

**ARTICLES OF ASSOCIATION  
OF  
SHANGHAI ELECTRIC GROUP CO., LTD.**

*(This English-translated copy of Articles of Association (the “Articles”) is for general reference purpose.  
The entire context should be read in accordance with the original Chinese script of the Articles.)*

*(A joint stock limited company registered and duly incorporated in the  
People’s Republic of China with limited liability)*

**(Passed on May 17th, 2021)**

These Articles of Association are prepared in accordance with the relevant laws and regulation including the Company Law of the People’s Republic of China, the Mandatory Clauses of the Articles of Association of Companies Seeking Overseas Listing, the Letter of Opinion on the Amendment of the Articles of Association of Companies Listing in Hong Kong, the Opinions on Facilitating the Regulated Operation of Companies Listed Overseas and Deepening their Reform, the Guidelines for the Articles of Association of Listed Companies (Amended 2006), the Rules for the General Meeting of Shareholders of Listed Companies, and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

## Content

CHAPTER 1:	GENERAL PROVISIONS	3
CHAPTER 2:	OBJECTIVES AND SCOPE OF BUSINESS	6
CHAPTER 3:	SHARES AND REGISTERED CAPITAL	7
CHAPTER 4:	CAPITAL REDUCTION AND SHARE REPURCHASE	15
CHAPTER 5:	FINANCIAL ASSISTANCE TO SHARE REPURCHASE BY THE COMPANY	18
CHAPTER 6:	SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS	20
CHAPTER 7:	RIGHTS AND OBLIGATIONS OF SHAREHOLDERS	26
CHAPTER 8:	THE GENERAL MEETING OF SHAREHOLDERS	30
CHAPTER 9:	SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS	46
CHAPTER 10:	THE BOARD OF DIRECTORS	49
CHAPTER 11:	SECRETARY OF THE BOARD OF DIRECTORS	57
CHAPTER 12:	GENERAL MANAGER	59
CHAPTER 13:	BOARD OF SUPERVISORS	60
CHAPTER 14:	THE QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR OFFICERS OF THE COMPANY	63
CHAPTER 15:	FINANCIAL ACCOUNTING SYSTEM AND DISTRIBUTION OF PROFITS	72
CHAPTER 16:	ENGAGEMENT OF ACCOUNTING FIRMS	80
CHAPTER 17:	INSURANCE	83
CHAPTER 18:	RULES OF LABOR AND EMPLOYMENT	83
CHAPTER 19:	LABOR UNION	84
CHAPTER 20:	MERGER AND DIVISION OF THE COMPANY	84
CHAPTER 21:	LIQUIDATION OF THE COMPANY UPON DISSOLUTION	86
CHAPTER 22:	PROCEDURES FOR AMENDING THESE ARTICLES OF ASSOCIATION	89
CHAPTER 23:	DISPUTE RESOLUTION	90
CHAPTER 24:	NOTICE	91
CHAPTER 25:	SUPPLEMENTARY PROVISIONS	92

# ARTICLES OF ASSOCIATION OF SHANGHAI ELECTRIC GROUP CO., LTD.

## CHAPTER 1: GENERAL PROVISIONS

### Article 1

SHANGHAI ELECTRIC GROUP CO., LTD. (the “Company”) is a joint stock limited company established in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the State Council’s Special Regulations Regarding the Issuance and Listing of Shares Overseas by Companies Limited by Shares (the “Special Regulations”), and other relevant laws and regulations of the People’s Republic of China.

According to the provisions in the Company Law of the People’s Republic of China and the Constitution of the Communist Party of China, the Company shall establish an organization of the Communist Party of China (the “Party”) to carry out Party activities. The Company shall provide necessary support for the activities of the Party’s organization.

The Party’s organization shall play a leading role in the Company. The Company was established by means of promotion on September 28, 2004 with the approval of the People’s Government of Shanghai Municipality, as evidenced by approval document Hu Fu Fa Gai Shen [2004] No. 008. It is registered with and has obtained a business license from Shanghai Administration Bureau of Industry and Commerce on September 29, 2004. The Company’s social unified credit code is 91310000759565082B.

The promoters of the Company are: Shanghai Electric (Group) Corporation, Fuxi Investment Holding Group Co., Ltd., Guangdong Zhujiang Investment Co., Ltd., SHENERGY Co., Ltd. and Shantou Mingguang Investment Co., Ltd.

### Article 2

The Company’s registered name: SHANGHAI ELECTRIC GROUP CO., LTD.

### Article 3

The Company’s address: 30th Floor, Masdo Center  
No. 8 Xing Yi Road  
Shanghai  
China

Telephone number: (8621)5208-2266  
Facsimile number: (8621)5208-2103  
Postal code: 200336

#### **Article 4**

The Company's legal representative is the Chairman of the board of directors of the Company.

#### **Article 5**

The Company is a joint stock limited company which has perpetual existence.

#### **Article 6**

After being approved by a special resolution at the Company's general meeting of the shareholders, these Articles of Association shall come into effect after the increase of share capital by issuing new shares in the People's Republic of China by the Company upon the approval by the competent securities regulatory authority of the State Council, superseding the original Articles of Association which was filed with the company registration authority for record.

From the effective date hereof, these Articles of Association shall be a legally binding document which regulates the organization and acts of the Company, and the rights and obligations between the Company and its shareholders and among the shareholders themselves.

#### **Article 7**

The Company's Articles of Association are binding on the Company and its shareholders, directors, supervisors, general manager, deputy general managers and other senior management officers, all of whom may, according to the Company's Articles of Association, assert rights in respect of the affairs of the Company.

In accordance with these Articles of Association, shareholders may institute legal proceedings against the Company, the Company may institute legal proceedings against the directors, supervisors, managers and other senior management officers of the Company, shareholders may institute legal proceedings against other shareholders, and shareholders may institute legal proceedings against the directors, supervisors, the general manager, deputy general managers and other senior management officers of the Company.

Instituting legal proceedings as referred to in the preceding Paragraph shall include instituting legal proceedings before a court or applying for arbitration with an arbitration commission.

Senior management officers as referred to in the preceding Paragraph shall include the personnel in charge of financial affairs of the Company and the secretary of the board of directors of the Company (for the avoidance of doubt, the “senior management officers” and “secretary of the board of directors” in these Articles of Association do not comprise the company secretary appointed by the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).

## **Article 8**

The Company may invest in other limited liability companies and joint stock limited companies, and shall be liable for such companies to the extent of the amount of investment.

The Company shall not bear several and joint liabilities for the debts of the companies invested by the Company, except as otherwise specified by laws and regulations of the People’s Republic of China.

## **Article 9**

The Company is an independent corporate legal person. All acts of the Company shall be in compliance with the laws and regulations of the People’s Republic of China, and the listing rules of the stock exchange on which the shares of the Company are listed and shall protect the lawful rights of the shareholders of the Company. The entire capital of the Company shall be divided into shares of equal par value. The shareholders shall be liable to the Company to the extent of the shares of the Company held by them, and the Company shall be liable to its debts to the extent of all of its assets.

In compliance with the laws and regulations of the People’s Republic of China, the Company shall have the right to finance and the right to borrow funds. The Company’s right to finance shall include (but not limited to) the right to issue company bonds, to charge or pledge the whole or part of ownership of or the right to use its assets, and other rights prescribed and permitted by laws and regulations of the People’s Republic of China. However, the Company shall not harm or abrogate the rights of any class of shareholders in exercising the aforesaid rights.

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

### **Article 10**

The business purposes of the Company shall be: operate the Company in good faith, to keep the Company's credibility and contribute to the society with fortune and benefit, to initiate technology innovations, to manage the Company with scientific methods and provide services and products of equipments of high-quality; to elaborately analyze and make business plan, to operate the Company with care and bring the shareholders sustainable and stable increase of investment returns.

### **Article 11**

The scope of business of the Company shall be subject to the approval by the company registration authority.

The Company's scope of business shall include the design, manufacture and distribution of products of the equipment manufacturing industry including electric power station, transmission and distribution of electric power, integration of electric power and equipment, transportation, environment protection equipment, lithium-ion batteries and power supply system and provision of relevant post-sale services, the wholesale, import and export of goods and technology of the similar commodity of aforementioned products and to be their commission agent (auction excluded); provision of relevant supporting service, acting as the general contractor of electric power engineering projects, assembling and splitting supply of equipment, industrial design services, manufacturing of special equipment for petroleum drilling and extraction, sales of special equipment for petroleum drilling and extraction, manufacturing of special equipment for refining and chemical production, sales of special equipment for refining and chemical production, sales of Category I medical devices, production of Category I medical devices, sales of Category II medical devices, production of Category II medical devices, operation of Category III medical devices, production of Category III medical devices, leasing of medical equipment, various engineering construction activities, contracting of overseas projects, installation, repair and testing of power facilities, installation of general machinery and equipment, repair of special equipment, installation, renovation and repair of special equipment, and provision of relevant technical service.

Considering the domestic and international market trend, the domestic business needs, its self development capacity and business goals, the Company may, with the approval of the resolution of the shareholders' general meeting and the relevant government authorities (if required), timely accommodate the guiding principles of investment and the scope and strategy of business.

## **CHAPTER 3: SHARES AND REGISTERED CAPITAL**

### **Article 12**

The Company shall have ordinary shares at all times. The Company may create other classes of shares according to its needs and upon approval by an examination and approval authority directed by the State Council.

### **Article 13**

All shares issued by the Company shall have a par value of RMB 1.00 per share.

“Renminbi” as referred to in the previous Paragraph shall mean the legal currency of the People’s Republic of China (the “PRC”).

### **Article 14**

Upon approval by the competent securities regulatory authority of the State Council, the Company may issue shares to domestic and overseas investors.

“Overseas investors” as referred to in the preceding Paragraph shall refer to investors from any foreign country, together with Hong Kong, Macao and Taiwan region who subscribe for shares issued by the Company; “domestic investors” as referred to in the preceding Paragraph shall refer to investors within the territory of the People’s Republic of China (excluding investors from Hong Kong, Macau or Taiwan region) who subscribe for shares issued by the Company.

### **Article 15**

Shares issued by the Company to domestic investors for subscription in Renminbi are called domestic shares. Shares issued by the Company to overseas investors for subscription in foreign currencies are called foreign shares. Foreign shares listed overseas are called overseas-listed foreign shares.

“Foreign currencies” as referred to in the preceding Paragraph shall refer to the legal currencies of countries or districts outside the PRC which are recognized by the foreign exchange authority of the PRC and the currencies of which can be used to pay for the shares of the Company.

The Company’s overseas-listed foreign shares listed in Hong Kong are abbreviated as “H Shares”. H Shares are shares with par value in Renminbi, which have been admitted for listing on the Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and issued for subscription and traded in Hong Kong Dollars. H Shares may also be listed on the stock exchanges within the territory of the United States of America by the means of American Depositary Shares.

The Company's domestic-listed shares of the Renminbi currency are abbreviated as "A Shares". A Shares are shares with par value in Renminbi, which have been admitted for listing by the competent securities regulatory authority of the State Council on the Shanghai and Shenzhen Stock Exchanges, issued for subscription and traded in Renminbi.

#### Article 16

Upon approval by the company examination and approval authority directed by the State Council, the Company may issue a total of 9,189,000,000 ordinary shares. At the time of its establishment, the Company has issued to the promoters 9,189,000,000 ordinary shares, amounting to 5% of the total number of its authorized issuable ordinary shares.

