限合夥))	282,380	1.0085	By conversion of net assets into shares
10	Hangzhou Huipu Direct Equity Investment Partnership (LP) (杭州匯普直方股權投資合夥企業(有限合夥))	137,732	0.4919	By conversion of net assets into shares
11	Horgos Dadao Venture Capital Corporation Limited (霍爾果斯達到創業投資有限公司)	10,332	0.0369	By conversion of net assets into shares
12	Jiangsu Sharewin Heike Healthcare Investment Fund (LP) (江蘇盛宇黑科醫療健康投資基金(有限合夥))	1,051,708	3.7561	By conversion of net assets into shares

<b>No.</b>	<b>Name of promoters</b>	<b>Number of shares held (share)</b>	<b>Percentage of shareholding (%)</b>	<b>Method of Capital contribution</b>
13	Zhangjiagang Grandyangtze Jiyuan Investment Partnership (LP) (張家港國弘紀元投資合夥企業(有限合夥))	344,344	1.2298	By conversion of net assets into shares
14	SDIC Unity Capital National Emerging Industry Venture Capital Guiding Fund (LP) (國投創合國家新興產業創業投資引導基金(有限合夥))	1,812,440	6.4730	By conversion of net assets into shares
15	Tianjin Huajinjintian Medical Healthcare Venture Capital Partnership (LP) (天津華金錦天醫藥醫療創業投資合夥企業(有限合夥))	1,200,724	4.2883	By conversion of net assets into shares
16	LYFE Columbia River Limited	3,051,972	10.8999	By conversion of net assets into shares
17	LYFE Columbia River Limited , Zhuhai Sherpa Phase I Equity Investment Partnership (LP) (珠海夏爾巴一期股權投資合夥企業(有限合夥))	1,440,824	5.1458	By conversion of net assets into shares
18	SherpaStrokemed Company Limited	1,056,244	3.7723	By conversion of net assets into shares
19	Shanghai Weiyu Enterprise Management Consulting Partnership (LP) (上海瑋鈺企業管理諮詢合夥企業(有限合夥))	1,196,216	4.2722	By conversion of net assets into shares
20	Shanghai Weiyun Enterprise Management Consulting Partnership (LP) (上海瑋鑿企業管理諮詢合夥企業(有限合夥))	2,800,000	10.0000	By conversion of net assets into shares
21	CICC Pucheng Investment Corporation Limited (中金浦成投資有限公司)	190,792	0.6814	By conversion of net assets into shares
22	REN Yi (任毅)	95,396	0.3407	By conversion of net assets into shares
23	LYFE Ohio River Limited	624,792	2.2314	By conversion of net assets into shares
Total		28,000,000	100.0000	–



**Article 19** The Company was authorized by the securities regulatory authority under the State Council on May 13, 2021 to issue no more than 12,356,000 overseas listed foreign shares to overseas investors. WANG Guohui (王國輝), DING Kui (丁魁), ZHANG Kun (張坤), Ningbo Meishan Bonded Area Speed Investment Partnership (LP) (寧波梅山保稅港區斯彼德投資合夥企業(有限合夥)), Ningbo Meishan Bonded Area Sinena Investment Partnership (LP) (寧波梅山保稅港區新勝意納投資合夥企業(有限合夥)), Ningbo Meishan Bonded Port Area Xinwei Investment Management Partnership (LP) (寧波梅山保稅港區心瑋投資管理合夥企業(有限合夥)), Ningbo Tongchuangsuwei Investment Partnership (LP) (寧波同創速維投資合夥企業(有限合夥)), Ningbo Meishan Bonded Port Area Kaiyuan Investment Management Partnership (LP) (寧波梅山保稅港區楷遠投資管理合夥企業(有限合夥)), Hangzhou Hidea Mingde Venture Capital Partnership (LP) (杭州海達明德創業投資合夥企業(有限合夥)), Hangzhou Huipu Direct Equity Investment Partnership (LP) (杭州匯普直方股權投資合夥企業(有限合夥)), Horgos Dadao Venture Capital Corporation Limited (霍爾果斯達到創業投資有限公司), Jiangsu Sharewin Heike Healthcare Investment Fund (LP) (江蘇盛宇黑科醫療健康投資基金(有限合夥)), Zhangjiagang Grandyangtze Jiyuan Investment Partnership (LP) (張家港國弘紀元投資合夥企業(有限合夥)), SDIC Unity Capital National Emerging Industry Venture Capital Guiding Fund (LP) (國投創合國家新興產業創業投資引導基金(有限合夥)), Tianjin Huajinjintian Medical Healthcare Venture Capital Partnership (LP) (天津華金錦天醫藥醫療創業投資合夥企業(有限合夥)), LYFE Columbia River Limited, LYFE Columbia River Limited · Zhuhai Sherpa Phase I Equity Investment Partnership (LP) (珠海夏爾巴一期股權投資合夥企業(有限合夥)), SherpaStrokemed Company Limited, Shanghai Weiyu Enterprise Management Consulting Partnership (LP) (上海瑋鈺企業管理諮詢合夥企業(有限合夥)), Shanghai Weiyun Enterprise Management Consulting Partnership (LP) (上海瑋鑒企業管理諮詢合夥企業(有限合夥)), CICC Pucheng Investment Corporation Limited (中金浦成投資有限公司), REN Yi (任毅), LYFE Ohio River Limited, Elbrus Investments Pte. Ltd., Raritan River Limited, LBC Sunshine Healthcare Fund II L.P. and SherpaStrokecure Limited converted the 24,963,954 domestic unlisted shares of the Company that they held into overseas listed foreign shares.

Upon the aforesaid issuance of overseas listed foreign shares (assuming the Over-allotment Option was not exercised) and the conversion of domestic unlisted shares into overseas listed foreign shares, the capital structure of the Company shall comprise of: 37,920,658 ordinary shares, including 6,731,890 domestic shares, 536,714 unlisted foreign shares, and 30,652,054 overseas listed foreign shares (including the 24,963,954 overseas listed foreign shares converted from domestic unlisted shares). Upon the aforesaid issuance of overseas listed foreign shares (assuming the Over-allotment Option was exercised) and the conversion of domestic unlisted shares into overseas listed foreign shares, the capital structure of the Company shall comprise of: 38,773,858 ordinary shares, including 6,731,890 domestic shares, 536,714 unlisted foreign shares, and 31,505,254 overseas listed foreign shares (including the 24,963,954 overseas listed foreign shares converted from domestic unlisted shares).

As of the issuance of H shares, the registered share capital of our Company was RMB32,232,558.

**Article 20** The Board of the Company may make arrangement for the Company's separate issuance of overseas listed foreign shares and domestic shares according to the issue scheme approved by the securities regulatory authority under the State Council.

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

**Article 21** If the Company separately issues overseas listed foreign shares and domestic shares within the total number specified in the issue scheme, the said shares shall be issued respectively at one time; if it is impossible for the shares to be issued at one time for special reasons, the shares may be issued in several tranches subject to the approval by the securities regulatory authorities of the State Council.

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

**Article 22** The Company may increase capital based on the needs of operation and development and in accordance with the requirements of laws and regulations and resolution on the general shareholders' meeting, by way of the following:

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

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

**Article 23** The Company may decrease its registered capital. The Company shall decrease its registered capital pursuant to the Company Law, other relevant regulations and the Articles of Association.

**Article 24** The Company may, in the following circumstances, buy back its shares in accordance with the law, administrative regulations, department rules and requirement of this Articles of Associations:

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

- (VII) Other circumstances as permitted by the laws, administrative regulations, departmental rules and regulating rules of the place where the shares of the Company are listed.

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

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

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

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

**Article 25** The Company may buy back shares in any of the following ways:

- (I) Making a comprehensive buyback offer in the same proportion to all shareholders;
- (II) Buying back shares through public trading on the stock exchange;
- (III) Buying back shares by an agreement outside the stock exchange;
- (IV) In other ways approved by the laws, administrative regulations and other measures permitted by relevant regulatory authorities.

**Article 26** Where our Company buys back the shares by an agreement outside the stock exchange, it shall obtain prior approval at the general shareholders' meeting pursuant to the Articles of Association. Likewise, subject to the prior approval of the general shareholders' meeting, our Company may cancel or amend the contract signed in the aforesaid manner or waive any of its rights in the contract.

The contract that buys back the shares mentioned in the preceding paragraph includes (but is not limited to) an agreement that consents to undertake the obligation to buy back the shares and obtain the rights to buy them back.

The Company shall not transfer any contract that buys back the shares or any rights conferred under the contract.

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

**Article 27** The shares so repurchased shall be cancelled or transferred within a period stipulated by relevant laws and administrative regulations. If shares were cancelled, the Company shall notify the original registration authority and apply to change its registered capital.

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

**Article 28** Unless our Company has entered into the liquidation process, we must observe the following provisions for the buyback of issued shares:

- (I) Where our Company buys back shares at book value, the funds shall be deducted from the book balance of our distributable earnings and the proceeds obtained from the issue of new shares to buy back the old shares;
- (II) Where our Company buys back the shares at a premium to the book value, the portion equivalent to book value shall be deducted from the book balance of our distributable earnings and the proceeds obtained from the issue of new shares made for the purpose of buying back of old shares, while the portion higher than book value shall be dealt with in the following manner:
  1. Where the shares bought back were issued at book value, the funds shall be deducted from the book balance of our distributable revenue;
  2. Where the shares bought back were issued at a premium to the book value, the funds shall be deducted from the book balance of our distributable revenue and the proceeds obtained from the issue of new shares made for the purpose of buying back of old shares. However, the amount deducted from the proceeds obtained from the issue of new shares shall not exceed the total premium amount obtained when the shares bought back were issued or the amount in our premium account (or capital reserve account) when the old shares are bought back (including the premium amount of the issue of new shares).
- (III) The funds paid by our Company for the following purposes shall be expensed from our distributable earnings:
  1. To obtain the right to buy back the shares;
  2. To modify contract to buy back the shares;
  3. To release obligation of our Company under the share buyback contract.
- (IV) After the total book value of the cancelled shares is deducted from our registered capital pursuant to the relevant provisions, the amount deducted from the distributable earnings for paying up the book value portion of the shares bought back shall be credited to our premium account (or capital reserve account).

Where the laws, administrative regulations and relevant requirements of relevant regulatory authorities have any other provisions in respect of the financial arrangement related to the aforementioned share buyback, such provisions shall prevail.

### Section 3 Transfer of Shares

**Article 29** Unless otherwise provided by laws, administrative regulations and the securities regulatory authorities in the place where the shares of the Company are listed, and the Listing Rules, the paid up shares of the Company can be freely transferred in accordance with laws and are not subject to any lien. Shares of the Company could be granted, inherited and pledged in accordance with relevant laws, administrative regulations and requirements of the Articles of Association. For the transfer of the shares of the Company, registration shall be made in the local share registrar authorized by the Company.

**Article 30** With regard to the H Shares that capital of which has been full-paid could be transferred without limitation in accordance with the Articles of Association. However, unless meeting the following conditions, the Board of Directors may refuse to recognize any transfer document without giving any reason:

- (I) The transfer documents and other documents that related to any share ownership or may affect the ownership of the shares shall be registered and such payment shall not exceed the maximum fee provided by the Stock Exchange of Hong Kong in its Listing Rules from time to time;
- (II) The transfer documents only involve H Shares;
- (III) The stamp duty chargeable on the transfer documents has been paid;
- (IV) The relevant share certificate, and upon the reasonable request of the Board of Directors, any evidence in relation to the right of the transferor to transfer the shares has been submitted;
- (V) If the shares are to be transferred to joint holders, the number of the joint holders shall not exceed four;
- (VI) The Company does not have any lien on the relevant shares; and
- (VII) The shares shall not be transferred to minors or the person who is insane or others under legal disability.

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

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

**Article 31** The Company shall not accept its own shares being held as security under a pledge.

**Article 32** The shares of the Company holding by the funders thereof shall not be transferred within one year of the date of establishment of the Company. The shares issued before the public issuance of shares by the Company shall not be transferred within one year of the date on which the stocks of the Company are listed and traded on a securities exchange.

The Directors, Supervisors, and senior management of the Company shall declare, to the Company, information on their holdings of the shares of the Company and the changes thereto, and the shares transferrable by them during each year of their term of office shall not exceed 25 percent of their total holdings of the shares of the Company; the shares that they held in the Company shall not be transferred within one year of the date on which the stocks of the Company are listed and traded. The aforesaid persons shall not transfer their shares of the Company within six months from the date of their resignation.

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

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

**Article 33** The Company or its subsidiaries (including affiliated enterprises of the Company) shall not, by any means including gifts, advanced payment, guarantees, compensation or loan at any time, provide any financial assistance to personnel that acquires or plans to acquire the Company's shares. Such personnel include any who undertake obligations, directly or indirectly, from acquiring the Company's shares.

The Company or its subsidiaries (including affiliated enterprises of the Company) shall not provide the aforesaid obligors with financial assistance at any time or in any manner, to mitigate or exempt their obligations.

The provisions herein do not apply to the circumstances set out in Article 35.

**Article 34** Financial assistance referred to in this Chapter includes (but is not limited to) the following:

- (I) Gifts;
- (II) Guarantees (including acts of the guarantor assuming liabilities or providing properties to ensure that the obligor performs the obligations), compensation (excluding compensation arising from mistakes of the Company), release or waiver of rights;
- (III) Provision of loans or signing of contracts whereby the Company performs obligations before others, change of the parties to the loans/contracts as well as the assignment of the rights in the loans/contracts;

- (IV) Financial assistance provided by the Company in any other manner when it is insolvent, has no net assets, or will suffer significant decreases in net assets.