#### Article 17

After its establishment, the Company has issued 2,972,912,000 overseas-listed foreign shares, of which there were 2,702,648,000 new shares and 270,264,000 were existing state-owned shares. After the aforesaid increase of share capital, the shareholding structure of the Company was as follows:

Name of shareholders	After initial capital increase and issue	
	Number of Shares held (shares)	Percentage of total share capital
Promoters:		
Shanghai Electric (Group) Corporation	6,134,387,334	51.585%
Fuxi Investment Holding Group Co., Ltd.	968,768,703	8.147%
Guangdong Zhujiang Investment Co., Ltd.	917,778,942	7.718%
SHENERGY Co., Ltd.	489,892,122	4.120%
Shantou Mingguang Investment Co., Ltd.	407,908,899	3.430%
<b>Subtotal</b>	<u>8,918,736,000</u>	<u>75%</u>
H Shares	2,972,912,000	25%
<b>Total</b>	<u><u>11,891,648,000</u></u>	<u><u>100%</u></u>



Upon expiry of the one-year lock-up period of the promoters' shares, which commenced from the date of establishment of the Company, some promoters transferred some domestic shares held by them which were not publicly listed. After the aforesaid transfer, the shareholding structure of the Company was as follows:

<b>Name of shareholders</b>	<b>Number of Shares held (shares)</b>	<b>Percentage of total share capital</b>
Holders of A Shares:		
Shanghai Electric (Group) Corporation	7,409,088,498	62.305%
Shanghai Chengtou Corporation	50,987,826	0.429%
Shengzhen Fengchi Investment Co., Ltd.	917,778,942	7.718%
SHENERGY Co., Ltd.	489,892,122	4.120%
Shantou Mingguang Investment Co., Ltd.	50,988,612	0.428%
<b>Subtotal</b>	<u>8,918,736,000</u>	<u>75%</u>
H Shares	2,972,912,000	25%
<b>Total</b>	<u><u>11,891,648,000</u></u>	<u><u>100%</u></u>

In 2008, the Company was approved to make an initial additional issuance of 616,038,405 A Shares. Upon completion of the issuance of the aforementioned shares, the Company has issued 12,507,686,405 shares in total, of which, 9,534,774,405 domestic-listed shares of the Renminbi currency (A Shares) were held by domestic shareholders, amounting to 76.231% of the total issued shares of the Company, and 2,972,912,000 overseas-listed foreign shares (H Shares) were held by overseas shareholders, amounting to 23.769% of the total issued shares of the Company, and the shareholding structure of the Company was as follows:

<b>Name of shareholders</b>	<b>Number of Shares held (shares)</b>	<b>Percentage of total share capital</b>
A Shares subject to lock-up restrictions:		
Shanghai Electric (Group) Corporation	7,409,088,498	59.236%
Shanghai Chengtou Corporation	50,987,826	0.408%
Shengzhen Fengchi Investment Co., Ltd.	917,778,942	7.338%
SHENERGY Co., Ltd.	489,892,122	3.916%
Shantou Mingguang Investment Co., Ltd.	50,988,612	0.408%
<b>Subtotal</b>	<u>8,918,736,000</u>	<u>71.306%</u>
A Shares not subject to lock-up restrictions:		
H Shares	616,038,405	4.925%
<b>Total</b>	<u>2,972,912,000</u>	<u>23.769%</u>
	<u>12,507,686,405</u>	<u>100%</u>

After the expiration of the one-year lock-up period, which commenced from the date of the Company's initial capital increase and issuance of shares in 2008, the A Shares held by domestic shareholders including Shengzhen Fengchi Investment Co., Ltd., Shanghai Chengtou Corporation, SHENERGY Co., Ltd. and Shantou Mingguang Investment Co., Ltd. were listed and publicly traded on November 7, 2009. In 2010, the Company was approved to make a private placement of 315,940,255 A Shares, which were prohibited to be transferred for one year commencing from the date of listing. Upon completion of the private placement of the aforementioned shares, the Company has issued a total of 12,823,626,660 shares, of which 9,850,714,660 were domestic-listed shares of the Renminbi currency (A Shares) held by domestic shareholders, amounting to 76.82% of the total issued shares of the Company, and 2,972,912,000 were overseas-listed foreign shares (H Shares) held by overseas shareholders, amounting to 23.18% of the total issued shares of the Company. As such, the shareholding structure of the Company was then as follows:

<b>Name of shareholders</b>	<b>Number of Shares held (shares)</b>	<b>Percentage of total share capital</b>
A Shares subject to lock-up restrictions:	7,725,028,753	60.24%
Shanghai Electric (Group) Corporation	7,409,088,498	57.78%
Westward Origination Holdings Co., Ltd.	104,000,000	0.81%
Yunnan City Construction and Investment Co., Ltd.	56,877,667	0.44%
Hunan Salt and Light Industry (Group) Co., Ltd.	53,000,000	0.41%
Wuxi Xin Bao Lian Investment Co., Ltd.	51,209,103	0.4%
China SINOMACH Finance Co., Ltd.	50,853,485	0.4%
A Shares not subject to lock-up restrictions:	2,125,685,907	16.58%
H Shares	2,972,912,000	23.18%
<b>Total</b>	<b>12,823,626,660</b>	<b>100%</b>

## **Article 18**

After the approval of the Company's plan to issue overseas-listed foreign shares and domestic shares by the competent securities regulatory authority of the State Council, the board of directors of the Company may make arrangements to issue such shares respectively.

The Company's plan to issue overseas-listed foreign shares and domestic shares respectively pursuant to the provisions of the preceding Paragraph may be implemented respectively within fifteen (15) months from the date of approval by the competent securities regulatory authority of the State Council.

## **Article 19**

The overseas-listed foreign shares and domestic shares which were issued by the Company respectively within the total number of shares determined under the issuance plan, shall each be fully subscribed for within a single issuance; if full subscription is unable to be achieved due to exceptional circumstances, subject to the approval of the competent securities regulatory authority of the State Council, the shares may be issued by installments.

## **Article 20**

Upon completion of the initial capital increase and issuance of A Shares in 2008, the private placement of A Shares in 2010, the conversion of part of the convertible corporate bonds issued domestically in 2015 into shares, the issuance of shares to Shanghai Electric (Group) Corporation in 2016 for assets acquisition and the issuance of shares to Shanghai Electric (Group) Corporation for assets acquisition and raising of supporting funds in 2017, and the completion of grant of the restricted shares under the Restricted A Share Incentive Scheme of the Company in 2019, the repurchase and cancellation of certain restricted A shares of the Company in 2020 and the repurchase and cancellation of certain H shares of the Company in 2020, the registered capital of the Company is RMB15,705,971,092 (as of 1 February 2021). The change of the registered capital of the Company shall be conducted in accordance with the procedures prescribed by relevant laws and regulations of the PRC.

## **Article 21**

The Company may approve capital increase based on its operational and development needs in accordance with relevant provisions of these Articles of Association.

The Company may increase its capital by the following means:

1. offering new shares to non-specific investors;
2. placing new shares to existing shareholders;
3. allotting new shares to existing shareholders as bonus;
4. capitalizing any common reserve fund; or
5. other means permitted by laws, administrative regulations or approved by the competent securities regulatory authority of the State Council.

The issuance of new shares for the purpose of capital increase by the Company shall be conducted in accordance with the procedures prescribed by relevant State laws and administrative regulations, after being approved pursuant to these Articles of Association.

## **Article 22**

Unless otherwise provided by laws and administrative regulations, shares of the Company are freely transferable and free from all liens.

The transfer of shares of the Company shall be conducted in accordance with the Articles of Associations of the Company and other relevant rules.

## **Article 23**

The name of transferee, on the premise of compliance with the Company's Articles of Associations and other relevant rules and regulations, shall be registered, upon the completion of share transfer, in the Company's register of shareholders as the holders of the shares transferred.

## **Article 24**

All issuance and transfer of overseas-listed foreign shares shall be registered in the register of shareholders of overseas-listed foreign shares which, in accordance with Article 41 of these Articles of Associations, shall be kept in the domicile of the overseas stock exchange where shares of the Company are listed.

## **Article 25**

The Company shall ensure that all share certificates of the Company's overseas-listed foreign shares bears the following declarations, and shall instruct and procure the register office to refuse to register any other person to be holders of the shares of the Company as a result of any subscription, purchase or transfer of the Company's shares unless the aforementioned person present to the office a duly signed form specifying the following declarations:

1. The purchaser of the shares of the Company has entered into agreements with the Company and each of its shareholders to comply with the Company Law, any relevant laws and regulations and the Company's Articles of Associations.
2. The purchaser and each shareholder, director, supervisor, general manager, deputy general manager, or other senior management officer the company agree, and that the Company, representing itself and each such director, supervisor, chief executive manager, vice executive manager, or other senior management officer agree with each shareholder, that any dispute or claim arising from the Company's Articles of Association, concerning the Company's business or on the basis of the rights and obligations set out under the Company Law or other relevant laws and administrative regulations, shall be resolved by arbitration in accordance with these Articles of Associations. The arbitration commission may conduct public hearing and announce its award. The award made by the arbitration commission shall be final and binding upon all parties.

3. All purchasers of the shares of the Company, together with the Company and each of its shareholders agree that holders of shares of the Company may freely transfer such holder's shares of the Company;
4. Each purchaser of shares of the Company appoints the Company, to enter into agreements with each director and management officer of the Company on behalf of such purchaser, under which each such director and management officer shall undertake to bear the responsibilities to shareholders of the Company as specified in the Articles of Associations.

## **Article 26**

With regard to exercising the power to cease sending dividend warrants by post to any untraceable shareholder, if such warrants have been left uncashed, such power shall not be exercised unless such warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion under which such a warrant is returned undelivered.

The Company may sell shares of any shareholder who is untraceable and retain the proceeds, if:

1. during a period of twelve (12) years, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
2. upon expiration of the period of twelve (12) years, the Company, with the approval of competent securities regulatory authority of the State Council, has given notice of its intention to sell such shares by way of an advertisement published in the public newspapers and has notified the Hong Kong Stock Exchange of such intention.

Exercising the aforesaid right shall not violate any compulsory regulations prescribed under relevant laws and administrative regulations.

## **CHAPTER 4: CAPITAL REDUCTION AND SHARE REPURCHASE**

### **Article 27**

The Company may reduce its registered capital in accordance with the provisions of these Articles of Association.

### **Article 28**

When reducing its registered capital, the Company shall prepare a balance sheet and a property inventory list.

The Company shall notify its creditors within ten (10) days of the decision to reduce its registered capital, and announce the decision in newspapers at least three (3) times within thirty (30) days thereof. The creditors, within thirty (30) days upon receipt of the notice, or within forty-five (45) days after the notice is first published if no notice is received, shall be entitled to request the Company to repay the debts or to provide corresponding security for such debts.

The amount of the registered capital of the Company after the reduction may not fall below the statutory minimum requirement.

### **Article 29**

Under any of the following circumstances, the Company may repurchase its outstanding shares in accordance with the procedures prescribed in relevant laws, administrative regulations and these Articles of Association:

1. reducing the registered capital of the Company;
2. merging with any other companies which is/are also a shareholder/shareholders of the Company;
3. applying the shares for employee share ownership plans or employee share incentives;
4. acquiring shares of shareholders who raise objections to resolutions by the shareholders' general meeting on the merger or division of the Company, and request the Company to acquire their shares;
5. applying the shares for conversion into corporate bonds to be issued by the Company which are convertible into shares;
6. protecting corporate value and the rights and interests of shareholders of the Company where necessary; or
7. other means as prescribed by laws and administrative regulations.

Other than under the above circumstances, the Company shall not acquire the shares of the Company.

### **Article 30**

The Company may acquire its own shares by any of the following means:

1. centralized price bidding on the stock exchange;
2. offer; or
3. other means approved by the competent securities regulatory authority of the State Council.

If the Company intends to acquire its own shares due to circumstances specified in Items 3, 5 and 6 of Article 29 of these Articles of Association, the transaction shall be conducted through centralized trading in an open way.

### **Article 31**

Where the Company has the power to purchase for redemption any redeemable share:

1. purchases not made through the market or by tender shall be limited within a maximum price; and
2. if purchases by tender, such tender shall be available to all shareholders as deemed equal.

### **Article 32**

If the Company intends to acquire its own shares due to circumstances specified in Items 1 and 2 of Article 29 of these Articles of Association, a resolution shall be adopted in a general meeting of the shareholders for such purchase; if the Company intends to acquire its own shares due to circumstances specified in Items 3, 5 and 6 of Article 29 of these Articles of Association, a resolution shall be adopted in a board meeting with more than two thirds of the directors attending in accordance with the authorization of the general meeting of the shareholders. Where the laws, administrative regulations, departmental rules, provisions of the Articles of Association and securities regulatory authorities of the listing places of the Company provide otherwise in terms of the matters involved in share repurchase, such relevant provisions thereof shall prevail.

If the Company repurchases shares by agreement without involving any stock exchange, prior approval shall be obtained from the general meeting of the shareholders in accordance with the provisions of these Articles of Association. Upon prior approval by the general meeting of shareholders in the same manner, the Company may terminate or revise contracts concluded in the aforesaid manner or waive any of its rights thereunder.