Obligations referred to herein include obligator undertaking obligations by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or changing its financial status in any other manner.

**Article 35** The following acts are not deemed to be prohibited under Article 33 of the Articles of Association, unless prohibited by relevant laws, administrative regulations, regulations of the authorities and regulatory documents:

- (I) Related financial assistance provided by the Company which is in good faith in the interest of the Company and the main purpose of the financial assistance is not to acquire the Company's shares or is an incidental part of a master plan of the Company;
- (II) The lawful distribution of the Company's properties by way of dividend;
- (III) The allotment of bonus shares as shares;
- (IV) Reducing the registered capital, redeeming the shares or adjusting the equity structure pursuant to the Articles of Association;
- (V) The Company granting loans within its scope of business and in the ordinary course of its business, provided that such loans shall not result in reduction in the net assets of the Company or, even if the net assets are reduced, such financial assistance is paid from the distributable profit of the Company;
- (VI) The Company providing the employee stock ownership plan with fund, provided that such financial assistance shall not result in reduction in the net assets of the Company or, even if the net assets are reduced, such financial assistance is paid from the distributable profit of the Company.

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

**Article 36** The Company's shares are all registered shares. The particulars specified on the share certificates of the Company shall, in addition to those provided in the Company Law, contain other particulars required to be specified by the stock exchange where the shares of the Company are listed.

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

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

**Article 37** During the period when H shares are listed on the Hong Kong Stock Exchange, the Company shall ensure that its H Shares documents (including H Share certificates) shall include the following statements, and shall instruct and procure its share registrar to reject any subscription, purchase or transfer of the shares registered in the name of any individual holder, unless and until the said individual holder has submitted to the share registrar the duly signed form relating to the said shares, and such form shall include the following statements:

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

**Article 38** The share certificates are signed by the chairman of the Board of Directors. Where the signatures of the Company's general manager or other senior management officers are required by the stock exchange where the shares of the Company are listed, the Company's general manager or other relevant senior management officers shall also sign on the share certificates. The share certificates shall become effective after being affixed or imprinted with the corporate seal. The share certificates shall only be affixed with the corporate seal under the authorization of the Board of Directors. The signatures of the chairman of the Board of Directors, general manager or other relevant senior management officers on the share certificates may also be in printed form. Where the issuance and trading of the shares of the Company are in non-paper form, relevant provisions enacted separately by the securities regulatory authorities, stock exchange of the place where the shares of the Company are listed shall be applicable.

**Article 39** The Company shall establish a register of members stating the following particulars, or conduct the registration of shareholders pursuant to the provisions of the laws, administrative regulations, departmental rules and the Hong Kong Listing Rules:

- (I) the name (title), address (domicile), occupation or nature of each shareholder;
- (II) the class and number of shares held by each shareholder;



- (III) the amount paid or payable for the shares held by each shareholder;
- (IV) the serial numbers of the shares held by each shareholder;
- (V) the date on which each shareholder is registered as a shareholder;
- (VI) the date on which each shareholder ceases to be a shareholder.

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

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

**Article 40** Transfer of shares shall be recorded in the register of members. Pursuant to the understanding reached and agreement entered into between the securities regulatory authorities of the State Council and the overseas securities regulatory authorities, the Company may keep the original register of the holders of the overseas listed foreign shares overseas and entrust an overseas entity to manage it. The original register of the holders of the overseas listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall keep a copy of the register of the holders of the overseas listed foreign shares at its residential address. The overseas entrusted agency shall at all times maintain consistency between the original and copy of the register of the holders of the overseas listed foreign shares.

In case of inconsistency between the original and copy of the register of the holders of the overseas listed foreign shares, the original shall prevail.

**Article 41** The Company must keep a complete register of shareholders.

The register of shareholders shall include the following:

- (I) Register of shareholders kept at the Company's residential address other than those specified in items (II) and (III) of this Article;
- (II) Register of the holders of the Company's overseas listed foreign shares kept at the location of the stock exchange where such shares are listed;
- (III) Register of shareholders kept in other locations according to the decision of the Board of Directors as required for the listing of the Company's shares.

**Article 42** Different parts of the shareholders' register shall not overlap. The transfer of shares registered in a certain part of the register of shareholders shall not be registered elsewhere in the register of shareholders as long as the shares remain registered.

Any alteration or rectification to any part of the register of shareholders shall be made in accordance with the laws in the place where such part of the register of shareholders is maintained.

**Article 43** No change of the register of shareholders as a result of share transfer shall be made within 30 days before the general shareholders' meeting is convened or within five days prior to the record date on which the Company decides to pay dividends.

Provisions otherwise provided by the securities regulatory authorities in the place(s) where the securities of the Company are listed shall prevail.

**Article 44** When the Company convenes the general shareholders' meeting, distributes dividends, goes into liquidation and is involved in other actions that require the confirmation of shareholdings, the Board of Directors shall fix a date as the record date, upon expiration of which the shareholders whose names registered on the register of shareholders shall be shareholders of the Company.

**Article 45** Any person who objects to the register of shareholders and requests to register his or her name (title) in the register of shareholders or to remove his or her name (title) from the register of shareholders may apply to the court with jurisdiction to amend the register of shareholders.

**Article 46** If any person whose name appears in the register of shareholders or requests to register his or her name (title) in the register of shareholders loses his or her share certificates (the "**original share certificates**"), he or she may apply to the Company to reissue new share certificates for those shares (the "**relevant shares**").

In the event holder of Domestic shares applies to the Company for a reissue after losing the share certificates, the matter shall be dealt with pursuant to related provisions of the Company Law.

In the event a holder of overseas listed foreign shares applies to the Company for a reissue after losing the share certificates, the matter may be dealt with pursuant to the laws, rules of the stock exchange where the original register of holders of the overseas listed foreign shares is kept, or other related provisions.

If a holder of overseas listed foreign shares loses share certificates and applies to the Company for a replacement issue, the share certificates shall be issued in compliance with the following requirements:

- (I) The applicant shall submit the application in the standard format designated by the Company and attach a notary certificate or legal declaration. The contents of the notary certificate or legal declaration shall include the reason for the applicant's request, circumstances and evidence of loss of share certificates, as well as a statement that nobody else may request to be registered as a shareholder with respect to the relevant shares;
- (II) Before deciding to issue new share certificates, the Company does not receive any statement in which any person other than the applicant requests to be registered as the shareholder with respect to the shares;

- (III) The Company shall, if it decides to issue new share certificates to the applicant, publish an announcement in an eligible newspaper designated by the Board of Directors indicating that it plans to reissue new share certificates; the announcement period shall be 90 days and the announcement shall be published at least once every 30 days;
- (IV) The Company shall, before publishing the announcement indicating that it plans to re-issue new share certificates, submit a copy of the announcement to be published to the stock exchange on which the shares are listed and may publish the announcement after receiving a reply from the stock exchange confirming that the announcement has been displayed at the stock exchange. The period of displaying the announcement at the stock exchange is 90 days;

If the registered shareholders of the relevant shares do not approve the application for reissue of new share certificates, the Company shall mail the copy of the announcement to be published to the shareholders;

- (V) In the event that nobody raises any objection to the reissue of new share certificates to the Company, upon expiration of the 90-day display period of the announcement specified in items (III) and (IV) of this Article, the new share certificates may be reissued according to the application made by the applicant;
- (VI) When re-issuing new share certificates according to this Articles, the Company shall immediately cancel the original share certificates and register the cancellation and replacement issue on the register of shareholders;
- (VII) All expenses incurred by the Company from the cancellation of the original share certificates and replacement issue of the new share certificates shall be borne by the applicant. Before the applicant has provided reasonable security, the Company shall have the right to refuse to take any action.

**Article 47** Where the Company issues a new replacement share certificate pursuant to the Articles of Association, the name (title) of a bona fide purchaser gaining possession of such new share certificate or the person who is subsequently entered in the register of members as holder of such shares (if he/she is a bona fide purchaser) shall not be removed from the register of members.

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

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

### **Section 1 Shareholders**

**Article 48** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is registered in the register of members. shareholders shall enjoy rights and have obligations in accordance with the class and amount of shares held by them. shareholders holding the same class of shares shall be entitled to equal rights and have equal obligations.

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

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

**Article 49** When the Company convenes the general shareholders' meeting, distributes dividends, goes into liquidation and is involved in other actions that require the confirmation of identities, the shareholders whose names registered on the register of shareholders shall be the shareholders entitled to relevant equity.

**Article 50** Ordinary shareholders of the Company shall enjoy the following rights:

- (I) The rights to receive dividends and other forms of benefit distributions in proportion to the number of shares held by them;
- (II) The rights to request, convene, chair, attend or appoint proxy to attend general shareholders' meeting and exercise corresponding voting rights in accordance with laws;
- (III) The rights to supervise the operation of the Company and to put forward proposals and raise inquiries;
- (IV) The rights to transfer, donate, or pledge shares held by them in accordance with laws, administrative regulations and the provisions of the Articles of Association;

- (V) The rights to obtain relevant information in accordance with the provisions of the Articles of Association, including:
1. to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;
  2. to inspect and copy, subject to payment of a reasonable charge:
    - (1) all parts of the register of members (the list of all shareholders at the close of trading on the date of equity registration as determined in the Company's latest periodic report);
    - (2) personal particulars of each of the Directors, Supervisors, general manager and other senior management of the Company, including:
      - (a) current and previous names and aliases;
      - (b) main address (domicile);
      - (c) nationality;
      - (d) full-time and all other part-time occupations and duties;
      - (e) identification documents and their numbers.
    - (3) the status of the Company's share capital;
    - (4) reports (breakdown by domestic shares and foreign shares (and, if applicable, H Shares)) of the aggregate par value, number of shares, highest and lowest prices paid by the Company in respect of each class of shares bought back by the Company since the end of the last financial year and all the expenses paid by the Company therefor;
    - (5) minutes of general shareholders' meeting (only available for shareholders' inspection) and copies of the Company's resolutions made at general shareholders' meeting, meeting of Board of Directors and Board of Supervisors;
    - (6) the latest audited financial statements of the Company, and the reports of the Board of Directors, auditors, and Board of Supervisors;
    - (7) copy of the latest annual return filed with the PRC Administration for Industry and Commerce or other competent authorities;
    - (8) special resolutions of the Company.

3. counterfoils of corporate bonds

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

- (VI) The rights to participate in the distribution of remaining assets of the Company corresponding to the number of shares held in the event of the termination or liquidation of the Company;
- (VII) The rights to demand the Company to acquire the shares held by them with respect to shareholders voting against any resolution adopted at the general shareholders' meeting on the merger or division of the Company;
- (VIII) The shareholders that solely or collectively hold more than 3% of the shares of the Company may put forward an interim proposal and submit it to the convener in written form within 10 days before the general shareholders' meeting is held;
- (IX) Other rights under the laws, administrative regulations, departmental rules, the regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

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

**Article 51** If the resolutions of general shareholders' meeting and the Board of Directors are in violation of laws and administrative regulations, shareholders are entitled to request the People's Court to identify them invalid.

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

**Article 52** If Directors and senior management personnel cause losses to the Company for violation of the requirements of laws, administrative regulations or the Articles of Association during the performance of their duties, shareholders who hold more than 1%, individually or jointly, of the Company's shares for more than 180 days continuously, have the right to request the Board of Supervisors to bring a suit to the People's Court; if the Board of Supervisors causes losses to the Company for violation of the requirements of laws, administrative regulations or the Articles of Association during the performance of their duties, shareholders can request the Board of Directors in written form to file a suit in the People's Court.

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

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

**Article 53** If Directors and senior management personnel cause damage to the shareholders' interests for violation of the requirements of laws, administrative regulations or the Articles of Association, shareholders can bring a suit to the People's Court.

**Article 54** Ordinary shareholders of the Company shall have the following obligations:

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

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

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

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

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

**Article 55** The shareholders holding more than 5% of the Company's voting rights shall, in the event of a pledge of the shares held by them, report to the Company in writing from the date of occurrence of such fact.

**Article 56** Neither the controlling shareholder nor the de facto controller of the Company may prejudice the interests of the Company by taking advantage of his/her connected relationship. Anyone who causes any loss to the Company as a result of violating the provisions shall be liable for the compensation.

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

**Article 57** In addition to obligations imposed by laws, administrative regulations or required by the regulatory rules of the place where the shares of the Company are listed, a controlling shareholder shall not exercise his/her voting rights in respect of the following matters in a manner prejudicial to the interests the shareholders generally or partially:

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

**Article 58** The term "controlling shareholder" referred to in the Articles of Association means a person who satisfies any one of the following conditions:

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



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

**Article 59** The general shareholders' meeting is the organ of the authority of the Company, which exercises its functions and powers in accordance with laws:

- (I) to decide on operational policies and investment plans of the Company;
- (II) to elect and replace the Directors and Supervisors who are shareholder representatives, and to decide on matters relevant to the remuneration of Directors and Supervisors;
- (III) to consider and approve reports of the Board of Directors;
- (IV) to consider and approve reports of the Board of Supervisors;
- (V) to consider and approve annual financial budget plans and final accounting plans of the Company;
- (VI) to consider and approve the profit distribution plan and loss recovery plan of the Company;
- (VII) to determine the increase or decrease of the registered capital of the Company;
- (VIII) to determine the issuance of corporate bonds or other securities by the Company and listing plan;
- (IX) to determine matters such as the merger, division, dissolution, liquidation or change;
- (X) to amend the Articles of Association;
- (XI) to determine the appointment of, removal of and non-reappointment of an accounting firm by the Company;
- (XII) to consider and approve the external guarantees that shall be approved at a general shareholders' meeting required by the Articles of Association;
- (XIII) to consider matters relating to the purchases and disposals of material assets, which are more than 30% of the latest audited total assets of the Company, within one year;
- (XIV) to consider and approve the material transactions and the related transactions that shall be considered and approved at a general shareholders' meeting required by laws, administrative regulations, the regulatory rules of the place where the shares of the Company are listed and the Articles of Association;
- (XV) to consider the formulation, amendment and implementation of share incentive plans;
- (XVI) to consider and approve the proposal raised by shareholders who, individually or in the aggregate, hold 3% or more of the total number of voting shares of the Company;

(XVII) to consider and approve changes in use of the raised capital;

(XVIII) to review other matters which, in accordance with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, or the provisions of the Articles of Association, shall be approved at a general shareholders' meeting.

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

**Article 60** Unless prior approval is obtained in a general shareholders' meeting, the Company shall not enter into any contract with any party other than the Directors, Supervisors, managers and other senior management, pursuant to which such party shall be responsible for managing the whole or any substantial part of the Company's business.

**Article 61** Unless otherwise specified in the Articles of Association, all external guarantees of the Company shall be considered and approved by the Board of Directors. If the Company provides guarantee for a shareholder or de facto controller of the Company, a resolution must be passed by the general shareholders' meeting.

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

**Article 62** [Deleted]

**Article 63** General shareholders' meetings shall be divided into annual general shareholders' meetings and extraordinary general shareholders' meetings. Annual general shareholders' meetings are held once every year and within 6 months from the end of the preceding accounting year.

**Article 64** Under any of the following circumstances, the Board of Directors shall convene an extraordinary general shareholders' meeting within two months:

- (I) Where the number of Directors is less than the number specified in the Company Law or less than two thirds of the number required in the Articles of Association;
- (II) Where the uncovered losses of the Company reach one-third of its total paid-in share capital;
- (III) Where the shareholders with 10% or more of the Company's issued and outstanding shares carrying voting rights separately or jointly request to convene an extraordinary general shareholders' meeting in writing (the number of shares held shall be calculated as at the date when the shareholder(s) provide(s) the written request);
- (IV) Where the Board of Directors considers it necessary;

- (V) Where the Board of Supervisors proposes to call for such a meeting;
- (VI) Other circumstances stipulated in the laws, administrative regulations, regulations of the authorities, the regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

**Article 65** The venue of the general shareholders' meeting of the Company shall be the place where the Company is located or the place specified in the notice of the general shareholders' meeting.

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

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

**Article 66** A general shareholders' meeting shall be convened by the Board of Directors. If the Board of Directors is unable or fails to fulfil the obligation of convening a general shareholders' meeting, the Board of Supervisors shall convene the meeting. If the Board of Supervisors does not convene the meeting, any shareholder(s) individually or jointly holding more than 10% of the shares of the Company for more than 90 consecutive days may convene the meeting on their own.

**Article 67** An independent Director has the right to propose the Board of Directors to convene an extraordinary general shareholders' meeting. In respect to the proposal by the independent Director for convening an extraordinary general shareholders' meeting, the Board of Directors shall, in accordance with the laws, administrative regulations, the Hong Kong Listed Rules and the Articles of Association, furnish a written reply stating its agreement or disagreement to such proposal for convening an extraordinary general shareholders' meeting within 10 days upon receipt of such proposal.

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

If the securities regulatory authorities in the place where the shares of the Company are listed provide otherwise, such provisions shall prevail.

**Article 68** The Board of Supervisors has the right to propose in writing the Board of Directors to convene an extraordinary general shareholders' meeting. The Board of Directors shall, in accordance with the laws, administrative regulations, the Hong Kong Listed Rules and the Articles of Association, furnish a written reply stating its agreement or disagreement to such proposal for convening an extraordinary general shareholders' meeting within 10 days upon receipt of such proposal.

In the event that the Board of Directors agrees to convene an extraordinary general shareholders' meeting, a notice for convening such meeting shall be given within 5 days after the relevant resolution of the Board of Directors is passed and consent of the Board of Supervisors shall be obtained in case of any changes to the original proposal in the notice.

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

**Article 69** Any shareholder(s) individually or jointly holding more than 10% of the shares of the Company may execute one or more written request(s) in the same form to request the Board of Directors to convene an extraordinary general shareholders' meeting or a class meeting, and to set forth the agenda of such meeting. The Board of Directors shall, in accordance with the laws, administrative regulations, the Hong Kong Listed Rules and the Articles of Association, furnish a written reply to such shareholder(s) stating its agreement or disagreement to the convening of an extraordinary general shareholders' meeting or a class meeting within 10 days after having received such requisition.

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

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

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

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

**Article 70** Where the Board of Supervisors or shareholders decide to convene a general shareholders' meeting on its/their own, it/they shall send a written notice to the Board of Directors, and shall put on the records of the dispatched office of the China Securities Regulatory Commission and the stock exchange at the locality of the Company.

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

**Article 71** Where a general shareholders' meeting is convened by the Board of Supervisors or shareholders on its/their own, the Board of Directors and the secretary to the Board of Directors shall work in a cooperative manner. The Board of Directors shall provide the register of shareholders prepared on the date of record date.

**Article 72** Where a general shareholders' meeting is convened by the Board of Supervisors or shareholders on its/their own, the expenses necessary for the general shareholders' meeting shall be borne by the Company and shall be deducted from the monies payable by the Company to the defaulting Directors.

#### **Section 4 Proposals and Notices of General Shareholders' Meeting**

**Article 73** The contents of a proposal shall be within the functions and powers of the general shareholders' meeting, shall have definite issues for discussion and specific resolutions, and shall comply with the relevant provisions of the laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association.

**Article 74** Where the Company convenes a general shareholders' meeting, the Board of Directors, the Board of Supervisors and shareholders individually or jointly holding more than 3% of the shares of the Company shall have the right to put forward proposals to the Company.

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

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

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

**Article 75** Where the Company convenes an annual general shareholders' meeting, a written notice shall be issued at least 20 business days (excluding both the date of notice and the date of meeting) prior to the annual general shareholders' meeting and at least 15 days or 10 business days (whichever is longer, and excluding both the date of notice and the date of meeting) prior to the extraordinary general shareholders' meeting. If the laws, regulations and the securities regulatory authorities of the place where the shares of the Company are listed provide otherwise, such provisions shall prevail.

An extraordinary general shareholders' meeting shall not resolve on matters not specified in the notice.

**Article 76** The notice of the general shareholders' meeting shall be made in writing, including the following contents:

- (I) The date, the place and the hour of the meeting;
- (II) The matters and proposals to be discussed at the meeting;
- (III) A conspicuous statement that all shareholders are entitled to attend the general shareholders' meeting and appoint a proxy in writing to attend and vote at the meeting and that such shareholder proxy need not be shareholder of the Company;
- (IV) Name and phone number of the standing contact person;
- (V) Information and explanations necessary for the shareholders to exercise an informed judgment on the proposals before them. It principally includes (but is not limited to), where a proposal is made to amalgamate the Company, to repurchase shares, to reorganize the share capital or to restructure the Company in any other way, the conditions of the proposed transaction must be provided in detail together with the proposed contract (if any), and the cause and consequence of such proposal must be properly explained;
- (VI) Disclosure of the nature and extent, if any, of the material interests of any Director, Supervisor, manager and other senior management members in the matter to be discussed and the effect of the proposed matter on such Director, Supervisor, manager and other senior management members in their capacity as shareholders in so far as it is different from the effect on the interests of the shareholders of the same class;
- (VII) The full text of any special resolution proposed to be voted at the meeting;
- (VIII) The date and place for serving the power of attorney authorizing the proxy to vote;
- (IX) The record date for the determination of the entitlements of shareholders to the general shareholders' meeting;
- (X) Other requirements stipulated in the laws, administrative regulations, regulations of the authorities, the regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Any notice and supplementary notice of general shareholders' meeting shall include the contents prescribed by the Hong Kong Listing Rules and the Articles of Association, and sufficiently and completely disclose all contents of all proposals. If any matter to be discussed requires opinions of the independent Directors, the opinions and reasons of the independent Directors shall be disclosed together with the issuance of such notice. The notice of the general shareholders' meeting of shareholders shall provide a full and clear explanation of the proposals and, for the proposal to be voted on, shall provide the Directors' advice on how the shareholders shall vote in the best interest of the shareholders as a whole. The notice should clearly state whether (and how) shareholders who participate in the general shareholders' meeting by remote means can vote.

If the Company needs to provide additional material information on matters proposed at the general shareholders' meeting, it shall provide such information no less than 10 working days in advance. The Company shall, if necessary, adjourn the general shareholders' meeting to ensure compliance with this provision.

**Article 77** If the election of Directors or Supervisors is proposed to be discussed at a general shareholders' meeting, the notice of the meeting shall adequately specify the detailed information on the Director or Supervisor candidates, which shall at least include:

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

Each candidate for a Director or a Supervisor shall be proposed via a single proposal.

**Article 78** Unless otherwise stipulated in the laws, regulations, the Hong Kong Listing Rules and the Articles of Association, the notice of a general shareholders' meeting shall be delivered by hand or prepaid mail to all shareholders (whether they are entitled to vote at the general shareholders' meeting or not). The address of the recipient shall be the address registered in the register of members. For holders of domestic shares, the notice of a general shareholders' meeting may also be in the form of an announcement.

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

Provided that complying with the requirements of laws, administrative regulations, regulations of the authorities, regulatory rules of the place where the Company's shares are listed and the Articles of Association and fulfilling relevant procedures, the notice of the general shareholders' meeting to H shareholders shall be published on the websites stipulated in the Hong Kong Stock Exchange or our website, instead of serving by special appointed person or prepaid mail. After the publication of such notice, the holders of foreign shares listed overseas shall be deemed to have received the notice of the relevant general shareholders' meeting.

**Article 79** The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by, any person entitled to receive such notice, shall not invalidate the meeting or the resolutions adopted thereat.

**Article 80** After issuing a notice of the general shareholders' meeting, the general shareholders' meeting shall not be delayed or cancelled without justified reasons, and proposals, as set out in the notice, shall not be called off. Once delay or cancellation occurs, the convener shall make announcement and explanation at least two working days before the original convening date. If the Company changes the venue or time of a general shareholders' meeting, it shall give full prior notice to the shareholders.

### **Section 5 Holding of General Shareholders' Meeting**

**Article 81** The Board of Directors of the Company or any other conveners shall take necessary measures to guarantee the good order of the general shareholders' meeting, take measures to deter any act disturbing the general 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 82** When a general shareholders' meeting is held, all shareholders whose names appear on the register of members on the record date or their proxies are entitled to attend the general shareholders' meeting and exercise their voting rights in accordance with the relevant laws, regulations and the Articles of Association.

**Article 83** Any shareholder who is entitled to attend the general shareholders' meeting and vote thereat may attend the general shareholders' meeting in person or appoint one or more proxies (who may not be a shareholder) to attend and vote on its behalf. A shareholder shall authorize his or her proxy in writing, and a power of attorney shall be signed by the proxy or the agent authorised in writing by the proxy. Where the proxy is a corporate, the chop of the corporate should be affixed, or the Director or the agent officially entrusted shall sign such power of attorney.

A shareholder proxy can exercise the following rights according to the entrustment of shareholder:

- (I) The same right as the shareholder to speak at the general shareholders' meeting;
- (II) Authority to demand a poll or join in such a demand;
- (III) The right to vote by show of hands or on a poll, except that, where a shareholder has appointed more than one proxy, his/her proxies may only exercise the voting rights when a poll is taken.

**Article 84** A shareholder attending the general shareholders' meeting in person shall present his or her identity card or other valid certificate or proof showing his or her identity. The proxy appointed by the shareholder shall present his or her identity card and power of attorney issued by the shareholder.



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

A shareholder shall authorize his or her proxy in writing, and a power of attorney shall be signed by the proxy or the agent authorised in writing by the proxy. Where the proxy is a corporate, the chop of the corporate should be affixed, or the Director or the agent officially entrusted shall sign such power of attorney.

**Article 85** The power of attorney issued by the shareholder authorizing his or her proxy to attend the general shareholders' meeting should contain the following:

- (I) The name of the proxy;
- (II) Whether or not the proxy has any voting right;
- (III) Instruction to vote for or against or abstain from voting on each and every issue included in the agenda of the general shareholders' meeting;
- (IV) The date of issue and validity period of the power of attorney;
- (V) Signature (or seal) of the appointer. If the appointer is a corporate shareholder, the chop of the corporate shall be affixed, or the Director or the agent or personnel officially entrusted shall sign such power of attorney.

**Article 86** Any blank power of attorney form sent by the Directors of the Company to the shareholder for appointing a shareholder proxy shall allow the shareholder, according to his or her free will, to instruct the shareholder proxy to vote in favor or against the related resolution(s) or to abstain from voting on such resolution(s), and provide instructions separately for matters to be put to vote on each item on the meeting agenda. The power of attorney shall specify whether the shareholder proxy could vote at his or her own discretion if the shareholder does not provide specific instructions.

**Article 87** The power of attorney must be kept at the Company's domicile or other location designated in the notice convening the meeting no later than 24 hours before the meeting at which the power of attorney is put to vote is convened or 24 hours before the designated time. If the power of attorney is signed by another person authorised by the appointor by means of power of attorney or other instrument of authorisation, the power of attorney or other instrument must be verified by a notary. The power of attorney or other instrument verified by the notary must be kept together with the power of attorney at the Company's domicile or other location designated at the notice convening the meeting.

If the appointer is a corporate shareholder, the legal representative (person in charge) or such person who is authorised by the resolution of the Board of Directors or other governing body to act as its representative may attend the general shareholders' meeting of the Company.