For the purpose of the preceding Paragraph, contracts of share repurchase shall include (but not limited to) the agreements whereby the obligation to repurchase shares is undertaken and the right to repurchase shares is acquired.

The Company may not transfer any contract of share repurchase or any of the rights thereunder.

### **Article 33**

In the event that the circumstances described under Item 1 of Article 29 above occurs after the Company has acquired its own A Shares corresponding to Article 29, the acquired shares shall be canceled within ten (10) days of such acquisition. If the circumstances described under Items 2 and 4 of Article 29 above occur after the Company has acquired its own shares as per Article 29, the acquired shares shall be transferred or canceled within six (6) months from the said acquisition; under the circumstances described in Items 3, 5 and 6 of Article 29 above, the total number of shares of the Company held by the Company shall not exceed 10% of the total number of issued A Shares of the Company and such shares shall be transferred or canceled within three (3) years.

After the Company has acquired its own H shares corresponding to Article 29, the acquired shares shall be canceled as soon as possible in compliance with laws, regulations, normative documents and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The Company shall not accept its own shares as the collateral of any pledge or charge.

### **Article 34**

Unless already in liquidation, the Company shall comply with the following provisions in repurchasing its outstanding shares:

1. if the Company repurchases shares at their par value, the payment therefor shall be deducted from the distributable profits as represented by the balance on the Company's account book and/or the proceeds from new shares issued for the purpose of repurchasing old shares;
2. if the Company repurchases shares at a price higher than their par value, the payment for the portion of par value shall be deducted from the distributable profits as represented by the balance on the Company's account book and/or from the proceeds from new shares issued for the purpose of repurchasing old shares; the portion of premium shall be handled in the following manners:

- (1) repurchase of shares issued at par shall be paid out of the distributable profits as represented by the balance on the Company's account book;
  - (2) repurchase of shares issued at a price higher than the par value shall be paid out of the distributable profits as represented by the balance on the Company's account book and/or from the proceeds from new shares issued for the purpose of repurchasing old shares. The amount paid out of the proceeds from new shares may not exceed the total premium received on the issuance of the repurchased old shares, nor may it exceed the amount in the Company's premium account or capital reserve account (including the amount of premium received on the issuance of new shares) at the time of repurchase.
3. the amount paid by the Company for the following purposes shall be disbursed from the Company's distributable profits:
- (1) acquiring the right to repurchase its shares;
  - (2) modifying the contract of share repurchase;
  - (3) relieving itself of its obligations under the repurchase contract;
  - (4) After deduction, upon verification of the aggregate par value of the canceled shares from the Company's registered capital pursuant to relevant provisions, the amount deducted from the distributable profits for repurchasing the shares at their par value shall be credited to the Company's premium account or capital reserve account.

## **CHAPTER 5: FINANCIAL ASSISTANCE TO SHARE REPURCHASE BY THE COMPANY**

### **Article 35**

The Company or its subsidiaries shall not, at any time or in any manner, provide any financial assistance to any person who acquires or intends to acquire the shares of the Company. Persons who acquire shares of the Company as mentioned above shall include persons who directly or indirectly assume relevant obligations as a result of purchasing shares of the Company.

The Company or its subsidiaries shall not, at any time or in any manner, provide any financial assistance for the aforementioned obligors to reduce or relieve them of their obligations.

Provisions under this Article 35 shall not apply to the circumstances described in Article 37 of these Articles of Associations.

## **Article 36**

For the purpose of this Chapter 5, financial assistance shall include but not limited to the financial assistance provided in the following manners:

1. gifts;
2. guarantees (including assumption of liabilities or offering of property by the guarantor to secure the performance of obligations by the obligor), remuneration (excluding compensation for losses caused by the Company's own fault), relief or waiver of rights;
3. provision of loans or conclusion of any contract under which the Company is obligated to make performance prior to performance by the other party, changes to such loans or the contracting parties, and transfer of rights pertaining to such loans or contracts, etc.;
4. any other forms of financial assistance provided by the Company, when the Company is insolvent or has no net assets, or if such financial assistance will lead to a substantial reduction in the Company's net assets.

For the purpose of this Chapter 5, obligations shall include obligations assumed by the obligor as a result of changing its financial status by entering into any contract, making any arrangement (regardless of whether such contracts or arrangements are enforceable or whether the obligor assumes obligations alone or jointly with others), or by any other means.

## **Article 37**

The following acts shall not be regarded as acts prohibited under Article 35 of this Chapter:

1. if the financial assistance given by the Company is genuinely for the benefit of the Company and the purchase of the Company's shares is not the main purpose of the financial assistance, or the financial assistance provided is an incidental part of a general plan of the Company;
2. if the Company distributes its property as dividends;
3. if the Company distributes dividends in the form of shares;
4. if the company reduces the registered capital, repurchases shares or adjusts the share capital structure in accordance with these Articles of Association;

5. if the Company provides loans for its normal business activities within its scope of business provided that this shall not result in a reduction in the Company's net assets, or otherwise, the financial assistance is paid out of the Company's distributable profits); or
6. if the Company provides funds for its employee stock option plan (provided that this shall not result in a reduction of the Company's net assets, or otherwise, the financial assistance is paid out of the Company's distributable profits).

## **CHAPTER 6: SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**

### **Article 38**

Share certificates of the Company shall be in registered form.

The share certificate of the Company shall contain following main particulars:

1. the name of the Company;
2. the incorporation date of the Company;
3. the class of shares, par value and number of shares it represents;
4. the share certificate number; and
5. other matters required to be stated therein by the Company Law, Special Regulations and the stock exchange(s) on which the Company's shares are listed.

### **Article 39**

Share certificates shall be signed by the chairman of the board of directors. In the event that signatures of other senior management officers of the Company are required by the stock exchange on which the shares of the Company are listed, the share certificates shall also be signed by such other senior management officers. Share certificates shall become effective after the seal of the Company is affixed thereto or printed thereon. The share certificate shall be affixed the seal of the Company under the authorization of the board of directors. Signatures of the chairman of the board of the directors or any other relevant senior management officers of the Company on the share certificates may also be in the printed form.

## **Article 40**

The Company shall have a register of shareholders, in which the following particulars shall be registered:

1. the name, address (domicile), occupation or nature of each shareholder;
2. the class and number of shares held by each shareholder;
3. the amount paid or payable for the shares held by each shareholder;
4. the serial numbers of the shares held by each shareholder;
5. the date on which each shareholder is registered as a shareholder; and
6. the date on which each shareholder ceases to be a shareholder.

Unless there is proof to the contrary, the register of shareholders shall be sufficient evidence to the holding of the shares of the Company by a shareholder.

## **Article 41**

Based on an understanding or agreement reached by and between the competent securities regulatory authority of the State Council and an overseas securities regulatory authority, the Company may keep the register of holders of overseas-listed foreign shares in an overseas location and entrust an overseas agency with the management thereof. The original copy of the register of holders of H shares shall be maintained in Hong Kong.

The Company shall keep the duplicate of the register of holders of overseas-listed foreign shares at the domicile of the Company; the entrusted overseas agency shall ensure the consistency between the original copy and the duplicate of the register of holders of overseas-listed foreign shares at all times.

In the event of any inconsistency between the original copy and the duplicate of the register of holders of overseas-listed foreign shares, the original copy shall prevail.

## **Article 42**

The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

1. registers of shareholders kept at the domicile of the Company other than those specified in Item 2 and Item 3 of this Article;
2. registers of holders of overseas-listed foreign shares kept in the domicile of the overseas stock exchange on which shares of the Company are listed;
3. registers of shareholders kept in other places as deemed necessary for listing of the shares of the Company by the board of directors.

## **Article 43**

Various parts of the register of shareholders shall not overlap each other. The transfer of shares registered in a certain part of the register of shareholders may not be registered in another part of the register of shareholders during the existence of the registration of such shares.

Modification or correction of a given part of the register of shareholders shall be carried out in accordance with the local laws of where such part of the register of shareholders is kept.

## **Article 44**

All H Shares which have been fully paid-up may be freely transferred in accordance with the Company's Articles of Association. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognize any instrument of transfer without providing any reason:

1. a fee of HK\$2.50 per instrument of transfer or other amount agreed by the Hong Kong Stock Exchange shall be paid to the Company for registration of the instrument of transfer and other documents relating to or which will affect the right of ownership of the shares;
2. the instrument of transfer only applies to overseas-listed foreign shares listed at the Hong Kong Stock Exchange;
3. the stamp duty which is chargeable on the instrument of transfer has already been paid;

4. the relevant share certificate(s) and any other evidences which the board of directors may reasonably require to show that the transferor has the right to transfer the shares shall be provided;
5. if it is intended that the shares be transferred to joint owners, the maximum number of joint owners shall be no more than four (4);
6. the Company does not have any lien on the relevant shares; and

If the Company refuses to register the transfer of shares, the Company shall provide to transferor and transferee a notice of such refusal within two (2) month of the date of the official submission of such application.

Shares of the Company held by the promoters shall not be transferred within the first year of the Company's establishment. The shares which have already been issued prior to the Company's public offering shall not be transferred within the first year after the Company's shares are listed at the Stock Exchange.

The directors, supervisors and senior management officers of the Company shall report to the Company their shares of the Company and any alterations to the shares so held, and the shares transferred annually by them during their terms of office shall not exceed 25% of their total shares of the Company. Shares of the Company held by the aforesaid persons shall not be transferred within the first year after the listing of Company's shares. The aforesaid persons shall not transfer their shares of the Company in a period of six (6) months after they leave the Company.

If any of the Company's directors, supervisors, senior management officers and shareholders who holds more than 5% of the total shares of the Company sell such person's shares of the Company or other securities with an equity nature within six (6) months after having bought such shares or securities, or buy such shares or securities within six (6) months after having sold them, all earnings thus obtained shall belong to the Company and be revoked by the board of directors of the Company. However, a securities company which holds more than 5% of the Company's shares due to its undertaking of shares remaining after sales upon underwriting and other circumstances stipulated by the China Securities Regulatory Commission are excluded. Shares or other securities with an equity nature held by directors, supervisors, senior management officers and natural person shareholders referred to in the preceding Paragraph include shares or other securities with an equity nature held by their spouses, parents and children and held under others' accounts.

In the event that the board of directors refuses to comply with the provisions of the preceding paragraph, the shareholders shall have the right to order the enforcement by the board of directors of the said provisions within thirty (30) days. If the board of directors fails to observe the provisions of the preceding Paragraph within the aforesaid time limit, the shareholders shall be entitled to, in their own names, directly commence an action with the people's court for the benefit of the Company. If the board of directors refuses to comply with the above Paragraph of this Article, the responsible directors shall bear joint and several liabilities according to laws and regulations.

#### **Article 45**

The transfer of H Shares shall be carried out in writing, through transfer instrument in common or ordinary form or in the form acceptable to the board of directors, and such transfer instrument may be signed only by hand or, if the transferor or transferee is a securities clearing institution or its attorney, signed by hand or signed in machine-printed form. All transfer instruments shall be kept at the legal address of the Company or such other place the board of directors may designate from time to time.

#### **Article 46**

Closure of registers of members prior to a general meeting of shareholders or prior to the record date for dividend distribution set by the Company shall be conducted in accordance with the laws, regulations and the relevant requirements of the securities regulatory authorities at the place where the shares of the Company are listed.

#### **Article 47**

When the Company convenes a general meeting of shareholders, distributes dividends, enters into liquidation or carries out other activities for which confirmation of share ownership is required, the board of directors shall set a date for confirmation (registration) of share ownership, and shareholders who remain on the register at the end of that date shall be shareholders with related interests.

#### **Article 48**

Any person who objects to the contents of the register of shareholders, requesting to have his/her/its name registered therein, or have his/her/its name removed therefrom may apply to a court with competent jurisdiction for modification of the register of shareholders.



## Article 49

If a shareholder registered in the register of shareholders or a person who requires to have his/her/its name registered in the register of shareholders has lost his/her/its share certificate (i.e. the “original share certificate”), he/she/it may apply to the Company for issuing a replacement share certificate in respect of such shares (i.e. “relevant shares”).