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

**Article 88** The votes of the shareholder proxy given pursuant to the terms of the power of attorney shall remain valid notwithstanding the death, loss of capacity of the appointor or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company does not receive written notice concerning such matters before the related meeting is convened.

**Article 89** The register of attendees of the general shareholders' meeting shall be prepared by the Company. Such register shall specify information such as the name of the persons (or units) attending the general shareholders' meeting, identity card number, residential address, number of shares or voting shares held, name of the persons (or units) the proxy represents.

**Article 90** The convener and the lawyers engaged by the Company shall jointly verify the validity of the shareholders' qualifications based on the register of members provided by the securities registration and clearing authority, and shall register the name of the shareholders as well as the number of their voting shares. Such registration shall be ceased prior to the announcement by the chairman of the general shareholders' meeting the number of shareholders and their proxies present at the meeting and the total number of their respective voting shares.

**Article 91** When a general shareholders' meeting is held, all Directors, Supervisors and secretary to the Board of Directors of the Company shall attend the meeting, and the general manager and other senior management members shall also be present at the meeting.

**Article 92** A general shareholders' meeting shall be convened by the Board of Directors and presided over by the chairman of the Board of Directors. Where the chairman of the Board of Directors is unable or fails to perform his duties, a Director shall be jointly elected by more than half of the Directors to preside over the meeting. In the event that no such designation is made, a shareholder as elected from the attending shareholders may preside over the meeting. If, for any reason, shareholders fail to elect the presider of the meeting, the shareholder (including shareholder proxy thereof, other than Hong Kong Securities Clearing Company Limited) holding the most voting shares thereat shall act as the presider of the meeting to preside over the meeting.

A general shareholders' meeting convened by the Board of Supervisors on its own shall be presided over by the chairman of the Board of Supervisors. Where the chairman of the Board of Supervisors is unable or fails to perform its duties, a Supervisor shall be jointly elected by more than half of the Supervisors to perform relevant duties.

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

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

**Article 93** The Company shall formulate the rules of procedures of the general shareholders' meeting to specify in details the convening and voting procedures of the general shareholders' meeting, including notice, registration, deliberation of proposal, votes, vote counting, announcement of voting results, formation of resolutions, minutes and the signatures thereon, as well as the principles of authorization by the general shareholders' meeting to the Board of Directors, the contents of such authorization shall be expressly specified. The rules of procedures of the general shareholders' meeting shall be an appendix to the Articles of Association and shall be formulated by the Board of Directors and approved at the general shareholders' meeting.

**Article 94** At the annual general shareholders' meeting, the Board of Directors and the Board of Supervisors shall report their respective work of the previous year to the general shareholders' meeting.

**Article 95** Directors, Supervisors and senior management members shall provide explanation and clarification to the inquiries and suggestions raised by the shareholders at the general shareholders' meeting.

**Article 96** The presider of the general shareholders' meeting shall, before voting, announce the number of shareholders and their proxies attending the meeting as well as the total number of voting shares, and the number of shareholders and their proxies attending the meeting and the total number of voting shares shall be subject to the registration of the general shareholders' meeting.

**Article 97** The general shareholders' meeting shall have meeting minutes, which shall be recorded by the secretary to the Board of Directors. The meeting minutes shall record the following:

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

**Article 98** The convener shall ensure the meeting minutes are true, accurate and complete. Directors, Supervisors, the secretary to the Board of Directors, the convener or his or her representative, and the presider of the meeting attending the meeting shall sign the meeting minutes. The meeting minutes and the signed attendance record of the shareholders who attended in person, the proxy forms for the proxies present at the meeting and the valid information relating to voting online and by other means shall be kept together for a term of not less than 10 years.

**Article 99** The convener shall ensure that a general shareholders' meeting is held continuously until final resolutions have been reached. Where the general 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 the meeting as soon as possible or the general shareholders' meeting shall be terminated directly.

### **Section 6 Voting and Resolutions of General Shareholders' Meeting**

**Article 100** The resolutions of the general shareholders' meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution may be adopted by a simple majority of the votes held by the Shareholders (including proxies of Shareholders) attending the general shareholders' meeting.

A special resolution can be adopted by a two-thirds majority of the votes held by the Shareholders (including proxies of Shareholders) attending the general shareholders' meeting.

**Article 101** The following matters shall be approved by the general shareholders' meeting through ordinary resolutions:

- (I) Work report of the Board of Directors and the Board of Supervisors;
- (II) Plans of earnings distribution and loss make-up schemes drafted by the Board of Directors;
- (III) Appointment or dismissal of the members of the Board of Directors and the Board of Supervisors, and their payment and payment methods;
- (IV) Annual budget and final accounts report, balance sheet, income statement and other financial statements of the Company;
- (V) Annual report of the Company;
- (VI) Consideration and approval of transactions specified in Article 62;
- (VII) Other matters other than those approved by special resolution stipulated in the laws, administrative regulations, regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

**Article 102** The following matters shall be approved by special resolution at the general shareholders' meeting:

- (I) The increase or decrease of the registered capital, or the issuance of shares, warrants or other quasi-securities of the Company;
- (II) The issuance of corporate bonds;
- (III) Division, merger, dissolution and liquidation of the Company and the change of form of the Company;
- (IV) Amendment of the Articles of Association;
- (V) Substantial assets acquired or disposed of or security provided for an amount exceeding 30% of the latest audited total assets of the Company within one year;
- (VI) Other matters as required by the laws, administrative regulations, departmental rules, regulatory rules of the place where the shares are listed or the Articles of Association, and as approved by ordinary resolution of the general shareholders' meeting which are believed could materially affect the Company and need to be approved by special resolution.

**Article 103** When shareholders (including his/her proxy) vote at the general shareholders' meeting, they shall exercise their voting rights based on the number of shares held. Each share shall have one vote.

For any issue which shareholders shall abstain from voting or can only vote either in favor of or against pursuant to Hong Kong Listing Rules, the shareholders shall abstain from voting according to such regulations. Any votes in violation of the relevant regulations or restrictions casted by the shareholders or their proxies will not be calculated into the voting results.

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

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

**Article 104** Where matters relating to connected transactions (as defined under the Hong Kong Listing Rules) are deliberated at the general shareholders' meeting, the connected shareholders and their close associates (as defined under the Hong Kong Listing Rules) shall not participate in the voting, and the shares carrying the voting rights they represent shall not be counted in the total number of valid votes. The announcement of resolutions of the general shareholders' meeting should fully disclose the voting status of the non-connected persons.

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

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

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

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

**Article 105** The Company shall, on the condition that the general shareholders' meeting is legally and validly held, facilitate the attending of the general shareholders' meeting by shareholders through various means and methods.

**Article 106** The name list of candidates for directors and supervisors shall be submitted by way of proposal to the general shareholders' meeting for voting.

**Article 107** The general shareholders' meeting shall resolve on all the proposals separately; in the event of several proposals for the same issue, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the general shareholders' meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the general shareholders' meeting.

**Article 108** No amendment shall be made to a proposal when it is considered at a general shareholders' meeting, otherwise, the relevant amendment shall be deemed as a new proposal and shall not be voted on at the general shareholders' meeting.

**Article 109** Unless the resolutions on relevant procedures of a general shareholders' meeting or administrative matters which can be decided by the chairman in the spirit of honesty and credibility and shall be voted on by show of hands, voting for a general shareholders' meeting shall be made by ballot.

Above procedural or administrative matters are those that:

1. are not on the agenda of the general shareholders' meeting or in any supplementary circular to members; and
2. which relate to the presider's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing the shareholders a reasonable opportunity to express their views.

If the chairman of the meeting decides to vote by a show of hands, voting at general shareholders' meetings shall be conducted by a show of hands unless the following persons require voting by poll before or after voting by a show of hands:

- (I) chairman of the meeting;
- (II) at least two shareholders with voting rights or proxies thereof;
- (III) one or certain shareholders (including proxies) severally or jointly holding 10% or more of shares with voting rights at the meeting.

If the chairman of the meeting decides to vote by a show of hands, unless a poll is demanded, the announcement by the chairman that whether the proposals have been passed based on the results of voting by a show of hands and the recording of such in the minutes shall be conclusive evidence. There is no need to provide evidence of the number or proportion of votes in favor of or against such resolution at the meeting.

The demand for a poll may be withdrawn by the person who demanded the same

**Article 110** A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matter shall be taken at such time as the chairman of the meeting directs, and the meeting may proceed to discuss other matters, while the result of the poll shall still be deemed to be a resolution passed at that meeting.

**Article 111** When proposals are voted on at the general shareholders' meeting, the shareholders' representative and supervisors' representative and other relevant persons appointed according to the Hong Kong Listing Rules shall be jointly responsible for the counting and monitoring of the ballots and shall announce the voting results on the spot, voting results of which shall be recorded in the meeting minutes according to the Hong Kong Listing Rules.

**Article 112** A general shareholders' meeting shall be held by the venue meeting or other means permitted by laws and regulations.

Physical general shareholders' meetings shall not end any earlier than that held through network or by any other means. The presider shall announce the voting result of every proposal and announce whether the proposal is passed or not according to the voting result.

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

**Article 113** Shareholders who attend the general shareholders' meeting in person shall express one of the following indications about the proposal submitted for voting: for, against or abstain. China Securities Depository and Clearing Co., Ltd. is the nominee holder of shares transacted through the mutual connection mechanism between stock markets in Mainland China and Hong Kong, except for reporting on indications expressed by beneficial shareholders.

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

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

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

When the number of votes for and against a resolution is equal, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to cast one additional vote.

**Article 114** If the presider has any doubt as to the result of a resolution which has been put to vote at the general shareholders' meeting, he/she may have the ballots counted. If the presider has not counted the ballots, any shareholder who is present in person or by proxy and who objects to the result announced by the presider may, immediately after the declaration of the voting result, demand that the ballots be counted and the presider shall have the ballots counted immediately.

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

**Article 115** Resolutions of the general shareholders' meeting shall be announced in due time according to the relevant laws, regulations, departmental rules, regulatory documents, regulatory rules of the place where the shares of the Company are listed or the Articles of Association. The announcement of resolutions shall specify the number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of the voting shares of the Company, the total number of shares required to abstain from voting in the concurring votes and/or voting as requested by the regulatory rules of the place where the shares of the Company are listed to individual proposals (if any), whether the shareholder who is required to abstain from voting has given up the voting right, the voting method, the voting result of each resolution and the details of each of the resolutions passed.

**Article 116** Where a proposal on election of directors or supervisors is passed at the general shareholders' meeting, the term of office of a new director or supervisor shall commence on the date on which resolutions of the general shareholders' meeting for election such director or supervisor are approved.

**Article 117** Shareholders may examine photocopies of the minutes of meetings during the Company's office hours free of charge. If any shareholder requests for a photocopy of the relevant minutes of meetings, the Company shall send such photocopies within seven (7) days upon receipt of the payment for reasonable charges.



## Section 7 Special Procedures for Voting at Class Meetings

**Article 118** Shareholders who hold different classes of shares shall be shareholders of different classes. Shareholders of different classes shall enjoy rights and undertake obligations in accordance with the laws, administrative regulations, Hong Kong Listing Rules and the Articles of Association. All class shareholders shall enjoy equal rights to receive dividends or other forms of distributions.

**Article 119** Any plan of the Company of changing or abolishing the rights of a classified Shareholder is subject to the approval of the general shareholders' meeting in the form of a special resolution and the approval of the affected classified shareholders at a separately convened the shareholders' meeting in accordance with Article 121 to 125 stipulated in the Articles of Association before it can be implemented.

Upon approval from the competent securities regulatory authorities of the State Council and approved by the Hong Kong Stock Exchange, the shareholders of domestic unlisted shares of the Company may transfer all or part of their shares to overseas investors and list and trade the said shares on foreign stock exchanges, or convert all or part of the domestic unlisted shares into overseas listed foreign shares and list and trade the said shares on foreign stock exchanges, which shall not be deemed to be a proposed change or nullification of the rights conferred on any class of shareholders.

**Article 120** The rights of a classified Shareholder shall be deemed as changed or abolished under the following circumstances:

- (I) Increase or decrease the number of the classified shares, or increase or decrease the number of classified shares with equal or more voting rights, distribution rights, other privileges than this type of classified shares;
- (II) Convert all or part of the classified shares into other classes or convert another class of shares, partly or wholly, into the shares of such class, or grant such conversion rights;
- (III) Remove or reduce the right of the classified shares to accrued dividends generated or rights to cumulative dividends;
- (IV) Reduce or remove a dividend preference or a liquidation preference attached to shares of such class;
- (V) Add, remove or reduce the right of the classified shares to convert share rights, options rights, voting rights, transfer rights, and pre-emptive rights, or the right to obtain the securities of the Company;
- (VI) Remove or reduce the right of the classified shares to receive funds payable of the Company in specified currencies;
- (VII) Create new classified shares entitled to equal or more voting rights, distribution rights, or other privileges than the classified shares;
- (VIII) Restrict the transfer or ownership of the classified shares or increase such restrictions;

- (IX) Issue subscription or conversion rights for this or other classified shares;
- (X) Increase the rights and privileges of other classes of shares;
- (XI) The restructuring plan of the Company may constitute different classes of shareholders to assume responsibilities disproportionately in restructuring; and
- (XII) Amend or abolish clauses stipulated in this section.

**Article 121** Whether or not the affected classified shareholders have voting rights at the shareholders' meeting, in the event of matters described above from (II) through (VIII), (XI) to (XII), they have voting rights at the classified shareholders' meeting, but the shareholders that have interests at stake shall have no voting rights at the classified shareholders' meeting.