Applications for the issuance of replacement share certificates submitted by holders of domestic shares who have lost their share certificates shall be handled in accordance with the Company Law, other relevant laws, administrative regulations and rules made by securities registration and settlement agency and the stock exchange at which the shares of the company are listed.

Applications for the issuance of replacement share certificates submitted by holders of overseas-listed foreign shares who have lost their share certificates may be handled in accordance with the local laws, rules of stock exchanges and other relevant provisions of where the original of the register of holders of overseas-listed foreign shares is kept.

In the event a holder of H shares of the Company who has lost his/her/its share certificates applies for the issuance of replacement share certificates, the issuance shall meet the following requirements:

1. the applicant shall submit the application in the standard format designated by the Company, with a notarized certificate or statutory declaration attached. The notarized certificate or statutory declaration shall contain the reasons for the application, the circumstances surrounding and proof of the loss of the share certificates and a declaration that no other person may claim to be registered as the holder of the relevant shares.
2. the Company does not receive any claim from any person other than the applicant for being registered as the shareholder of such shares before the Company decides to issue the replacement share certificates.
3. if the Company decides to issue replacement share certificates to the applicant, the Company shall publish an announcement of the intention to issue replacement share certificates in newspapers/periodicals designated by the board of directors; the announcement period shall be ninety (90) days, during which the announcement shall be repeatedly published at least once every thirty (30) days.
4. before publishing an announcement of its intention to issue replacement share certificates, the Company shall submit a duplicate of the announcement to be published to the stock exchange on which its shares are listed; the Company may proceed with the publication upon receipt of a reply from the stock exchange confirming that the announcement has been displayed in the stock exchange. The announcement shall be displayed in the stock exchange for a period of ninety (90) days.

If the application for issuing replacement share certificates is made without the consent of the registered holders of the relevant shares, the Company shall mail thereto the copies of the announcement to be published.

5. upon the expiration of the 90-day period for announcement and display as prescribed in Item 3 and Item 4 of this Article, if the Company has not received any objection to the issuance of replacement share certificates, it may issue replacement share certificates as per the application filed by the applicant.
6. when issuing replacement share certificates in accordance with the provisions of this Article, the Company shall cancel the original share certificates forthwith, and record the cancellation and replacement issuance in the register of shareholders.
7. all costs incurred by the Company in connection with the cancellation of the original share certificates and issuance of replacement share certificates shall be borne by the applicant. Unless the applicant provides reasonable assurance, the Company shall be entitled to refuse to take any action.

#### **Article 50**

After the Company has issued a replacement share certificate in accordance with the provisions of these Articles of Association, the name of a bona fide purchaser who acquires the aforesaid replacement share certificate or a shareholder who is subsequently registered as the owner of the share (provided that the shareholder is a bona fide purchaser) shall not be removed from the register of shareholders.

#### **Article 51**

The Company shall not be liable for any damage suffered by any person as a result of cancellation of the original share certificate or the issuance of a replacement share certificate, unless the person concerned can prove that the Company has acted fraudulently.

### **CHAPTER 7: RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

#### **Article 52**

Shareholders of the Company are persons who lawfully hold shares of the Company and whose names are entered in the register of shareholders.

Shareholders shall enjoy rights and undertake obligations in accordance with the class and the number of shares held thereby. Holders of the same class of shares shall enjoy the same rights and undertake the same obligations.

In the case of joint shareholders, if one of the joint shareholders is deceased, only the other existing shareholders of the joint shareholders shall be deemed as the persons who have the ownership of the relevant shares. The board of directors, however, may require the other existing shareholders to provide a certificate of death of the deceased shareholder as necessary for the purpose of modifying the register of shareholders. Regarding any joint shareholders of the shares, only the joint shareholders ranked first in the register of shareholders have the right to accept certificates of the relevant shares, receive notices of the Company, attend and vote at shareholders' general meetings of the Company. Any notice which is delivered to such above shareholder shall be deemed to be delivered to all the joint shareholders of the relevant shares.

### **Article 53**

Holders of ordinary shares of the Company shall be entitled to the following rights:

1. receiving dividends and other forms of profit distribution in accordance with the number of shares held;
2. petitioning, convening, presiding over, attending general meetings of shareholders and exercising their voting rights personally or by proxy pursuant to the law;
3. conducting supervision and administration over the business activities of the Company, and making suggestions or inquiries;
4. transferring shares in accordance with laws, administrative regulations and the provisions of these Articles of Association;
5. obtaining relevant information in accordance with the provisions of these Articles of Association, including:
  - (1) obtaining these Articles of Association after paying the production cost thereof;
  - (2) after paying a reasonable charge, acquiring the right to inspect and duplicate:
    - i all parts of the register of shareholders;
    - ii personal information of the directors, supervisors, general manager, deputy general managers or other senior management officers of the Company, including:
      - a. current and former names and aliases;
      - b. principal address (domicile);

- c. nationality;
  - d. full-time occupation and all other part-time occupations or positions;
  - e. identity certificate documents and the numbers thereof.
- iii information on the share capital of the Company;
  - iv a report on the aggregate par value, number and highest and lowest prices of each class of shares repurchased by the Company since the last fiscal year, and the total payment made by the Company for such repurchases;
  - v minutes of the general meetings of shareholders.
6. participating in the distribution of the remaining property of the Company proportionate to their shareholdings when the Company is terminated or liquidated;
  7. demanding that the Company acquire the shares of the shareholders who raise objections to the merger/consolidation and division resolutions adopted by the general meetings of shareholders;
  8. in the event that the interests of the Company and lawful personal interests of the shareholders were infringed, commencing an action with the people's court to claim relevant interests in accordance with the Company Law or other laws and administrative regulations;
  9. other rights conferred by relevant laws, administrative regulations and these Articles of Association.

No powers shall be taken by the Company to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

#### **Article 54**

When requesting access to the information mentioned in the preceding Article, or asking for the relevant documents, the shareholders shall provide the Company with written documents evidencing the class and number of the Company's shares that they hold. The Company, after having identified the shareholders, may provide them with the said information and relevant documents according to the requirements of such shareholders.

## **Article 55**

Holders of ordinary shares of the Company shall undertake the following obligations:

1. complying with these Articles of Association;
2. paying for the shares in accordance with the shares subscribed for and the manners in which they became shareholders;
3. refraining from abusing shareholder's rights to harm the interests of the Company or other shareholders; refraining from abusing the independent legal person status of the Company and the limited liabilities of shareholders to harm the interests of the creditors of the Company. Shareholders who abuse their rights has caused losses to the Company or other shareholders shall be legally responsible for liabilities. Shareholders who abuse and take advantage of the Company's independent legal person status and the shareholders' limited liabilities for evasion of their debts, which caused damages to the benefits of the creditors, shall bear several and joint liabilities for the debts of the Company; and
4. other obligations prescribed by laws, administrative regulations and these Articles of Association.

Shareholders shall not be liable for any further contribution to the share capital other than on the conditions agreed to by the subscribers at the time of subscription.

If shareholders with more than 5% of the voting shares of the Company pledge their shares, they shall submit a report in writing to the Company on the day of the said pledge.

## **Article 56**

Other than obligations prescribed by relevant laws and administrative regulations or the listing rules of the stock exchange on which the shares of the Company are listed, the controlling shareholders may not, in exercising their shareholder powers, exercise their voting rights to make decisions prejudicial to the interests of all or some of the shareholders in respect of the following:

1. relieving directors or supervisors of the responsibility to act in good faith and in the best interests of the Company;
2. authorizing directors or supervisors (for the interests of themselves or other persons) to deprive, in any manner, the Company of its property, including (but not limited to) any opportunities that are beneficial to the Company;

3. authorizing directors or supervisors (for the interests of themselves or other persons) to deprive other shareholders of their personal rights, including (but not limited to) any right to participate in distribution or voting right, excluding restructuring of the Company that has been submitted to and adopted by the general meeting in accordance with these Articles of Association.

#### **Article 57**

For the purposes of the preceding Article 56, a “controlling shareholder” shall refer to any person who satisfies any of the following conditions:

1. a person, when acting alone or in concert with others, may elect more than half of the directors;
2. a person, when acting alone or in concert with others, may exercise 30% or more of the voting rights of the Company or control 30% or more of the voting rights of the Company;
3. a person, when acting alone or in concert collaboration with others, hold 30% or more of the outstanding shares of the Company; or
4. a person, when acting alone or in concert with others, may have de facto control of the Company by any other means.

### **CHAPTER 8: THE GENERAL MEETING OF SHAREHOLDERS**

#### **Article 58**

The general meeting of shareholders (the “general meeting”) is the governing organ of the Company, and shall exercise its functions and powers pursuant to the law.

#### **Article 59**

The general meeting shall exercise the following functions and powers:

1. determining the business policies and investment plans of the Company;
2. electing and replacing directors, and deciding on matters concerning the remuneration of directors;
3. electing and replacing supervisors assumed by representatives of shareholders, and deciding on matters concerning the remuneration of supervisors;

4. deliberating on and approving reports of the board of directors;
5. deliberating on and approving reports of the board of supervisors;
6. deliberating on and approving the annual financial budget plan and final account plan of the Company;
7. deliberating on and approving profit distribution plans and loss recovery plans of the Company;
8. making resolutions to increase or reduce the registered capital of the Company;
9. making resolutions on issues such as merger, division, dissolution and liquidation of the Company;
10. making resolutions concerning the bond issuance by the Company;
11. making resolutions on the appointment, dismissal or non-renewal of the appointment of accounting firms by the Company;
12. amending these Articles of Association;
13. deliberating on and approving external guarantees which shall be approved by the general meeting prescribed in these Articles of Association;
14. deliberating on proposals put forward by shareholders representing 3% or more of the Company's voting shares;
15. deliberating on and approving matters regarding the purchase and sales within one (1) year by the Company of substantial assets which exceed 30% of the total assets of the Company at the most recent audit;
16. examining, approving and altering the usage of the funds raised;
17. deliberating on and approving the equity incentive plan;
18. to review any external investment which is beyond the current annual budget and exceeds 30% of the audited net assets of the Company in the previous year;
19. to review any entrusted wealth management transaction with a total amount exceeding 10% of the most recently audited total assets of the Company or 30% of the net assets of the Company;

20. to review any asset mortgage created by the Company over any of its owned property, equipment or equity investment for the benefit of any financial institution or other institution with a total amount exceeding 10% of the most recently audited total assets of the Company or 30% of the net assets of the Company;
21. making resolutions on other matters as prescribed by relevant laws and administrative regulations and these Articles of Association; and
22. the general meeting may authorize or entrust the board of directors to perform its authorized or entrusted matters, but the board of directors shall not be authorized to exercise the functions and powers to be exercised by the general meeting as stipulated by law.

The general meeting shall make resolutions on matters to be resolved by the general meeting as prescribed by laws, administrative regulations and the Articles of Association so as to guarantee its decision-making power on such matters. Where necessary and reasonable, the general meeting may authorize the board of directors to make decisions on specific matters relating to the resolutions which cannot be decided immediately at the general meeting under the mandate granted at such meeting and the authorized matters shall be specific.

For any transaction of the Company (other than provision of guarantees, receipt of cash assets as gift or liabilities purely to reduce or exempt the obligations of the Company) which meet any of the following criteria, the Company shall submit the matter to the shareholders' general meeting for review, in addition to making a timely disclosure thereof in accordance with relevant laws and regulations and the Listing Rules of Shanghai Stock Exchange:

1. the total value of assets involved in the transaction (book value or appraised value, whichever is higher) accounts for 50% or more of the most recently audited total assets of the Company;
2. the consideration of the transaction (including assumed liabilities and costs) accounts for 50% or more of the mostly audited net assets of the Company, with the absolute amount being more than RMB50,000,000;
3. the profit derived from the transaction accounts for 50% and more of the audited net profit of the most recent fiscal year of the Company, with the absolute amount being more than RMB5,000,000;
4. the revenue derived from the subject matter of the transaction (such as equity interest) in the most recent fiscal year accounts for 50% or more of the audited revenue of the Company in the most recent fiscal year, with the absolute amount being more than RMB50,000,000;



5. the net profit derived from the subject matter of the transaction (such as equity interest) in the most recent fiscal year accounts for 50% or more of the audited net profit of the Company in the most recent fiscal year, with the absolute amount being more than RMB5,000,000.