The meaning of "shareholders that have interests at stake" in the preceding paragraph is:

- (I) Where the Company makes an offer to all the shareholders at the same ratio according to this Articles of Association or purchase their own shares through public transaction in the stock exchange, shareholders that have interests at stake refer to controlling shareholders as defined in this Articles of Association;
- (II) Where the Company purchase its own shares through an agreement outside the stock exchange in accordance with the Articles of Association, shareholders that have interests at stake shall mean the shareholders who are relevant to such agreement;
- (III) In the Company's restructuring plan, shareholders that have interests at stake shall mean Shareholder who bear liability at a rate that is lower than other shareholders in the same class or who hold different interests with other shareholders in the same class.

**Article 122** The resolution of the classified shareholders' meeting shall be passed by votes representing more than two thirds of shareholding with voting rights attending the classified shareholders' meeting in accordance with the preceding Article.

**Article 123** When the Company is to hold a classified shareholders' meeting, it shall send a written notice to inform all registered shareholders of that class on the matters to be considered at the meeting as well as the date and venue of the meeting as required in Article 75 under the Articles of Association.

If the number of shares carrying voting rights at the meeting represented by the shareholders who intend to attend the classified shareholders' meeting reaches more than half of the shares which have the right to vote at the classified shareholders' meeting, the Company may convene the classified shareholders' meeting; if not, the Company shall, within five days, notify the shareholders of the class by public announcement of the matters to be considered, the date and the venue for the classified shareholders' meeting. The Company may then convene the classified shareholders' meeting after the publication of such notice.

Where there are special rules in the regulatory rules in the place where the shares of the Company are listed, the special rules prevail.

**Article 124** Notice of classified shareholders' meetings need only be served on shareholders entitled to vote thereat.

Insofar as possible, any classified shareholders' meeting shall be held in accordance with the same procedures as those of the shareholders' meeting, and unless otherwise provided in the Articles of Association, any clause that relates to the procedures for convening the general shareholders' meeting in the Articles of Association shall apply to classified shareholders' meeting.

**Article 125** Apart from the holders of other classified shares, the holders of domestic shares and the holders of overseas listed foreign shares are deemed as different classified shareholders. The special procedures for voting by the classified shareholders shall not apply under the following circumstances:

- (I) Upon the approval by a special resolution at the general shareholders' meeting, the Company either separately or concurrently issues domestic shares and overseas listed foreign shares once every 12 months, and the number of those domestic shares and overseas listed foreign shares to be issued shall not account for more than 20% of each of its outstanding shares;
- (II) The plan to issue domestic shares and overseas listed foreign shares upon the establishment of the Company is completed within 15 months of the date of approval by the securities regulatory authorities of the State Council;
- (III) Upon approval from the competent securities regulatory authorities of the State Council and approved by the Hong Kong Stock Exchange, the shareholders of domestic unlisted shares of the Company transfers their shares to overseas investors, or the shareholders of domestic unlisted shares of the Company are approved to convert all or part of the domestic shares into foreign shares, and list and trade the said shares on foreign stock exchanges.

## **CHAPTER 5 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 126** Directors shall be elected or replaced at the general shareholders' meeting and serve a term of three years. The term of a Director is renewable by re-election after its expiry. A director is not required to hold any shares of the Company.

Written notice concerning proposed nomination of a director candidate and indication of the candidate's intention to accept the nomination shall be sent to the Company 7 days before the general shareholders' meeting is convened (the period will commence no earlier than the day after the despatch of the notice of the general shareholders' meeting and end no later than 7 days prior to the date of such meeting). A director's term of service commences from the date he/she takes office, until the current term of service of the Board ends. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until a re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office.

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

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

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

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

**Article 127** The directors shall comply with the laws, administrative regulations and the Articles of Association and shall faithfully perform their following obligations to the Company:

- (I) not to abuse their powers to accept bribes or other unlawful income and not to misappropriate the properties of the Company;
- (II) not to misappropriate the Company's capital;
- (III) not to deposit the Company's assets or capital into accounts under his own name or the name of other individuals;
- (IV) not to loan company funds to others or providing guarantees in favor of others supported by the Company's assets in violation of the Articles of Association or without prior approval of the general shareholders' meeting or Board of Directors;
- (V) not to enter into contracts or deal with the Company in violation of the Articles of Association or without prior approval of the general shareholders' meeting;
- (VI) not to use their position to procure business opportunities for themselves or others that should have otherwise been available to the Company or operating for their own benefits or managing on behalf of others businesses similar to that of the Company without prior approval of the general shareholders' meeting;
- (VII) not to accept and possess commissions in relation to transactions conducted with the Company;
- (VIII) not to disclose the secrets of the Company without consent;

- (IX) not to use their connections to harm the interests of the Company;
- (X) to be bound by other duties of loyalty stipulated by the laws, administrative regulations, departmental rules and the Articles of Association.

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

**Article 128** The directors shall comply with the laws, administrative regulations and the Articles of Association and shall diligently perform their following obligations to the Company:

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

**Article 129** A director who fails to attend two consecutive meetings of the Board in person or by proxy (attending or voting at the meeting of Board of Directors by means of communication is deemed to attend in person) shall be deemed as unable to perform his/her duties. The Board shall propose to the general shareholders' meeting for removal of such director.

**Article 130** A director may resign before expiry of his/her term of service. When a director resigns, he/she shall submit a written resignation notice to the Board. The Board of Directors shall disclose information regarding such resignation within 2 days.

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

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

**Article 131** When a director's resignation takes effect or his/her term of service expires, the director shall complete all transfer procedures with the Board. His/her loyal duties towards the Company and the shareholders do not necessarily cease after the end of his/her term of service. The duty of confidentiality in respect of trade secrets of the Company shall still be in effect after the end of his/her term of office, until such trade secrets become publicly available information. The period for which other loyal duties may continue is determined according to the principle of fairness as well as the combined factors such as the nature of matter, the importance to the Company, the time of impact on the Company and the relationship with such director.

**Article 132** Unless legally authorized by the Articles of Association or the Board of Directors, no director shall act on behalf of the Company or the Board of Directors in his/her own name. When a director acts in his/her own name and a third party reasonably considers such director acts on behalf of the Company or the Board of Directors, such director shall declare in advance his/her position and capacity.

**Article 133** A director shall be personally liable for any loss suffered by the Company as a result of a violation by him of any laws, administrative regulations, departmental rules or the Articles of Association in the course of performing his/her duties.

**Article 134** The Company shall have independent directors (equivalent to the independent non-executive directors referred to in the Hong Kong Listing Rules), whose qualification requirements, nomination and selection procedures, term of office, resignation, and function and power shall be implemented in accordance with the relevant provisions of laws, administrative regulations, departmental rules and regulatory rules of the place where the Company's shares are listed. Unless otherwise stipulated in this Chapter, the provisions of the Articles of Association concerning the qualifications and duties of directors shall apply to independent directors.

**Article 135** Independent directors shall faithfully execute their duties and protect the Company's interests, especially ensuring that the legal rights and interests of public shareholders will not be infringed and the interests of all shareholders will be adequately represented. The powers and duties and relevant matters relating to independent directors shall be executed in accordance with laws, administrative regulations, department rules and regulatory rules of the place where the Company's shares are listed.

## **Section 2 The Board of Directors**

**Article 136** The Company shall have a Board of Directors accountable to the general shareholders' meeting.

**Article 137** The Board of Directors shall comprise nine Directors and shall have one Chairman. More than one third of the members of the Board of Directors shall be independent Directors at any time and the total number of independent Directors should not be less than three, and at least one of them shall possess appropriate professional qualifications that meet regulatory requirements or have appropriate accounting or related financial management expertise.

**Article 138** The Board of Directors is responsible to the general shareholders' meeting and exercises the following powers:

- (I) Convene the general shareholders' meetings and report on work to the general shareholders' meeting;
- (II) Implement the resolutions of the general shareholders' meetings;
- (III) Determine the business and investment plans of the Company;
- (IV) Devise the annual financial budgets and final accounting plans of the Company;
- (V) Devise the profit distribution plan and loss makeup plan of the Company;
- (VI) Formulate the plans for the Company in respect of increase or reduction of registered capital, issue of bonds or other securities and the listing thereof;
- (VII) Formulate plans for material acquisitions, purchase of shares of the Company, merger, division, dissolution or transformation of the Company;
- (VIII) Determine guarantees which fail to meet the approval criteria of the general shareholders' meeting;
- (IX) Examine and approve the transactions matters specified in Article 141 of the Articles of Association;
- (X) Determine the matters specified in the Management Measures on Connected Transactions that shall be approved by the Board of Directors;
- (XI) Decide on the setup of the Company's internal management organisation;
- (XII) Appoint or dismiss the general manager and secretary of the Board of Directors of the Company; based on the nomination of the general manager, appoint or dismiss senior management of the Company such as the chief finance officer, and determine his/her remunerations, rewards and penalties;
- (XIII) Set the basic management systems of the Company;
- (XIV) Make the modification plan to the Articles of Association;
- (XV) Propose the appointment or replacement of the accounting firm that performs audits for the Company at the general shareholders' meeting;
- (XVI) Attend to the work report of the Company's general manager and review the work of the general manager;

(XVII) Manage the disclosure of company information;

(XVIII) Other powers and duties authorised by the laws, administrative regulations, regulations of the authorities, listing rules of the place where the shares of the Company are listed or the Articles of Association.

The above resolutions adopted by the Board of Directors, except those in (VI), (VII) and (XIV) must be approved by more than a two-thirds vote of the Directors, may be approved by more than half of the votes by the Directors.

**Article 139** In any case that the Board of Directors intends to dispose assets, if the sum of the expected value of the fixed assets to be disposed of and the value derived from the disposal of fixed assets within four months before such proposal to dispose of the fixed assets exceeds 33% of the value of the fixed assets as indicated on the latest audited balance sheet considered and approved by the general shareholders' meeting, the Board of Directors shall not dispose of or agree to dispose of the fixed assets without the approval of the general shareholders' meeting.

A disposition of fixed assets mentioned herein includes certain acts of transfer of interests in assets but does not include the provision of fixed assets as security.

The validity of the transactions with respect to the disposal of fixed assets of the Company shall not be affected by the violation of the above provisions in paragraph 1 of this Article.

**Article 140** The Board of Directors shall formulate the rules of procedure for meetings of the Board of Directors to ensure the implementation by the Board of Directors of the resolutions of general shareholders' meeting, to improve efficiency and to have scientific decision-making. The rules of procedures for the Board of Directors shall be appended to the Articles of Association. It shall be formulated by the Board of Directors and approved by the general shareholders' meeting.

**Article 141** [Deleted]

**Article 142** The Chairman of the Company shall be elected and removed by a majority of all members of the Board of Directors. The Chairman shall be appointed for a term of 3 years and may serve consecutive terms if re-elected.

**Article 143** The chairman of the Board of Directors shall exercise the following functions and powers:

- (I) to preside over general shareholders' meetings, and convene and preside over meetings of the Board of Directors;
- (II) to supervise and check the implementation of resolutions passed by the Board of Directors;
- (III) to sign the share certificates, corporate bonds and other securities issued by the Company;
- (IV) to sign the important documents of the Board of Directors;



- (V) in the event of emergency situations such as the occurrence of large-scale natural disasters, to take special steps in handling the Company's business according to the laws and the Company's interest; and to report to the Company's Board of Directors and general shareholders' meeting afterwards;
- (VI) Other functions and powers conferred by the Board of Directors or laws, administrative regulations and regulatory rules of the place where the shares of the Company are listed.

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

**Article 144** Where the chairman is unable to or does not perform the duty, a Director nominated by more than half of the Directors shall perform the duty.

**Article 145** The Board of Directors shall discuss matters in the form of meetings of the Board of Directors. Meetings of the Board of Directors include regular meetings and extraordinary meetings. Regular meetings of the Board of Directors shall be held at least 4 times a year and shall be convened by the chairman. Notice of a regular meeting of the Board of Directors shall be given to all Directors and Supervisors at least 14 days in advance.

**Article 146** An extraordinary meeting of the Board of Directors may be held by request of shareholders representing more than 10% of the voting rights or by request of more than one-third Directors, half of independent Director or Supervisors, chairman or general managers. The chairman shall convene and preside over a meeting of the Board of Directors within 10 days after receipt of the proposal.

**Article 147** The notice of an interim meeting of the Board of Directors shall be served on all Directors and Supervisors in writing three days before the meeting. In case of emergency, the service of notices for an extraordinary meeting of the Board of Directors shall not be subject to the time-limit stated in the preceding paragraph.

**Article 148** A notice of meeting of the Board of Directors shall at least contain the following contents:

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

**Article 149** The meeting of the Board of Directors shall be held upon the attendance of more than half of Directors. A resolution of the Board of Directors must be passed by more than half of all Directors of the Company. When the Board of Directors is considering the external guarantee provided by the Company, the resolution must be passed by more than two-thirds of the Directors.

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

**Article 150** If a Director or any of his/her close associates (as defined under the Hong Kong Listing Rules) has a material interest or connection with the matters considered at the meeting of the Board of Directors, such Director shall not vote, or vote on behalf of other Directors, on the resolution when such matters are considered at the Board of Directors, nor shall he/she be counted in the quorum for attending the meeting. The meeting of the Board of Directors may be held when more than half of the non-connected Directors attend the meeting. The resolution of the meeting of the Board of Directors shall be passed by more than half of the non-connected Directors attending the meeting. If the number of non-connected Directors attending the meeting is less than 3, the issue shall be submitted to the general shareholders' meeting for consideration.