If any data involved in the calculation above is negative, the absolute value shall apply.

## **Article 60**

Without prior approval by the general meeting, the Company may not enter into any contract with any person other than a director, supervisor, general manager, deputy general manager or other senior management officer of the Company to delegate thereto the management of all or any material business of the Company.

## **Article 61**

The below external guarantees of the Company shall be approved by the general meeting:

1. Any additional external guarantee proposed by the Company and its controlling subsidiaries when the total amount of external guarantee offered by the Company and any of the Company's controlling subsidiaries has reached or exceeded 50% of the net assets in the most recent audit;
2. Any additional external guarantee proposed by the Company when the total amount of external guarantee offered by the Company reaches or exceeds 30% of the net assets in the most recent audit;
3. Any guarantee provided to any person or entity whose debt ratio exceeds 70%;
4. Any single guarantee whose amount exceeds 10% of the net assets in the most recent audit;
5. Any guarantee provided to any shareholder, actual controller of the Company or their related parties; or
6. Other guarantees required to be approved by the general meeting by laws, administrative regulations, or these Articles of Association.

The directors, managers or other senior management officers shall indemnify the Company any relevant loss caused to the Company due to their abuse of their approval powers or violations of approval procedures of external guarantees set forth in laws, administrative regulations or these Articles of Association, and the Company may correspondingly lodge actions with the people's court according to such laws, administrative regulations or these Articles of Association.

## **Article 62**

General meetings shall be divided into annual general meeting and extraordinary general meetings. General meetings shall be convened by the board of directors. The annual general meeting shall be convened once a year, and be held within six (6) months after the end of each accounting year.

The general meeting shall have a meeting place for convening the onsite meetings. In addition, the Company shall provide convenience for the shareholders' participation in the general meetings via network voting. Shareholders who attend the general meetings in the aforesaid manner shall be deemed to be present at such meetings.

Under any of the following circumstances, the board of directors shall convene an extraordinary general meeting within two (2) months:

1. where the number of directors is less than the number prescribed in the Company Law or less than two-thirds (2/3) of the number required by these Articles of Association;
2. where the unrecovered losses of the Company amount to one-third (1/3) of the total share capital of the Company;
3. where a shareholder holding 10% or more of the outstanding voting shares of the Company requests in writing that an extraordinary general meeting be convened;
4. where the board of directors considers it necessary;
5. where the board of supervisors proposes to convene the meeting; or
6. other matters as prescribed by relevant laws, administrative regulations or these Articles of Association.

In the case of the above Items 3, 4 and 5, proposals submitted by the convening party shall be listed in the agenda of the general meeting.

## **Article 63**

When the Company decides to convene an annual general meeting, it shall issue a written notice twenty (20) clear business days prior to the meeting. When the Company decides to convene an extraordinary general meeting, it shall issue a written notice ten (10) clear business days or fifteen (15) days (whichever is longer) prior to the meeting. Such notice shall serve to inform all registered shareholders of the matters to be deliberated at the meeting as well as the date and place of the meeting.

All the directors, supervisors, secretary to the Board and legal counsels engaged by the Company shall be present at the meeting, and the general manager and other senior management personnel shall attend the meeting as observers.

## **Article 64**

When the Company decides to convene an annual general meeting, shareholders holding 3% or more of the voting shares of the Company shall be entitled to put forward proposals to the Company in writing.

The shareholders that severally or jointly hold more than 3% of the Company's shares may, before twenty (20) days prior to the general meeting, raise interim proposals and submit them in writing to the board of directors. The board of directors shall, within two (2) days after receipt of such proposal or at least fourteen (14) days prior to the original date of the general meeting, issue a notice and public announcement of the general meeting to all shareholders and submit such proposals to the general meeting for discussion and approval.

Except as prescribed in the preceding Paragraph, proposals which are not listed in the said notice shall not be decided by the general meeting.

## **Article 65**

The contents of a proposal of general meeting shall meet the following conditions:

1. be in compliance with the relevant provisions of the laws, administrative regulations and these Articles of Association, and correspond to the functions and powers of the general meeting and the business scope of the Company;
2. have specific topics for discussion and detailed matters for resolution; and
3. be submitted or served in writing to the board of directors.

## **Article 66**

An extraordinary general meeting may not decide on matters not specified in the notice.

## **Article 67**

The notice of the general meeting shall meet the following requirements:

1. being in written form;
2. specifying the place, date and time of the meeting;
3. describing the matters to be discussed at the meeting;

4. providing shareholders with all the information and explanations that are necessary for shareholders to make sensible decisions on matters to be discussed. This, in principle, shall include (without limitation to) providing concrete terms and contracts (if any) of the proposed transaction under negotiation, and earnestly explaining the causes and consequences thereof when the Company proposes a merger, share repurchase, reorganization of share capital or other restructuring;
5. if any director, supervisor, manager or other senior management officer has a substantial stake in any of the matters to be discussed, the notice shall disclose the nature and extent of his/her stake in relevant matters; if the matters to be discussed affect such director, supervisor, manager or senior management officer in his/her capacity as a shareholder differently than other shareholders of the same class, the notice shall explain the difference;
6. containing the full text of any special resolution proposed to be adopted at the meeting;
7. containing an explicit statement that shareholders entitled to attend and vote shall have the right to appoint one or more proxies to attend and vote on their behalf and that the proxy or proxies need not be a shareholder/shareholders; and
8. specifying the time and place for delivering the power of attorney.

#### **Article 68**

The notice of a general meeting shall be delivered to all shareholders (regardless of whether they have the right to vote at the general meeting) by designated messenger(s) or in a postpaid letter at the address recorded in the register of shareholders. Holders of domestic shares may be notified of the general meeting by means of an announcement.

The announcement referred to in the preceding Paragraph shall be published on the website of the stock exchange and in the media that meet the conditions specified by securities regulatory authorities and other regulatory authorities. Once the announcement is made, all holders of domestic shares are deemed to have received the notice of the general meeting.

Notwithstanding the above provisions in this Article 68, if any listing rules of where the Company is listed or relevant applicable regulations shall provide otherwise concerning the notice of general meeting sent by the Company to its domestic shareholders, such provisions of the relevant laws shall prevail.

Once the notice of the general meeting is issued, the general meeting shall not be postponed or canceled without justifiable cause, nor shall the proposals set out in the general meeting notice be canceled. In the case of the said postponement or cancellation of the general meeting, the convener shall make an announcement and state reasons for such postponement or cancellation, at least two (2) working days prior to the original date of the general meeting.

#### **Article 69**

A meeting and the resolutions adopted at the meeting shall not be invalidated as a result of any accidental omission to serve the notice of the meeting or the failure to receive the notice by a person entitled to the same.

#### **Article 70**

Any shareholder entitled to attend and vote at a general meeting shall have the right to appoint one (1) or more persons (not necessarily shareholders) as his/her/its proxy or proxies to attend and vote on his/her/its behalf. The proxy or proxies may exercise the following rights based on the authorization by the shareholder:

1. the shareholder's right to speak at the general meeting;
2. the right to demand voting by poll on his/her own or in concert with others; and
3. the right to vote by show of hands or poll. However, if more than one proxy has been appointed by a shareholder, the proxies may only exercise the right to vote by poll.

If the shareholder is the recognized clearing house (or its attorney) as defined under the relevant laws and regulations in Hong Kong, such shareholder is entitled to appoint one or more persons as his proxies to attend on his behalf at any general meeting or at any class meeting. However, if one or more persons have such above authority, the letter of authorization shall contain the number and class of the shares of each of such person or persons in connection with such authorization. Such person or persons may exercise the right on behalf of the recognized clearing house (or its agent) as if such person or persons are the individual shareholders of the Company.

#### **Article 71**

A shareholder shall appoint his/her proxy by a written instrument signed by the principal or an agent authorized by the principal in writing. If the principal is a legal person, the written instrument shall be affixed with its official seal, or signed by its directors or a duly authorized agent. The letter of authorization shall contain the number of the shares to be represented by the proxy. If several persons are authorized as the proxies of the shareholder, the letter of authorization shall specify the number of shares to be represented by each such proxy.

## **Article 72**

An instrument appointing a voting proxy shall be placed at the domicile of the Company or another place specified in the notice of the meeting at least 24 hours prior to the commencement of the meeting in question or 24 hours prior to the scheduled time for voting. Where the instrument is signed by a personnel authorized by the principal, the power of attorney or other authorization documents shall be notarized. The power of attorney or other authorization documents so notarized shall be placed at the domicile of the Company or another place specified in the notice of the meeting, together with the instrument appointing the voting proxy.

If the principal is a legal person, it shall be represented at the general meeting of the Company by its legal representative or a personnel authorized by its board of directors or other decision-making bodies.

## **Article 73**

Any power of attorney delivered to a shareholder by the board of directors of the Company shall be prepared in a form such that the shareholder is able to freely instruct the proxy to vote for or against any resolution, and to separately give instructions on matters to be voted on for each agenda at the meeting. The power of attorney shall specify whether the proxy may vote as he/she sees fit, if no instruction is given by the shareholder.

## **Article 74**

The Company is entitled to require the proxies, who are entrusted by the individual shareholders to attend the meeting on their behalf, to present their valid identity certificates and the power of attorney from the shareholders or the authorized representative of the shareholders.

Any shareholder of the Company which is a legal entity shall entrust a representative to attend the meeting. The Company is entitled to require such representative to present their valid identity certificates and the notarized copies of the resolutions or the power of attorney which proves that the representative has been entrusted by such shareholder's board of directors or other organ of power of the Company.

## **Article 75**

Notwithstanding the death or incapacity of the principal, the revocation of the appointment or the power of attorney by which the instrument of appointment is signed, or the transfer of relevant shares prior to voting, a vote by the proxy based on the power of attorney shall remain valid, as long as no written notice in respect of the aforesaid events has been received by the Company prior to the commencement of the relevant meeting.

## **Article 76**

Resolutions at the general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions of the general meeting shall be passed by more than half (1/2) of the voting rights represented by shareholders (including proxies) present at the meeting.

Special resolutions of the general meeting shall be passed by more than two thirds (2/3) of the voting rights represented by shareholders (including proxies) present at the meeting.

Shareholders attending a general meeting (including proxies) shall expressly specify whether they are in favor of or against any matter which is being voted for. Any abstention vote or waiver of voting shall be deemed as "Abstention". Any blank, mistakenly-filled and unrecognizable vote as well as any failure to vote shall be deemed as abstention, and such votes represented by the shares of the abstention voter shall be filled with "abstention". The abstention vote shall be regarded as valid votes when the Company counts the votes in respect of the relevant matter.

## **Article 77**

When commencing general meetings, the Company shall employ an attorney to render legal opinions on the following matters and make announcements:

1. Whether the commencement of the general meeting and its procedures are in compliance with the laws, administrative regulations, and these Articles of Association;
2. Whether the qualifications of the attendees and convener are lawfully effective;
3. Whether the voting procedures and results of the general meeting are lawfully effective; and
4. Legal opinions issued upon the request of the Company on other relevant matters.

## **Article 78**

When voting at the general meeting, shareholders (including proxies) shall exercise their voting rights according to the number of voting rights represented by the shares thereof. Save for the requirement that the cumulative voting system shall be adopted in the election of directors or supervisors who are not the employee representatives under Article 105 of these Articles of Association, each share shall carry one voting right. Shares of Company which are held by the Company shall carry no voting rights, and the number of such shares shall not be calculated into the number of voting shares of the shareholders attending the meeting.

## **Article 79**

Votes of the general meeting shall be taken by show of hands, unless the following persons require voting by poll before or after voting by show of hands:

1. chairman of the meeting;
2. at least two (2) shareholders or proxies thereof having the right to vote; or
3. one (1) or several shareholders (including proxies) holding, separately or collectively, 10% or more of the shares carrying the voting right at the meeting.

Unless voting by poll is proposed, the chairman of the meeting shall declare whether a proposal has been adopted according to the results of voting by show of hands, and record the same in the minutes of the meeting as the final basis. There is no need to prove the number or proportion of the votes for or against a given resolution adopted at the meeting.

The demand for voting by poll may be withdrawn by the person who requested the same.

## **Article 80**

If the matter demanded to be voted upon by poll is the election of the chairman or the adjournment of the meeting, a poll shall be held immediately. Poll demanded for any others matters shall be taken at the time decided by the chairman, and the meeting may proceed with the discussion of other matters. The poll result shall still be regarded as a resolution passed at the meeting.

## **Article 81**

When a poll is held, shareholders (including proxies) entitled to two (2) or more votes are not required to cast all their votes for or against a resolution.

## **Article 82**

In the event the number of affirmative votes equals to that of negative votes, the chairman of the meeting shall be entitled to one additional vote, regardless of whether the voting is taken by show of hands or by poll.



### **Article 83**

In the event the matters of related transactions are discussed at a general meeting, all associated shareholders shall refrain from voting upon such related transactions, and the number of voting rights represented by such shareholders shall not be calculated in the total number of valid votes. The announcement of such general meeting shall fully disclose the votes of the non-related shareholders. If any related shareholder is not able to rescue himself from voting upon related transactions due to particular circumstances, the Company may, with the approval of authorized authorities, vote at a normal procedure, and make a detailed explanation in the public announcement of the resolution of such general meeting.

### **Article 84**

The following matters shall be adopted by way of an ordinary resolution at the general meeting:

1. work reports of the board of directors and the board of supervisors;
2. profit distribution plans and loss recovery plans drafted by the board of directors;
3. dismissal of members of the board of directors or the board of supervisors, their remuneration and the method of payment thereof;
4. the annual budget and final accounts, balance sheet, profit statement and other financial statements of the Company; and
5. matters other than those that shall be adopted by way of a special resolution as required by relevant laws and administrative regulations or these Articles of Association.

### **Article 85**

The following matters shall be adopted by way of a special resolution at the general meeting:

1. increase or reduction in the share capital of the Company, and issuance of any class of shares, warrants or other similar securities;
2. issuance of corporate bonds;
3. division, merger, dissolution and liquidation of the Company;
4. amendment of these Articles of Association;

5. equity incentive plan;
6. the purchase or sale by the Company of any material assets or the provision by the Company of any guarantees in one year in a total amount exceeding 30% of the most recently audited total assets of the Company; and
7. other matters that will have a significant impact on the Company and consequently need to be adopted by way of a special resolution, as deemed in an ordinary resolution passed at the general meeting.

#### **Article 86**

In the event that any listing rules of the stock exchange where the Company is listed requires any shareholder to abstain from voting on any particular resolution or to vote only in favor of or only against any particular resolution, if any votes casted by or on behalf of such shareholder shall be in contravention of such requirement or restriction, such votes as exercised by such above shareholders or their representatives shall not be counted (if the Company is so informed).

#### **Article 87**

Shareholders calling for an extraordinary general meeting or a meeting of class shareholders shall act in accordance with the following procedures:

1. two (2) or more shareholders who hold, in aggregate, 10% or more of the shares carrying the right to vote at the proposed meeting may sign one or several written requisitions of the same format and contents, requesting the board of directors to convene an extraordinary general meeting or a meeting of class shareholders. The agenda of the proposed meeting shall be stated therein. The board of directors shall issue its decision in writing regarding its approval or rejection within ten (10) days from the receipt of the said proposal. The number of the aforesaid shares shall be calculated as of the date on which the requisition(s) is/are made.
2. If the board of director agree to convene an extraordinary general meeting or a meeting of class shareholders, a notice of convening an extraordinary general meeting or a meeting of class shareholders shall be sent out within five (5) days of the resolution of the board of directors. Any modification to the original proposals shall be approved by original proposer.
3. If the board of directors fails to issue a notice of such a meeting within thirty (30) days upon receipt of the aforesaid requisition(s), the shareholders calling for the meeting may convene the meeting themselves within four (4) months after the board of directors has received the requisition. The procedures for convening the meeting shall be the same, to the extent possible, as the procedures for a general meeting convened by the board of directors.

4. where the board of directors does not agree to convene an extraordinary general meeting or does not reply within 10 days of its receipt of the request, shareholders holding, individually or in aggregate, 10% or more of the shares of the Company, shall have the right to request the supervisory committee in writing to convene an extraordinary general meeting.

If the supervisory committee agrees to convene the extraordinary general meeting, it shall issue an notice thereof within 5 days of its receipt of the request, and any amendment made in the notice to the original proposals shall be subject to the consent of the relevant shareholders.

If the supervisory committee fails to issue the notice of the extraordinary general meeting within the period mentioned above, it shall be deemed that it will not convene and preside over the shareholders' general meeting, in which case shareholders holding, individually or in aggregate, 10% or more the shares of the Company for 90 consecutive days may convene and preside over such meeting.

If two or more independent directors or the board of supervisors calls for an extraordinary general meeting, such independent directors or the board of supervisors shall act in accordance with the following procedures:

1. Sign one or several written requisitions of the same format and contents, requesting the board of directors to convene an extraordinary general meeting, and provide the topics for discussion at the meeting. With regard to such proposal, the board of directors shall provide its feedback in writing on the approval or disapproval within ten (10) days from the receipt of the said proposal.
2. Where the board of directors approves the convening of the extraordinary general meeting, it shall send the notice thereof within five (5) days after the said approval resolution of the board of directors. Any modification to original proposals shall be approved by the original proposer.
3. In the event the board of directors disapproves the convening of the extraordinary general meeting, the board of directors shall so explain and announce the reasons.
4. In the event the board of directors disapproves the convening of the extraordinary general meeting or fails to provide its feedback within ten (10) days from the receipt of the said proposal, it shall be deemed to be incapable of or failure to fulfill the obligation of convening the general meeting. The board of supervisor may thereby convene and preside over the extraordinary general meeting by itself.
5. If the board of supervisors decides to convene the extraordinary general meeting according to the above Paragraph, they shall notify the board of directors in writing to such effect and put such on record with the relevant competent departments.

With respect to any general meeting independently convened by the board of supervisors or the shareholders, the board of directors and its secretary shall provide assistance. The board of directors shall provide the register of shareholders which will be dated the day of the equity registration.

If the general meeting is held independently by the board of supervisors or shareholders due to failure of the board of directors to convene the meeting according to the above requirements, all necessary costs and expenses of the meeting shall be borne by the Company and deducted from funds which the Company should pay the directors who are negligent in the performance of their duties.

### **Article 88**

The general meeting shall be convened and chaired by the chairman of the board of directors. If the chairman is unable to or fails to perform his duties, the general meeting shall be convened and chaired by the vice chairman, authorized by the chairman of the board of directors. If such authorized vice chairman is unable to or fails to perform his duties, the general meeting shall be presided over and chaired by a director jointly elected by a simple majority of all the directors.

If independently convened by the board of supervisors, the general meeting shall be chaired by the chairman of the board of supervisors. If the chairman of the board of supervisors is unable to or fails to perform his duties, a supervisor shall be jointly elected by a simple majority of all the supervisors to preside over the general meeting.

General meetings independently convened by the shareholders shall be presided over by a representative recommended by the convener. If no chairman of the meeting has been so recommended, shareholders present at the meeting shall choose one (1) person to act as the chairman of the meeting. If for any reason, the shareholders shall fail to elect a chairman, then the shareholder (including a proxy) holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.

If the convener violates the procedural rules during the general meeting, therefore causing the meeting to be unable to continue, a presider may, upon approval by a simple majority of shareholders present at the general meeting with shares of voting rights, be elected by the general meeting to continue the meeting.

### **Article 89**

The chairman of the meeting shall be responsible for deciding whether a resolution of the general meeting shall be passed. The decision thereof shall be final, and be announced at the meeting and recorded in the minutes of the meeting. The Company shall announce such resolution of the general meeting in accordance with rules of the stock exchange where the Company's shares are listed.

## **Article 90**

If the chairman of the meeting should deem the result of a resolution put to vote to be questionable, the chairman may count cast on the number of votes. If the chairman of the meeting fails to count the votes, a shareholder or proxy attending the meeting who questions the result announced by the chairman shall be entitled to request for counting of votes immediately after the announcement of such result, and the chairman shall count the votes forthwith.

## **Article 91**

If counting of votes is conducted at a general meeting, the result of the counting shall be recorded in the minutes of the meeting. The attending directors, supervisors, secretary of the board of directors, convener or its representatives, and the meeting presider shall sign the meeting minutes. The meeting minutes, together with the sign-in sheet of the shareholders present and the instruments of proxy shall be kept at the domicile of the Company for a period of at least fifteen (15) years.

## **Article 92**

The general meeting shall have meeting minutes, which shall be the responsibility of the secretary of the board of directors. The meeting minutes shall include the following:

1. time, place, agenda, and the name of the convener of the meeting;
2. name of the presider and each of the directors, supervisors, managers and any other senior management officer who attend the meeting;
3. number of shareholders and proxies who attend the meeting, total number of voting shares held by them, and proportion of such number in the Company's total shares;
4. deliberation procedure, main speech points and voting result of each proposal;
5. inquiries or recommendations of the shareholders and the relevant replies or explanations thereto;
6. name of attorneys, vote counters and poll watchers; and
7. other items that shall be recorded in the meeting minutes in accordance with the provisions of these Articles of Association.

### **Article 93**

Shareholders are entitled to inspect photocopies of the meeting minutes of general meetings during the Company's office hours free of charge. If any shareholder asks the Company for a copy of relevant meeting minutes of the general meetings, the Company shall send out the copy within seven (7) days upon receipt of reasonable payment.

## **CHAPTER 9: SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS**

### **Article 94**

Shareholders who hold different classes of shares are class shareholders.

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

### **Article 95**

If the Company intends to change or abrogate the rights of class shareholders, such change or abrogation shall be approved by way of a special resolution at the general meeting, and be approved by class shareholders who are so affected, at the general meeting separately convened in accordance with Article 97 through to Article 101.

### **Article 96**

The rights of a certain class of shareholders shall be deemed to have been changed or abrogated under any of the following circumstances:

1. increase or reduction in the number of shares of such class, or an increase or reduction in the number of shares of another class that carry the same or more voting rights, rights to receive distribution or other privileges;
2. conversion of all or part of the shares of such class to shares of another class, or a conversion of all or part of the shares of another class into shares of such class, or grant of the right to make such conversion;
3. cancellation of or diminution in the right to receive accrued or cumulative dividends attached to shares of such class;
4. diminution in or cancellation of the preferential right to receive dividends or to receive distribution of property during the liquidation of the Company attached to shares of such class;

5. increase, cancellation or diminution in the share conversion right, right of option, voting right, right of transfer, priority in placement and right to acquire securities of the Company attached to shares of such class;
6. cancellation of or diminution in the right attached to shares of such class to receive payments payables by the Company in a particular currency;
7. creation of a new class of shares with the same or more voting rights, rights to receive distribution or other privileges than those enjoyed by such class of shares;
8. imposition of restrictions or additional restrictions on the transfer or ownership of such class of shares;
9. issuance of the subscription rights or conversion rights in respect of such class or another class of shares;
10. increase in the rights and privileges of another class of shares;
11. if the restructuring plan of the Company may cause different classes of shareholders to assume liabilities disproportionate to their shareholdings during restructuring; or
12. any amendment to or abrogation of any provisions in this Chapter 9.

#### **Article 97**

Regardless of whether the class shareholders affected originally have the right to vote at the general meeting, they shall have the right to vote at the meeting of class shareholders in respect of the matters mentioned in Item 2 through to Item 8, and Item 11 through to Item 12 of Article 96 of these Articles of Association, except for interested shareholders.

For the purposes of the preceding Paragraph, “interested shareholders” shall mean:

1. if the Company makes a repurchase offer to all shareholders in proportion to their shareholdings or repurchases its shares by public trading on a stock exchange in accordance with the provisions of Article 29 of these Articles of Association, “interested shareholders” shall refer to the controlling shareholders as defined in Article 57 of these Articles of Association;
2. if the Company repurchases its shares by agreement without involving a stock exchange in accordance with the provisions of Article 29 of these Articles of Association, “interested shareholders” shall refer to shareholders involved in the agreement; or

3. in the restructuring plan of the Company, “interested shareholders” shall refer to shareholders who assume liabilities to a lesser extent than other shareholders of the same class or shareholders whose interests are different from those of other shareholders of the same class.

#### **Article 98**

Resolutions of a meeting of class shareholders shall be passed by shareholders attending the meeting who represent more than two-thirds (2/3) of the voting rights in accordance with Article 97.