**Article 151** Voting at meeting of the Board of Directors shall be conducted by open ballot or by a show of hands.

Meeting of the Board of Directors can be held and vote can be casted thereat by means of on-site meeting, communication, and a combination of on-site meeting and communication.

**Article 152** Directors shall attend the meetings of the Board of Directors in person. Where a Director is unable to attend a meeting for any reason, he/she may, by a written power of attorney, appoint another Director to attend the meeting on his/her behalf. The power of attorney shall set out the name of the attorney, issues under authorization, scope of authorization and valid period, which will be signed or sealed with the chop by the appointing Director. A Director appointed as a representative of another Director to attend the meeting shall exercise the rights of a Director within the scope of authority conferred by the appointing Director. Where a Director is unable to attend a meeting of the Board of Directors and has not appointed a representative to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

**Article 153** The Board of Directors shall keep minutes of resolutions passed at the meetings of the Board of Directors. The minutes shall be signed by the Directors present at the meeting.

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

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

**Article 154** The minutes of a Board meeting shall include the following contents:

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

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

**Article 155** The Board of Directors of the Company shall establish the audit committee, and shall establish the nomination committee, the remuneration committee and other relevant special committees, if needed. Special committees are accountable to the Board of Directors and shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Proposals shall be submitted to the Board of Directors for consideration and approval. Each of the special committees shall be comprised of Directors. In particular, more than half of the members of the nomination committee and the remuneration committee are independent Directors; the chairman of the remuneration committee shall be an independent Director; the chairman of the nomination committee shall be the chairman of the Board of Directors or an independent Director; and all members of the audit committee shall be non-executive Directors, at least one of whom shall possess appropriate professional qualifications as required under the Hong Kong Listing Rules or possess appropriate accounting or relevant financial management expertise. The chairman of each of the special committees shall be appointed and dismissed by the Board of Directors.

**Article 156** The Board of Directors is responsible for formulating the rules of procedure and working rules of the special committees and stipulating the composition, functions and procedures of the special committees to regulate the operation of each special committee.

**Article 157** The special committees are ad hoc committees under the Board of Directors which provide advice or advisory opinions to the Board of Directors on material decisions. The special committees shall not make any decision in the name of the Board of Directors. However, the committees may exercise decision-making power in respect of the authorized matters in accordance with a special power given by the Board of Directors.

**Article 158** Each of the special committees can engage intermediate organization to provide professional advises according to the actual requirement with the cost borne by the Company.

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

## CHAPTER 6 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT

**Article 159** The Company shall have one general manager and one secretary to the Board of Directors, and the general manager, deputy general manager, secretary to the Board of Directors and chief financial officer of the Company are senior management of the Company, who shall be appointed and dismissed by the Board of Directors.

**Article 160** The general manager of the Company, in exercising his functions and powers, shall act honestly and diligently in accordance with the laws, administrative regulations and the Articles of Association.

**Article 161** Any person holding a position other than a non-executive position in the Company's controlling shareholder, de facto controller and their close associates (as defined under the Hong Kong Listing Rules) shall not serve as Directors or senior management of the Company.

**Article 162** The term of office of the general manager shall be 3 years, renewable upon re-appointment at expiry of one term.

**Article 163** The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

- (I) to manage the production, operation and administration of the Company, arrange for the implementation of the resolutions of the Board of Directors, and report to the Board of Directors;
- (II) to arrange for the implementation of the Company's annual operation plans and investment proposals;
- (III) to formulate proposals for the establishment of the Company's internal management organs;
- (IV) to formulate the fundamental management system of the Company;
- (V) to formulate the specific rules and regulations of the Company;
- (VI) to recommend the appointment or dismissal of deputy general managers and chief financial officer of the Company by the Board of Directors;
- (VII) to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the Board of Directors);
- (VIII) to review and approve transactions that do not meet the standards stipulated in the Articles of Association that require the approval of the general shareholders' meeting or the Board of Directors;
- (IX) to exercise any other functions and powers conferred by the Articles of Association or the Board of Directors.

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

**Article 164** The general manager shall formulate working rules of the general manager which shall be implemented after being approved by the Board of Directors.

**Article 165** The working rules of the general manager shall include:

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

**Article 166** The general manager and other senior management may resign before expiry of his term of office. The specific procedures and methods for such resignation shall be specified in the employment contract concluded by such personnel and the Company.

**Article 167** The deputy general manager and chief financial officer shall be nominated by the general manager and shall be appointed or dismissed by the Board of Directors.

**Article 168** The Company shall have a secretary to the Board of Directors, who shall be held by a natural person with requisite professional knowledge and experience and shall be appointed by the Board of Directors. The major duties of the secretary to the Board of Directors are:

- (I) to ensure that the Company has complete organization documents and records;
- (II) to ensure that the Company legally prepares and submits reports and documents as required by relevant competent authorities;
- (III) to ensure that register of members of the Company is established appropriately and ensure that persons who are entitled to obtain the Company's records and documents can timely obtain the relevant records and documents;

**Article 169** A Director or other senior management of the Company may also act as the secretary to the Board of Directors of the Company. Accountants of the accounting firm appointed by the Company shall not act as the secretary to the Board of Directors.

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

**Article 170** If the senior management violates laws, administrative regulations, department rules or the Articles of Association when performing his duties in the Company, he/she shall indemnify the Company against losses incurred due to such violation.

## CHAPTER 7 BOARD OF SUPERVISORS

### Section 1 Supervisors

**Article 171** The Directors, general manager and other senior management may not concurrently take the position of Supervisors.

**Article 172** The Supervisors shall observe laws, administrative regulations and the Articles of Association. They shall assume the duties of loyalty and due diligence to the Company, faithfully perform their supervisory duties and shall not accept any bribery or other illegal income by using his powers and position or seize the assets of the Company in any manner.

**Article 173** Each term of office of a Supervisor is three years and he/she may serve consecutive terms if re-elected upon expiry.

**Article 174** A Supervisor shall continue to perform his/her duties as a Supervisor in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected Supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of the Supervisor results in the number of Supervisors being less than the quorum.

**Article 175** Supervisors may attend meetings of the Board of Directors and make enquiries or proposals in respect of the resolutions of such meetings.

**Article 176** A Supervisor shall not take advantage of his connection with the Company to harm interests of the Company and shall indemnify the Company against losses caused thereby.

**Article 177** If a Supervisor violates laws, administrative regulations, department rules or the Articles of Association when performing his duties in the Company, he/she shall indemnify the Company against losses incurred due to such violation.

### Section 2 Board of Supervisors

**Article 178** The Company shall have a Board of Supervisors. The Board of Supervisors comprises three Supervisors. It shall have one chairman. The election or removal of the chief Supervisor shall be determined by two-thirds or more of the members of the Board of Supervisors. The chief Supervisor shall convene and preside over Board of Supervisors meetings. Where the chief Supervisor is incapable of performing, or is not performing his/her duties, a Supervisor nominated by more than half of the Supervisors shall convene and preside over meetings of the Board of Supervisors.

The Board of Supervisors shall include shareholder representative Supervisors and a proper proportion of employee representative Supervisors. The proportion of employee representative Supervisors in the Board of Supervisors shall be no less than one third of the Supervisors appointed. The employee representatives of the Board of Supervisors shall be elected at the employee representatives' meeting, employee meeting or otherwise democratically. The shareholder representatives of the Board of Supervisors shall be elected and removed by the general shareholders' meeting.

**Article 179** The Board of Supervisors shall be accountable to the general shareholders' meeting and exercises the following functions and powers in accordance with the law:

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

**Article 180** All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors as are required by the Board of Supervisors in exercising its functions and powers shall be borne by the Company.

**Article 181** There are two types of Board of Supervisors meeting: regular meeting of the Board of Supervisors and extraordinary meeting of the Board of Supervisors. The Board of Supervisors shall hold one regular meeting at least every six months and at least two meetings every year, which shall be convened by the chairman of the Board of Supervisors. A Supervisor may propose to convene an extraordinary meeting of the Board of Supervisors.

If a Supervisor fails to attend in person for two consecutive times (a Supervisor who attends or votes at the meeting of the Board of Supervisors by means of communication is deemed to have attended in person), and does not entrust other Supervisors to attend the meeting of the Board of Supervisors, he/she shall be deemed unable to perform his/her duties and shall be replaced by the general shareholders' meeting or the employee representative meeting.

**Article 182** The notice convening a regular or an extraordinary meeting of the Board of Supervisors shall be served to all Supervisors ten days and three days in advance, respectively. In case of emergency, the service of notices for an extraordinary meeting of the Board of Supervisors shall not be subject to the time-limit stated in the preceding paragraph.

**Article 183** Notice of the Board of Supervisors meeting shall at least include:

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

**Article 184** Meetings of the Board of Supervisors can be held and vote can be casted thereat by means of on-site meeting, communication and a combination of on-site meeting and communication.

Each Supervisor shall have one vote. Supervisors shall attend the meetings of the Board of Supervisors in person. Where a Supervisor is unable to attend a meeting for any reason, he/she may, by a written power of attorney, appoint another Supervisor to attend the meeting on his/her behalf. The power of attorney shall set out the name of the attorney, issues under authorization, scope of authorization and valid period, which will be signed or sealed with the chop by the appointing Supervisor. A Supervisor appointed as a representative of another Supervisor to attend the meeting shall exercise the rights of a Supervisor within the scope of authority conferred by the appointing Supervisor.

A resolution of the Board of Supervisors must be approved by two-thirds or more of the Supervisors.

**Article 185** The Board of Supervisors shall formulate procedural rules to be followed at meetings of the Board of Supervisors, specify the method for discussions and the voting procedures of the Board of Supervisors, so as to ensure the working efficiency and scientific decision making of the Board of Supervisors.

**Article 186** The Board of Supervisors shall record decision on matters discussed in the minutes for the meeting. Supervisors who attended the meeting shall sign on the minutes for the meeting.

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

When voting by means of communication, the Supervisors shall fax their written opinions and voting intentions on the matters considered to the office of the Board of Supervisors after being signed and confirmed. The Supervisors participating in the voting by means of communication shall submit the original signed ballots to the Board of Supervisors within the time limit as stipulated in the notice of the meeting.



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

**Article 187** None of the following persons shall serve as a Director, Supervisor, general manager or other senior management of the Company if any of the following circumstances applies:

- (I) A person who has no civil capacity or has limited civil capacity;
- (II) A person who has been imposed penalty for the offense of corruption, bribery, embezzlement, misappropriation of property, or disrupting the social economic order and is within five years of the expiry date of punishment or has been deprived of political rights because of this conviction and is within five years of the expiry date of the sentence;
- (III) A person who is a former director, factory manager or general manager of a company or enterprise that is bankrupt and liquidated because of poor operation, was personally liable for the bankruptcy of such company or enterprise, and is within three years of the date of completion of bankruptcy and liquidation of such company or enterprise;
- (IV) a person who is a former legal representative of a company or enterprise which had its business licence revoked due to a violation of the law and who incurred personal liability, where less than three years has elapsed since the date of the revocation of the business licence;
- (V) a person who has a relatively large sum of debt, which was not paid at maturity;
- (VI) A person who is investigated by the judicial agencies for violation of criminal law and whose case is pending;
- (VII) A person who is prohibited to serve leadership in a company pursuant to laws and administrative regulations;
- (VIII) A person who is not a natural person;
- (IX) A person judged by the competent agencies to have violated the provisions of relevant securities laws, being involved in deceptive or dishonest acts and is within five years of the date on which the judgment was made;
- (X) Any other person who is otherwise not eligible under laws, administrative regulations, regulations of the authorities, regulatory documents and other conditions set out by the relevant regulatory bodies.

The election, appointment or employment of the Directors, Supervisors, general manager or other senior management shall be invalid if such election, appointment or employment is against the provisions of this Article. If the Directors, Supervisors, general manager or other senior management falls into the situations provided in this Article during their term of office, they would be dismissed by the Company.

**Article 188** The validity of an act of the Directors, general manager and other senior management on behalf of the Company to bona fide third parties shall not be affected by any irregularities in their appointment election or qualifications.

**Article 189** Apart from the obligations set forth in related laws, administrative regulations or the listing rules of the stock exchange where the shares of the Company are listed, the Directors, Supervisors, general manager and other senior management shall assume the following obligations for each of the shareholders when exercising their rights and performing their responsibilities:

- (I) They shall not cause the Company to operate beyond the scope of business indicated on its business license
- (II) They shall sincerely take the best interests of the Company as the starting point of any action;
- (III) They may not deprive the Company of our assets in any manner, including, but not limited to, opportunities beneficial to the Company;
- (IV) They shall not expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to the corporate restructuring submitted to the general shareholders' meetings for approval in accordance with the Articles of Association.

**Article 190** The Directors, Supervisors, general manager and other senior management of the Company have the responsibility when exercising their rights or carrying out their obligations to act with the care, diligence and skill due from a reasonably prudent person under similar circumstances.