#### **Article 99**

When the Company decides to convene a meeting of class shareholders, it shall issue a written notice with reference to the notice period of the general meeting set out in Article 63, informing all registered shareholders of such class of the matters to be deliberated at the meeting as well as the date and place of the meeting.

#### **Article 100**

The notice of the meeting of class shareholders is only required to be delivered to shareholders who are entitled to vote at the meeting.

The procedures for convening meetings of class shareholders shall be the same, to the extent possible, as the procedure for convening general meetings. Provisions on the procedures for convening the general meeting in these Articles of Association shall apply to the meeting of class shareholders.

#### **Article 101**

In addition to holders of other classes of shares, holders of domestic shares and holders of overseas-listed foreign shares shall be regarded as shareholders of different classes, The special voting procedures for shareholders of different classes shall not apply in the following circumstances:

1. as approved by way of a special resolution at the general meeting, the Company issues, either separately or concurrently, domestic shares and overseas-listed foreign shares every twelve (12) months, and that the number of such domestic shares and overseas-listed foreign shares to be issued does not exceed 20% of the number of outstanding shares of their respective classes; or



2. the plan of the Company to issue domestic shares and overseas-listed foreign shares at the time of establishment is completed within fifteen (15) months after the date of approval by the competent securities regulatory authority of the State Council.

## **CHAPTER 10: THE BOARD OF DIRECTORS**

### **Article 102**

The Company shall have a board of directors (the “board”). The board of directors shall be composed of nine (9) directors, of whom one (1) shall be chairman of the board and vice chairman of the board can be appointed.

The board of directors may have one member who is an employee representative. The employee representative serving on the board of directors shall be elected or removed by workers and staff members of the Company through a democratic process.

The board of directors shall be independent from controlling entities (hereafter “controlling entities” refers to companies, enterprises and institutions with legal person status that have a controlling interest in the Company).

The external directors shall comprise half (1/2) or more of the directors on the board (hereafter “external directors” refers to directors who do not hold a position in the Company), and the independent directors shall comprise at least one-third (1/3) or more of the directors on the board (hereafter “independent directors” refers to directors who are independent from the shareholders of the Company and do not hold a position within the Company), and at least one of those independent directors should be a professional accountant (the term “professional accountant” refers a person with a senior title or qualification as a certified public accountant).

### **Article 103**

Directors shall be elected by the general meeting and serve a term of three (3) years. A director may be re-elected upon the expiration of his/her term. However, an independent director shall not serve more than six (6) years consecutively.

The minimum length of the period during which a notice may be sent to the Company of the intention to propose a person for election as a director, and during which a notice may be sent to the Company by such person of his willingness to be elected, shall be at least seven (7) days. Such period for the abovementioned notices shall commence no earlier than the first day after which the notice of the general meeting for such elections has been issued, and shall end no later than seven (7) days prior to the date of the relevant general meeting.

The chairman and the vice chairman shall be elected and removed by a simple majority (1/2) of all directors on the board. The term of office of each of the chairman and the vice chairman shall be three (3) years, and is renewable upon re-election.

Subject to compliance with all relevant laws and administrative regulations, the general meeting may by ordinary resolution remove any director before the expiration of his term of office. However, such director's right to claim for relevant damages under any agreement shall not be affected thereby.

Any person appointed by the directors to fill an interim vacancy on or as an additional to the board shall hold office only until the next following annual general meeting of the Company, and shall then be eligible for re-election.

No more than two senior management officers of any controlling entity of the Company (i.e. the chairman of the board, vice-chairmen of the board and executive directors) may concurrently hold the position of chairman of the board, vice-chairman of the board or executive director of the Company.

The general manager or other senior management officer may also act as a director. However, the number of the directors who also act as the general manager or other senior management officers shall not be more than half (1/2) of the total number of the directors of the Company.

The external directors shall have sufficient time and necessary knowledge and ability to perform their duties. When an external director performs his/her/its duties, the Company shall provide necessary information and independent directors may directly report to the general meeting, the competent securities regulatory authority under the State Council and other relevant departments thereon.

Directors are not required to hold shares of the Company.

#### **Article 104**

The Board, independent director(s), the shareholder(s) holding 1% or more of voting shares, or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the securities regulatory authorities may act as the solicitors, or entrust securities companies and securities service agencies, to publicly request the Company's shareholders to entrust them to attend the general meeting and exercise shareholder's rights such as right of making motions and voting rights on behalf of such shareholders.

In the case of soliciting shareholders' rights in accordance with the preceding Paragraph, the solicitor shall disclose the solicitation documents and the Company shall provide assistance. No consideration or other form of de facto consideration shall be involved in the public solicitation of rights from shareholders. If a public solicitation of rights from shareholders is in violation of any laws, administrative regulations, or the relevant provisions of the securities regulatory authorities, resulting in losses to the Company or its shareholders, the solicitor shall be liable for damages.

## **Article 105**

A cumulative voting system may be adopted for the election of directors or supervisors at the shareholders' general meeting according to the Articles of Association or the resolutions of the shareholders' general meeting. The election of directors or supervisors shall fully reflect minority shareholders' opinions. In the event that the shareholdings of a single shareholder of the Company together with parties acting in concert with him/her/it is 30% or more, the cumulative voting system shall be adopted.

The cumulative voting system referred to in the previous paragraph means that during the election of directors or supervisors at the shareholders' general meeting, each share entitled to vote carries a number of voting rights equivalent to the number of directors or supervisors to be elected. The voting rights held by a shareholder may be used in a concentrated way. The Board shall announce the biographies and basic information of candidates for directors and supervisors to shareholders.

## **Article 106**

The board of directors shall be accountable to the general meeting, and exercise the following functions and powers:

1. convening the general meeting, and reporting its work thereto;
2. implementing resolutions adopted by the general meeting;
3. deciding on the business plans and investment programs of the Company;
4. formulating the annual financial budget plan and final account plan of the Company;
5. formulating profit distribution plans and loss recovery plans of the Company;
6. formulating plans for increasing or reducing the registered capital of the Company and the plan for corporate bond issuance;
7. drafting plans for the merger, division or dissolution of the Company;
8. deciding on the setup of internal management organizations of the Company;
9. appointment and removal of the general manager, appointment and removal of the deputy manager and other senior management personnel (including the personnel in charge of financial affairs of the Company) according to the general manager's nomination, and deciding on matters relating to their remunerations;

10. establishing the basic management system of the Company;
11. drafting proposals for the amendment to these Articles of Association; and
12. to review any single investment beyond the current annual investment budget with a total amount of RMB100,000,000 or more which is less than 30% of the audited net assets of the Company in the previous fiscal year; and the board of directors shall authorise the chairman to examine and approve any single investment beyond the current annual investment budget with a total amount less than RMB100,000,000 which is less than 30% of the audited net assets of the Company in the previous fiscal year, and the aggregate of such investments approved by the chairman in a full fiscal year shall not exceed RMB300,000,000;
13. to review any asset mortgage created by the Company over any of its owned property, equipment or equity investment for the benefit of any financial institution or other institution with a total amount exceeding RMB1,000,000,000 but not more than 10% of the most recently audited total assets of the Company and 30% of the net assets of the Company;
14. to review any entrusted wealth management in a total amount exceeding RMB800,000,000 but not more than 10% of the most recently audited total assets of the Company and 30% of the net assets of the Company;
15. to debrief the audit committee's report on risk management and internal control, and review at least once a year on the effectiveness of the risk management and internal control system of the Company and its principal subsidiaries;
16. other functions and powers as stipulated in the Articles or granted by the shareholders' general meeting.

Any resolution of the board of directors on any of the foregoing matter, other than those set forth in sub-paragraphs 6, 7 and 11 which shall require approval by at least two-thirds of the directors, may be adopted by a simple majority.

In addition to the powers delegated to the chairman by the board of directors in sub-paragraph 12 above, the board of directors also authorise the chairman to decide the following matters: the establishment of the Company's internal management organisation and branches; the appointment and replacement of directors and senior management personnel of wholly-owned subsidiaries; and the appointment, replacement or nomination of shareholder representatives, directors and senior management personnel (candidates) of subsidiaries in which the Company holds a controlling or other interest.

With regard to any of the above-mentioned transactions requiring the approval of the board or the chairman, if such transaction reaches the threshold for examination by the shareholders' general meeting as provided in the Articles of the Company, it shall be submitted to the shareholders' general meeting for examination accordingly.

## **Article 107**

The board of directors shall consult the Party's organization of the Company for opinions before deciding on major issues of the Company. The opinions from the Party's organization on major operation management matters regarding national macro control, national development strategy, national security, etc. shall be the important basis for the board of directors to consider on such matters, and the board of directors shall make decisions based on such opinions.

## **Article 108**

Any director who has associated relationship with any enterprise concerned in any matter seeking for resolution in a board meeting, shall neither vote on the said matter nor act as proxies for other directors to exercise their voting right upon the said matter. Such board meeting may not be held unless attended by the majority of all the non-related directors, and resolutions adopted at such meeting shall be passed by a simple majority of all the non-related directors. If the number of the non-related directors attending the meeting of the board of directors is less than three (3), such matter for resolution shall be submitted to the general meeting for deliberation.

## **Article 109**

When disposing of fixed assets, in the event the expected value of the fixed assets to be disposed of, combined with the value derived from the fixed assets already disposed of in the four (4) months immediately preceding the disposal proposal, exceed 33% of the value of the Company's fixed assets as shown in the balance sheet that has been deliberated at the most recent general meeting, the board of directors may not, without the prior approval of the general meeting, dispose of or agree to the disposal of such fixed assets.

For the purposes of this Article, disposal of fixed assets shall include the acts of transferring certain assets-related rights and interests, but excluding the acts of using fixed assets as collaterals.

The validity of the transactions whereby the Company disposes of fixed assets shall not be affected by a breach of Paragraph 1 of this Article.

The power of the board of directors shall be specified regarding external investment, acquisition and sale of assets, mortgage of assets, external guarantee, entrusted management of wealth and related transactions. The board shall establish strict examination and decision-making procedures. Substantial investment projects shall be subject to review by relevant experts and professionals and be submitted to the general meeting for approval.

## **Article 110**

The chairman of the board of directors shall exercise the following functions and powers:

1. presiding over general meetings, and convening and presiding over board meetings;
2. inspecting the implementation of the resolutions adopted by the board of directors;
3. signing securities certificates issued by the Company; and
4. performing other functions and powers conferred by the board of directors.

If the chairman of the board of directors is unable to exercise his/her functions and powers, he/she may appoint a vice chairman of the board of directors to exercise the functions and powers on his/her behalf.

## **Article 111**

A special committee shall be established in the board of directors.

Responsibilities of the above special committee of the board of directors shall be decided by means of resolution of the board in accordance with relevant laws and regulations.

## **Article 112**

Board meetings shall be held at least twice a year. Board meetings shall be convened by the chairman of the board of directors, with a notice to all directors ten (10) days before the meetings are held. An extraordinary board meeting may be held when it is proposed by at least one-third (1/3) of the directors, or by at least two (2) independent directors, or by the board of supervisors, or by the general manager of the Company.

Reasonable expenses incurred by a director attending a meeting of the board of directors shall be borne by the Company. Such expenses shall include the transportation expense between the then-current location of the director and the location (if such locations shall be different) of the meeting, accommodation expenses during the meeting, rent of the meeting place, local transportation costs.

### **Article 113**

Notice of meetings of the board of directors or extraordinary board meetings shall be delivered according to the following requirements:

1. No notice of the convening of such meetings will be needed for regular meetings of the board of directors, of which the time and location have been prior determined by the board of directors.
2. For meetings of the board of directors of which the time and location have not been prior decided by the board of directors, the chairman of the board of directors shall notify the directors and supervisors of the time and location of such meeting at least ten (10) days in advance by telex, telegraph, facsimile, express delivery service, registered mail or in person.
3. In the event of an urgent matter, the chairman of the board of directors shall appoint the secretary of the board of directors to notify all directors and supervisor of the time, location and form of the extraordinary board meeting by telex, telegraph, facsimile, express delivery service or by registered mail or in person. The above notice shall be sent out at least five (5) day but no more than ten (10) days before the meetings of the board of directors.
4. Notice of meetings may be served in Chinese and may also have an English version if necessary, and in each case accompanied by a meeting agenda. A director may waive his right to receive notice of a board meeting.