**Article 191** When performing their duties, the Directors, Supervisors, general manager and other senior management of the Company must comply with the principle of integrity and shall not put themselves in situations where their own interests may conflict with the obligations they have undertaken. This principle includes, without limitation, performing the following obligations:

- (I) Acting honestly in the best interests of the Company as the starting point of any action;
- (II) Exercising powers within and not exceeding the scope of authority;
- (III) Exercising conferred discretionary powers personally without being manipulated by others; not transferring discretionary powers to other persons unless permitted by laws, administrative regulations or with the informed consent given in a general shareholders' meeting;
- (IV) Treating Shareholders of the same class equally and Shareholders of different classes fairly;
- (V) Entering into contract, transaction or arrangement with the Company is not allowed, unless in line with the Articles of Association or otherwise by the approval of the general shareholders' meeting with its full knowledge;

- (VI) Seeking private gain using the properties of the Company in any manner is not allowed, unless agreed by the general shareholders' meeting with its full knowledge;
- (VII) Using one's position to take bribes or other illegal income is not allowed, nor is any form of embezzlement of our property, including, but not limited to, opportunities beneficial to the Company;
- (VIII) Accepting commissions associated with transactions of the Company is not allowed unless agreed by the general shareholders' meeting with its full knowledge;
- (IX) Compliance with the Articles of Association, faithfully execute one's duties and protect the Company's interests, and not to exploit one's position and power in the Company to advance one's own private interests;
- (X) Not to compete with the Company in any kind unless agreed by the general shareholders' meeting with its full knowledge;
- (XI) Not to lend the Company's funds to any other person, misappropriate our funds or deposit the assets or funds of the Company in an account opened in one's own name or other names, and not to provide securities for the debt of our shareholder or any other people using the Company's assets, unless otherwise provided by the laws, regulations or the Articles of Association;
- (XII) Disclosure of confidential information relating to the Company obtained during employment without the consent of the general shareholders' meeting with its full knowledge; unless in the interest of the Company, using such information is also not allowed; however, under the following circumstances the information may be disclosed to a court or other competent government agencies as required by:
  1. The provisions of the law;
  2. For the public interests;
  3. The interests of the relevant Director, Supervisor, general manager and other senior management.

**Article 192** The Directors, Supervisors, general manager and other senior management may not direct the following personnel or institutions (“**related personnel**”) to do what they are prohibited from doing:

- (I) Spouses or minor children of the Directors, Supervisors, general manager and other senior management;
- (II) Trustors of the Directors, Supervisors, general manager and other senior management or the persons mentioned in (I) of this Article;
- (III) Partners of the Directors, Supervisors, general manager and other senior management or persons mentioned in (I) and (II) of this Article;

- (IV) Any company under de facto control by the Directors, Supervisors, general manager and other senior management individually or jointly with the persons or other directors, supervisors, general manager and other senior management of companies mentioned in (I), (II) and (III) of this Article;
- (V) Directors, Supervisors, general manager or other senior management of the controlled companies mentioned in the (IV) of this Article.

**Article 193** The good faith obligation of the Directors, Supervisors, general manager and other senior management may not necessarily cease with the termination of their terms; their obligation to keep the trade secrets of our Company in confidence shall survive the termination of their terms. Other duties may continue for such period as fairness may require depending on the time lapse between the termination and the act concerned and any circumstance and condition under which the relationships between them and the Company are terminated.

Unless otherwise provided in Article 57 of the Articles of Association, liabilities of Directors, Supervisors, general manager and other senior management arising from the violation of specific duties may be dissolved by informed general shareholders' meeting.

**Article 194** Where a Director, Supervisor, general manager and other senior management has material interests in the contracts, transactions or arrangements that the Company has entered into or plans to enter into directly or indirectly (except for employment contracts that the Company has entered into with the Director, Supervisor, general manager and other senior management), the above personnel shall disclose the nature and degree of their interests to the Board of Directors as soon as possible no matter whether the above contracts, transactions or arrangements are subject to the approval of the Board of Directors in normal circumstances.

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

Unless the Directors, Supervisors, general manager and other senior management who have interests have made disclosure to the Board of Directors in accordance with the requirements of the preceding paragraph of this article and the Board of Directors approves the matters at the meeting in which they are not included in the quorum nor participate in voting, the Company shall have the right to cancel the contracts, transactions or arrangements, except where the opposite party is a party in good faith without knowledge of the acts of related Directors, Supervisors, general manager and senior management violating their obligations.

Where associates of the Directors, Supervisors, general manager and other senior management have interests in certain contracts, transactions and arrangements, the relevant Directors, Supervisors, general manager and senior management shall be deemed to have interests.

**Article 195** Prior to the Company's first considering the relevant contracts, transactions or arrangements, if the Directors, Supervisors, general manager and other senior management have notified the Board of Directors in writing and stated that with regard to the content of such notice, they have interest in certain contracts, transactions and arrangements thereafter. And within the scope specified by such notice, the relevant Directors, Supervisors, general manager and other senior management should be considered having made disclosures which are in accordance with the requirements of the preceding article of this chapter.

**Article 196** The Company shall not pay taxes in any form for its Directors, Supervisors, general manager and other senior management.

**Article 197** The Company shall neither provide the Directors, Supervisors, general manager or other senior management of the Company or its parent company with loans or loan guarantees either directly or indirectly nor provide their respective associates with loans or loan guarantees.

The following circumstances are exempted from the above clauses:

- (I) The Company provides its subsidiaries with loans or loan guarantees;
- (II) The Company provides any of the Directors, Supervisors, general manager and other senior management with loans, loan guarantees or any other fund pursuant to the employment contracts approved at the general shareholders' meeting to pay all expenses incurred for the purpose of the Company or performing his duties owed to the Company;
- (III) In case that the normal scope of business of the Company covers the provision of loans or loan guarantees, the Company may provide any of the Directors, Supervisors, general manager and other senior management and their respective associates with loans or loan guarantees, provided that the conditions governing the above loans or loan guarantees shall be normal commercial conditions.

**Article 198** In the event that the Company provides loans in violation of provisions in the preceding paragraph, the person who receives the loan(s) must pay off the loan(s) immediately, regardless of the conditions of loans.

**Article 199** Any loan guarantee provided by the Company in violation of Paragraph 1 of Article 197 of the Articles of Association shall not be unenforceable mandatorily enforced against the Company, unless under the following circumstances:

- (I) The loan provider unknowingly provides loans to an associate of the Directors, Supervisors, general manager and other senior management of the Company or its parent company;
- (II) The collateral provided by the Company is sold lawfully by the lender to the buyer in good faith.

**Article 200** The guarantee as referred to in the preceding paragraph of this chapter includes the act of the guarantor to undertake the responsibility or provide property to ensure that the obligor fulfils the obligations.

**Article 201** In the event of violation of obligations owed to the Company by the Directors, Supervisors, general manager and other senior management, the Company shall have the right to take the following measures in addition to various rights and remedial measures stipulated in laws and administrative regulations:

- (I) Require related Directors, Supervisors, general manager or other senior management to compensate the Company for losses sustained as a result of their neglect of duty;
- (II) Cancel any contract or transaction entered into between the Company and related Directors, Supervisors, general manager or other senior management as well as any contract or transaction entered into between the Company and third person when the third person knew or should have known that the Directors, Supervisors, general manager or other senior management acting on behalf of the Company violated their obligations owed to the Company;
- (III) Require the relevant Directors, Supervisors, general manager or other senior management to turn over the proceeds obtained from the violation of their obligations;
- (IV) Recover funds collected by the relevant Directors, Supervisors, general manager or other senior management that should have been collected for the Company, including but not limited to commissions;
- (V) Require the relevant Directors, Supervisors, general manager or other senior management to return the interest earned or that may be earned from funds that should have been paid to our Company.

**Article 202** The Company shall enter into a contract in writing with each of the Directors, Supervisors and senior management of the Company. The contract in writing shall cover at least the following matters:

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

**Article 203** The Company shall enter into a contract in writing with each of the Directors or Supervisors wherein his emoluments are stipulated, subject to the approval at the general shareholders' meeting in advance. The aforesaid emoluments include:

- (I) Emoluments in respect of his service as a Director, Supervisor or senior management of the Company;
- (II) Emoluments in respect of his service as a Director, Supervisor or senior management of any subsidiary of the Company;
- (III) Emoluments in respect of other service in relation to the management of the Company and any subsidiary of the Company;
- (IV) Payment by way of compensation for loss of office or retirement from office of a Director or Supervisors.

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

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

**Article 204** The contracts concerning the emoluments between the Company and its Directors or Supervisors should provide that in the event that the Company is acquired, the Directors and Supervisors shall, subject to the prior approval of the general shareholders' meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. For the purpose of the preceding paragraph, an acquisition of the Company means either:

For the purpose of the preceding paragraph, an acquisition of the Company means either:

- (I) An offer made by any person to all the shareholders;
- (II) An offer made by any person with a view to the offeror becoming a "controlling shareholder". Controlling shareholder has the same definition as that in Article 58 of the Articles of Association.

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

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

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

**Article 205** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the requirement of relevant state departments. Provisions otherwise provided by the securities regulatory authority at the place where the shares of the Company are listed shall prevail.

**Article 206** At the end of each accounting year, the Company shall prepare a financial report which shall be audited and verified according to law.

**Article 207** The Board of Directors shall submit the financial reports to shareholders, as required by the laws, regulations, rules or regulatory documents to be prepared by the Company, at every annual general shareholders' meeting.

The financial report mentioned in the preceding paragraph shall include the directors' report and the balance sheet (including all documents to be attached in accordance with the requirements of the PRC laws, other laws, and administrative regulations), the statement of profit or loss (the profit statement) or the statement of income and expense (the statement of cash flow) or (without violating the relevant PRC laws) financial highlights approved by the Hong Kong Stock Exchange.

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

Unless otherwise specified in the Articles of Association, the Company shall deliver or send to each shareholder of overseas listed shares by prepaid mail at the address registered in the register of shareholders the said reports, the directors' report, together with the balance sheet (including every document to be attached to the balance sheet as required by the law) and the statement of profit or loss or the statement of income and expense not later than 21 days before the date of every annual general shareholders' meeting. However, such documents may also be delivered to shareholders of overseas listed shares through the Company's website, the website of the Hong Kong Stock Exchange and other websites as may be provided by the Hong Kong Listing Rules from time to time, provided that the laws, administrative regulations and requirements of the securities regulatory authority at the place where the shares of the Company are listed are observed.

**Article 208** The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international amounting standards, or that of the overseas listing place. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the notes to the financial statements. When the Company is to distribute its after-tax profits, the lower of the after-tax profits as shown in the two financial statements shall be adopted.



**Article 209** Any interim results or financial information published or disclosed by the Company must also be prepared in accordance with the PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the overseas listing place.

**Article 210** The Company shall publish the financial reports twice every accounting year, that is, the interim financial report shall be published within 60 days after the first 6-month period of each accounting year and the annual financial report shall be published within 120 days after the expiration of each accounting year.

**Article 211** The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

**Article 212** When distributing each year's after-tax profits, the Company shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached more than 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, the Company may, upon a resolution passed at the general shareholders' meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the shares held by the shareholders, unless otherwise stipulated in the Articles of Association.

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

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

**Article 213** The Company's common reserve fund shall be applied to make up its losses, expand its business operations or be converted to increase its registered capital. However, the capital reserve fund may not be applied to make up the Company's losses. Capital reserve fund includes the following items:

- (I) The premium received through issuance of shares at prices above par value;
- (II) Other incomes required by the financial department of the State Council to be allocated to the capital reserve fund.

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

**Article 214** After the general shareholders' meeting of the Company make a resolution on profit distribution plan, the Board of Directors of the Company shall complete the distribution of the dividend (or shares) within 2 months after the convening of the general shareholders' meeting.

**Article 215** The Company may distribute profit in the form of cash or shares.

**Article 216** The Company shall appoint a payment receiving agent for holders of overseas listed foreign shares. The payment receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect of the overseas listed foreign shares.

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

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

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

The Company is entitled to dispose the stock held by overseas listed foreign shareholders whom it fails to contact in accordance with appropriate manner as considered by the Board of Directors, provided that it complies with the following conditions:

- (I) Dividends on such shares have been distributed at least three times within 12 years, but no one has claimed the dividends during that period; and
- (II) Upon expiration of the 12-year period, the Company publishes an announcement in one or more newspaper of the Company's listing place, indicating its intention to sell the shares and notifies the Hong Kong Stock Exchange.

In compliance with the provisions of related laws and regulations of the PRC, the Company may exercise expropriate right to unclaimed dividend, but such right can only be exercised after the expiration of the applicable valid period.

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

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

**Article 217** The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial statements, and to review the Company's other financial statements.

**Article 218** The appointment of the first accounting firm of the Company may occur at the inauguration meeting prior to the first annual general shareholders' meeting. The term of such accounting firm shall terminate upon the conclusion of the first annual general shareholders' meeting. In case of failure to exercise such functions and powers at the inauguration meeting provided above, the Board of Directors shall exercise instead. The appointment of an accounting firm by the Company shall be decided by the general shareholders' meeting. The Board of Directors may not appoint an accounting firm before the decision is made by the general shareholders' meeting. The accountant firm appointed by the Company shall hold office from the conclusion of the annual general shareholders' meeting until the conclusion of the next annual general shareholders' meeting.

**Article 219** The accounting firm appointed by the Company shall have the following rights:

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

**Article 220** If there is a vacancy in the position of accounting firm of the Company, the Board of Directors may appoint an accounting firm to fill such vacancy before the convening of the general shareholders' meeting, but the appointment shall be confirmed by the shareholders in the next general shareholders' meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period of existence of such vacancy.

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

- (I) Prior to the delivery of the notice of the general shareholders' meeting, such proposal regarding the appointment or dismissal shall be delivered to such accounting firm which is to be appointed or to leave, or which has left during the relevant accounting year. Leaving the office shall include the dismissal or resignation of appointment and leaving of its position.

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

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

**Article 221** Regardless of the terms in the contract concluded between the accounting firm and the Company, the general shareholders' meeting may, through an ordinary resolution, resolve to dismiss the said accounting firm before the expiration of the term thereof. In the event of any rights claimed by the accounting firm against the Company, the said rights shall not be affected.

**Article 222** The Company ensures to provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

**Article 223** The remuneration of the accounting firm or the way to confirm the remuneration shall be determined by the general shareholders' meeting. The remuneration of such accounting firm appointed by the Board of Directors shall be confirmed by the Board of Directors.

**Article 224** Appointment, dismissal or non-appointment of the accounting firm shall be subject to decision at the general shareholders' meeting and shall be filed with the securities regulatory authorities under the State Council.

**Article 225** Should the Company dismiss or no longer re-appoint the accounting firm, it shall notify such accounting firm 30 days in advance. When the general shareholders' meeting votes for the dismissal of such accounting firm, such accounting firm shall be allowed to express its opinions.

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

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

- (I) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
- (II) a statement of any other circumstances requiring an explanation.

The Company shall send a copy of the written notice referred to in the preceding paragraph to the relevant governing authority within 14 days after receipt. If the notice contains a statement as mentioned in clause (II) of the preceding paragraph, a copy of such statement shall be placed at the Company for the inspection of shareholders and the Company shall send a copy of such statement to each shareholder who is entitled to receive the report regarding financial conditions of the issuer.

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

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

## **CHAPTER 10 NOTICES AND ANNOUNCEMENTS**

**Article 226** The notices of the Company (including but not limited to the notice of convening the general shareholders' meeting, the meeting of the Board of Directors and the meeting of the Board of Supervisors) shall be sent out in the following ways:

- (I) by hand;
- (II) by facsimile;
- (III) by post;
- (IV) by email;

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

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

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

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

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

**Article 227** The date of service of the Company's notice:

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

**Article 228** The accidental omission to give notice of meeting to, or the non-receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions adopted at such meeting.

**Article 229** In the event that the securities regulatory authority at the location where the shares of the Company are listed stipulates that the Company shall send, post, distribute, issue, announce or otherwise provide relevant documents of the Company in English and Chinese, if the Company has made appropriate arrangement to confirm whether the shareholders hope to receive only the English version or the Chinese version, the Company may (as per the intent stated by the shareholders) send only the English version or the Chinese version to the related shareholders within the range allowed by the applicable laws and regulations and pursuant to the applicable laws and regulations.

**Article 230** The Company shall issue announcements and disclose information to holders of domestic shares through newspapers and websites designated by the laws, administrative regulations or relevant domestic regulatory authorities for information disclosure. If it is required to make public announcements to the holders of H Shares pursuant to the Articles of Association, the announcement shall also be published on designated newspapers, websites and/or company website in such manner as required by the Hong Kong Listing Rules. All notices or other documents required under Chapter 13 of the Hong Kong Listing Rules to be sent by the Company to the Hong Kong Stock Exchange shall be in English language, or accompanied by a certified English translation.

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

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

**Article 231** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

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

**Article 232** In the event of the merger or division of the Company, a proposal shall be presented by the Board of Directors and shall be approved by the general shareholders' meeting in accordance with the procedures stipulated in the Articles of Association. The Company shall then undertake the relevant approval process in a manner prescribed by law. A shareholder who objects to the proposal of merger or division shall be entitled to demand the Company or the shareholders who consent to the proposal of merger or division to acquire such dissenting shareholders' shareholding at a fair price. The contents of the resolution of merger or division of the Company shall be compiled into special documents which shall be available for inspection by the shareholders.

For shareholders of overseas listed foreign shares, the foregoing documents shall also be served by post.

**Article 233** In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and a list of properties. The Company shall notify its creditors within 10 days after the date of the Company's resolution approving the merger and shall publish a public notice in newspapers within 30 days thereafter. The creditors are entitled to require the Company to settle the loans or to provide corresponding guarantees within 30 days after the receipt of the written notification, or in the event that no such notification is received, within 45 days after the date of the announcement.

**Article 234** Upon the merger, receivables and indebtedness of each of the merging parties shall be assumed by the Company which survives the merger or the newly established company.

**Article 235** Where there is a division of the Company, its assets shall be divided up accordingly.

In the event of division of the Company, the parties shall execute a division agreement and prepare a balance sheet and a list of properties. The Company shall notify its creditors within 10 days after the date of the Company's resolution approving the division and shall publish a public announcement at least three times in newspapers within 30 days thereafter.

**Article 236** Debts of the Company prior to division shall be assumed jointly by the companies which exist after the division, unless agreed otherwise in the written agreement signed between the Company and creditors in respect of settlement of such debts prior to the division.

**Article 237** If the Company decreases the registered capital, it shall prepare a balance sheet and a list of properties.

The Company shall inform its creditors of the reduction in registered capital within 10 days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been passed; creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the Company to pay its debts or provide guarantees covering the debts.

**Article 238** The Company shall, in accordance with law, apply for change in its registration particulars with the company registration authority where a change in any item in its registration arises as a result of any merger or division. Where a company is dissolved, it shall apply for cancellation of registration in accordance with law. Where a new company is established, that company shall apply for registration in accordance with the law.

The Company's registered capital must not, after the reduction in capital, be less than the minimum amount required by law.

Where the Company increases or reduces the registered capital, it shall, in accordance with law, apply for change in its registration with the company registration authority.



## **Section 2 Dissolution and Liquidation**

**Article 239** The Company shall be dissolved upon the occurrence of the following events:

- (I) The term of business set out in the Articles of Association has expired;
- (II) A resolution for dissolution is passed by shareholders at a general shareholders' meeting;
- (III) The Company is dissolved by reason of merger or division;
- (IV) The Company is declared legally bankrupt as a result of failure to pay debts as they fall due;
- (V) The business license is revoked, or the Company is ordered to close or be eliminated according to applicable law;
- (VI) Where the Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of all voting rights of the Company's shareholders may request the people's court to dissolve the Company;
- (VII) Other circumstances that may lead to the liquidation of the Company as stipulated in the Articles of Association.

**Article 240** In the event of (I) above, the Company may carry on its existence by amending the Articles of Association.

The amendment of the Articles of Association in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a general shareholders' meeting.

**Article 241** Where the Company is dissolved in the circumstances described in items (I), (II), (V), (VI) and (VII) of Article 239 hereof, a liquidation team shall be established to commence liquidation within 15 days after the occurrence of an event of dissolution. The members of liquidation team shall be composed of Directors or the personnel appointed by the general shareholders' meeting. If a liquidation team is not established within the stipulated period, creditors may apply to the people's court to appoint relevant personnel to form the liquidation team.

In the event that the Company is dissolved in accordance with item (IV) of Article 239 hereof, the people's court shall organise the shareholders, related agencies and professionals to form the liquidation team pursuant to relevant provisions of the law.

**Article 242** If the Board of Directors decides to liquidate the Company (except where the Company is liquidated after declaring bankruptcy), the Board of Directors shall state in the notice of the general shareholders' meeting convened for this purpose that the Board of Directors has performed a comprehensive investigation of the status of the Company and believes that the Company is able to pay off all of its debts within 12 months of the commencement of the liquidation.

After the resolution to liquidate the Company is adopted by the general shareholders' meeting, the powers of the Board of Directors shall terminate immediately.

In accordance with the instructions of the general shareholders' meeting, the liquidation team shall at least once a year report at the general shareholders' meeting on the income and expenditure of the liquidation team, progress of the business and liquidation of the Company, and submit a final report at the general shareholders' meeting upon completion of liquidation.

**Article 243** The liquidation team shall exercise the following powers during the liquidation period:

- (I) to handle the Company's properties and to prepare a balance sheet and a list of properties;
- (II) to notify creditors through notice or public announcement;
- (III) to deal with the Company's outstanding businesses related to liquidation;
- (IV) to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- (V) to claim credits and pay off debts;
- (VI) to handle the Company's remaining assets after its debts have been paid off;
- (VII) to represent the Company in civil lawsuits.

**Article 244** Within 10 days of the establishment of the liquidation team, the creditors shall be notified and an announcement shall be published at least three times in the newspaper within 60 days. The creditors shall declare their claims to the liquidation team within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.

Creditors who declare claims shall state relevant issues related to the claims and provide proofs. The liquidation team shall carry out registration of the claims.

During the period for declaration of claims, the liquidation team shall not make any repayment to the creditors.

**Article 245** After taking stock of the Company's property and preparing the balance sheet and list of properties, the liquidation team shall prepare a liquidation plan and submit it to the general shareholders' meeting or the people's court for confirmation.

The Company's remaining assets after payment of liquidation expenses, wages of employees, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to the classes and proportion of their shareholding.

During the liquidation, the Company shall continue to exist, but shall not carry out business activities irrelevant to the liquidation. The property of the Company shall not be distributed to any shareholder before full payments have been made out of the property according to the aforesaid provision.

**Article 246** Upon liquidation for the purpose of company dissolution, in the event the liquidation team finds that, after taking stock of the Company's property and preparing the balance sheet and list of properties, that the assets are insufficient to pay the debts, it shall immediately apply to the people's court to declare bankruptcy.

After the Company is declared bankrupt by ruling of the people's court, the liquidation team shall turn over matters regarding the liquidation to the people's court.

**Article 247** Upon closure of liquidation of the Company, the liquidation team shall prepare a liquidation report, income and expenditure statement and financial books during the liquidation period, which, after being verified by a China-registered accountant, shall be submitted to its general shareholders' meeting or relevant competent authorities for recognition. Within 30 days of the date of confirmation by the general shareholders' meeting or relevant competent authorities, the liquidation team shall submit the above-mentioned documents to the company registration authority and apply for cancellation of its registration and publish an announcement on its termination.

**Article 248** Members of the liquidation team are required to discharge their duties honestly and fulfill their obligations of liquidation according to laws.

Members of the liquidation team shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the Company's properties.

A member of the liquidation team is liable to indemnify the Company and its creditors in respect of any loss arising from his intentional or gross negligence.

**Article 249** Where the Company is declared bankruptcy in accordance with laws, it shall implement bankruptcy liquidation in accordance with relevant laws relating to bankruptcy of enterprise.

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

**Article 250** The Company may amend the Articles of Association in accordance with the requirements of laws, administrative regulations and the Articles of Association.

**Article 251** Under any one of the following circumstances, the Company shall amend the Articles of Association:

- (I) After amendment has been made to the Company Law or relevant laws or administrative regulations, the contents of the Articles of Association are in conflict with the amended laws or administrative regulations;
- (II) The changes that the Company have undergone are inconsistent with the records made in the Articles of Association;
- (III) The general shareholders' meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association involve anything set out in the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, these amendments shall become effective upon approval by the company's approval department authorized by the State Council and the securities regulatory authority of the State Council (if applicable). Where the amendment involves registration, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

**Article 252** Where the amendments to the Articles of Association passed by the general shareholders' meetings need the examination and approval of the competent authorities, these amendments shall be submitted hereto for approval. Where the amendment involves registration, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

### **CHAPTER 13 DISPUTE RESOLUTIONS**

**Article 253** The Company shall comply with the following rules governing the settlement of disputes:

- (I) Whenever there occur any dispute or claim between shareholders of the overseas listed foreign shares and the Company, shareholders of foreign shares (including shareholders of overseas listed or non-listed foreign shares) and the Company's Directors, Supervisors, general manager or other senior management, or shareholders of the overseas listed foreign shares and shareholders of overseas non-listed foreign shares or shareholders 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, the Special Provisions or any other relevant laws and administrative regulations, such disputes or claims shall be referred by the relevant parties to arbitration.

Where the aforesaid dispute or claim of rights is referred to arbitration, the entire claim or the dispute as a whole must be referred to arbitration, and any parties who have a cause of action based on the same facts giving rise to the dispute or the claim or whose participation is necessary for the settlement of such dispute or claim, are bound by the award of the arbitration provided that such person is the Company or a shareholder of the Company, a Director, a Supervisor, general manager or other senior management.

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

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

If a claimant elects for arbitration at HKIAC, any party to the dispute or claim may request the arbitration to be conducted in Shenzhen in accordance with the Securities Arbitration Rules of the HKIAC.

- (III) The laws of the PRC are applicable to the arbitration for the disputes or claims of rights referred to in paragraph (I) above, unless otherwise provided in the laws and administrative regulations.
- (IV) The award of an arbitration body shall be final and binding on all parties.

## CHAPTER 14 SUPPLEMENTARY ARTICLES

### Article 254 Definitions

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

**Article 255** The Articles of Association are written in Chinese. In case of any inconsistency between the articles of association in any other language or of different version and the Articles of Association, the Chinese version of the Articles of Association shall prevail.

**Article 256** The term “more than”, “within”, “below”, as stated in the Articles of Association shall all include the given figure; the term “lower”, “above”, “less than” shall all exclude the given figure.

**Article 257** Matters not covered in the Articles of Association shall be handled in accordance with the laws, administrative regulations and the relevant provisions of the securities regulatory authorities in the place where the shares of the Company are listed in conjunction with the actual situation of the Company. If the Articles of Association are in conflict with the laws, administrative regulations, other regulatory documents and the listing rules of the stock exchange where the shares of the Company are listed promulgated from time to time, such laws, administrative regulations, other regulatory documents and the listing rules of the stock exchange where the shares of the Company are listed shall prevail.

**Article 258** The Board of Directors of the Company shall be responsible for the interpretation of the Articles of Association.

**Article 259** Annexes to the Articles of Association include the Rules of Procedure for General Shareholders’ Meetings, the Rules of Procedure for Meetings of the Board of Directors and the Rules of Procedure for Meetings of the Board of Supervisors.

**Article 260** After adoption by special resolution at the general shareholders’ meeting of the Company, the Articles of Association shall take effect and put into force from the date on which the H Shares publicly issued by the Company are listed on the Main Board of the Hong Kong Stock Exchange. Since the effective date of the Articles of Association, the original articles of association of the Company shall be automatically invalidated.