### **Article 114**

Notice of a meeting of the directors shall be deemed to have been given to any director who attends the meeting without protesting against any lack of notice of such meeting being received before or at its commencement.

### **Article 115**

Any regular or extraordinary meeting of the board of directors may be held by way of telephone conference or similar communication equipment as long as all directors participating in the meeting may clearly hear and communicate with each other. All such directors shall be deemed to be present in person at such meeting. If the Company has already given the notice of the meeting of board of directors to all the directors and has delivered all the proposed matters for resolution to all the directors, a meeting of the board of directors may be held via fax or via any other similar communication devices. If the directors who sign and approve such resolution have reached the quorum required under Article 104 of these Articles of Association, such board resolution shall be deemed effective.

## **Article 116**

Board meetings may only be held when more than half (1/2) of all the directors of the Company (including authorized directors stipulated under Article 115 hereof) are present.

Each director shall be entitled to one (1) vote. Unless otherwise specified in these Articles of Association, resolutions of the board of directors shall be passed by a simple majority of all directors.

When the number of affirmative votes equals that of negative votes, the chairman of the board of directors shall be entitled to one additional vote.

In the event there should be an interested director to matters deliberated at a meeting, such interested director shall withdraw and shall not be entitled to vote for such matters. Such director shall not be counted when calculating the quorum of the directors present at the meeting.

## **Article 117**

Board meetings shall be attended by the directors in person. If a director is unable to attend a meeting in person for any reason, such director may appoint, in writing, another director to attend the meeting on his/her behalf. The authority delegated shall be specified in the power of attorney. An independent director shall not appoint a non-independent director to vote on his/her behalf.

A director who attends a board meeting on behalf of another director shall exercise the rights of a director within the delegated authority. If a director fails to attend a board meeting in person, and has not appointed a representative to attend the meeting on his/her behalf, the director shall be deemed to have waived his/her right to vote at the meeting.

Any director who fails to attend in person two (2) consecutive meetings of the board of directors and further fails to entrust other directors to attend the meeting, and any independent director who fails to attend in person three (3) consecutive meetings of the board of directors, shall be deemed incapable of performing his/her duties and the board of directors shall propose a general meeting to replace such director.



## **Article 118**

The board of directors shall record decisions on matters deliberated at a meeting to form the minutes of the meeting. Directors and secretary of the board of directors present at the meeting and the recorder shall affix their signatures on the meeting minutes. The directors shall be liable for the resolutions of the board of directors. If a resolution of the board of directors is in violation of any laws, administrative regulations, or the Articles of Association and the resolutions of the general meeting, and therefore, results in any material losses to the Company, directors involved in the resolution shall be liable to indemnify the Company. However, any director who is proven to have expressed his objection to such resolution in voting and whose objection has been recorded in the minutes may be exempted from liabilities.

Opinions expressed by independent directors shall be recorded in the resolution of the meeting of the board of directors.

The minutes of the meeting of the board of directors shall be kept on file at the Company by the secretary of the board of directors for a period of fifteen (15) years.

## **Article 119**

The directors may, prior to expiration of their term of office, submit their resignation report in writing to the board of directors. An independent director who resigns shall also explain any relevant issues to his/her resignation or issues that he/she deems necessary to draw the attention of the shareholders or creditors of the Company. The board of directors shall disclose the relevant information within two (2) days thereafter.

If the total number of members of the board of directors is less than the minimum quorum due to the resignation of any director, then before the newly elected director assumes office, the former director shall still retain their directorship in accordance with the relevant laws, administrative regulations, departmental regulations and these Articles of Association.

## **CHAPTER 11: SECRETARY OF THE BOARD OF DIRECTORS**

### **Article 120**

The Company shall have a secretary of the board of directors, who shall be responsible for preparing the general meetings and board meetings of the Company, keeping relevant documents, managing the information of shareholders of the Company, dealing with information disclosure related matters, investor relations related work and others.

The secretary of the board of directors shall be a senior management officer of the Company, who shall be entitled to attend relevant meetings, review relevant documents, and keep himself/herself abreast of the Company's financial position and operations to perform his/her duties. The board of directors and other senior management members or officers shall support the work of the secretary of the board of directors. Any institution or individual shall not interfere with the secretary of the board of directors in performing his/her duties.

Management officers of any controlling entity of the Company may not concurrently hold the position of secretary of the board of directors of the Company.

### **Article 121**

The secretary of the board of directors of the Company shall be a natural person with the necessary expertise and experience, and be appointed by the board of directors. His/her main duties shall include:

1. ensuring that the document of the board of directors of the Company complies with the relevant laws and regulations;
2. ensuring that the Company has complete organizational documents and records;
3. ensuring that the Company prepares and submits documents and reports required by relevant authorities pursuant to the law;
4. ensuring that the register of shareholders of the Company is properly established, and that persons entitled to receive relevant records and documents of the Company are given timely access to such records and documents; and
5. other duties stipulated by these Articles of Association and the listing rules of the stock exchange where shares of the Company are listed.

### **Article 122**

Directors or other senior management officers of the Company may concurrently hold the office of the secretary of the board of directors. An accountant of the accounting firm engaged by the Company may not concurrently hold the office of the secretary of the board of directors.

If the office of the secretary of the board of directors is concurrently held by a director, and a certain act is required to be performed by the directors and the secretary of the board of directors separately, such person who serves as both a director and the secretary of the board of directors may not perform the act in both capacities.

## **CHAPTER 12: GENERAL MANAGER**

### **Article 123**

The Company shall have one (1) general manager whose appointment and removal shall be decided by the board of directors and several deputy general managers to assist the work of the general manager. The board of directors may decide that a board member shall hold the position of general manager concurrently, but the member of the management officer of any controlling entity of the Company may not concurrently hold the position of general the manager, deputy general manager, chief financial officer of the Company.

Any person who holds an executive position in the controlling shareholder of the Company other than as a director or supervisor may not serve as a senior management officer of the Company.

### **Article 124**

The general manager shall be accountable to the board of directors, and shall exercise the following functions and powers:

1. taking charge of the production, operation and management of the Company, and organizing the implementation of the resolutions of the board of directors;
2. organizing the implementation of the annual business plan and investment program of the Company;
3. drafting the plan for the setup of internal management organizations of the Company;
4. establishing the basic management system of the Company;
5. formulating basic rules and regulations of the Company;
6. proposing the appointment or dismissal of the deputy general managers and the personnel in charge of financial affairs of the company;
7. appointing or dismissing management personnel other than those whose appointment and removal shall be decided by the board of directors; and
8. other functions and powers conferred by these Articles of Association and the board of directors.

### **Article 125**

The general manager shall attend board meetings, but any general manager who is not a director shall not have the right to vote at board meetings.

### **Article 126**

In exercising his/her functions and powers, the general manager and deputy general managers may not vary any resolution passed by the general meeting or the board of directors or exceed their respective scope of functions or powers.

### **Article 127**

In exercising his/her functions and powers, the general manager and deputy general managers shall perform the duty of good faith and due diligence in accordance with relevant laws, administrative regulations and these Articles of Association.

## **CHAPTER 13: BOARD OF SUPERVISORS**

### **Article 128**

The Company shall have a board of supervisors. The board of supervisors is a permanent supervisory body of the Company responsible for supervising the board of directors and each director, the general manager, deputy general managers and any other senior management officer of the Company, preventing them from abusing their powers and infringing the lawful rights and interests of the shareholders, the Company and its employees.

### **Article 129**

The board of supervisors shall be composed of at least three (3) persons, of whom one (1) shall be the chairman of the board of supervisors and one (1) shall be the vice chairman of the board of supervisors. The term of office of a supervisor shall be three (3) years. A supervisor may be re-elected upon the expiration of his/her term.

The election or removal of the chairman of the board of supervisors shall be determined by the affirmative votes of two-thirds (2/3) or more of the members of the board of supervisors.

### **Article 130**

The board of supervisors shall be composed of shareholder representatives and employee representatives of the Company. Shareholder representatives shall be elected and removed by the general meeting and staff representatives of the Company shall be democratically elected and removed by workers and staff members of the Company.

The external supervisors shall comprise one half (1/2) or more of the board of supervisors (external supervisors hereinafter refers to supervisors who do not hold office in the Company). The Company's external supervisors may report to the general meeting independently on the senior management officers' performance in respect of their duty of loyalty and duty of care.

### **Article 131**

The directors and senior management officers of the Company may not serve concurrently as supervisors.

### **Article 132**

Meetings of the board of supervisors shall be convened at least four (4) times every year. The chairman of the board of supervisors shall be responsible for convening meetings of the board of supervisors.

In the event the chairman of the board of supervisors is unable to or fails to exercise his authorities, the vice chairman of the board of supervisors shall convene and preside for meetings of the board of supervisors; in the event the vice chairman of the board of supervisors is unable to or fails to exercise his authorities, a supervisor jointly nominated by more than half (1/2) of all the supervisors shall convene and preside for meetings of the board of supervisors.

Any supervisor who fails to be promptly re-elected upon the expiration of his/her term of office, or the resignation of such supervisor within their term of office has resulted in the number of members of the board of supervisors being lower than a legally required quorum, then the former supervisors shall, before the newly elected supervisors take office, continue to perform their duties in accordance with the laws, administrative regulations, departmental regulations and these Articles of Association.

### **Article 133**

The board of supervisors shall be accountable to the general meeting, and exercise the following functions and powers pursuant to the law:

1. reviewing the securities issuance documents and periodic reports prepared by the board of directors and providing written review opinions;
2. examining the Company's financial affairs;
3. supervising directors, general manager, deputy general managers and other senior management officers of the Company on violations of any laws, administrative regulations or these Articles of Association in discharging their duties, and reporting to the board of directors or shareholders' meeting;
4. requiring directors, general manager, deputy general managers or other senior management officers of the Company to correct their actions that are detrimental to the interests of the Company;
5. verifying such financial materials as financial reports, business reports and profit distribution plans that the board of directors intends to submit to the general meeting; if it has any doubt, the board of supervisors may, in the name of the Company, appoint certified public accountants or certified public auditors to assist in the review;
6. proposing the convening of extraordinary general meetings;
7. representing the Company in negotiation with or instituting legal proceedings against directors; and
8. performing other functions and powers set out in these Articles of Association.

The supervisors shall attend meetings of the board of directors in a non-voting capacity.

### **Article 134**

The procedure of meetings of the board of supervisors shall be as follows: The meeting of board of supervisors shall be notified to all supervisors no less than ten (10) days but no more than thirty (30) days in advance. Each supervisor shall be entitled to one (1) vote. Resolutions of the board of supervisors shall be passed by the affirmative vote of more than two-thirds (2/3) of all supervisors.

### **Article 135**

Reasonable expenses incurred by the board of supervisors in engaging professionals such as lawyers, certified public accountants and certified public auditors in the course of exercising its functions and powers shall be borne by the Company.

### **Article 136**

Meetings of the board of supervisors shall have meeting minutes recorded. Attending supervisors and recorders shall sign the minutes of the meeting of the board of supervisors. Supervisors shall have the right to require that descriptive contents of their speeches be recorded in the meeting minutes. Minutes of the meeting of the board of supervisors shall be kept on the Company's file for fifteen (15) years.

### **Article 137**

Supervisors shall faithfully perform their supervisory duties in accordance with laws, administrative regulations and these Articles of Association.

## **CHAPTER 14: THE QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR OFFICERS OF THE COMPANY**

### **Article 138**

Under any of the following circumstances, a person may not serve as the director, supervisor, general manager, deputy general manager or any other senior management officer of the Company:

1. if such person has no or limited civil capacity;
2. if such person has been subject to criminal punishments for any of the following crimes, i.e. corruption, bribery, encroachment on or embezzlement of property, or disruption of social economic order, and less than five (5) years have elapsed since the expiration of the execution period; or such person has been deprived of political rights for committing crime offenses, and less than five (5) years have elapsed since the expiration of the execution period;
3. if such person is a former director or general manager of an enterprise or company that has gone into bankruptcy liquidation as a result of poor management, with such person being personally liable therefor, and less than three (3) years have elapsed since the date of completion of bankruptcy liquidation of the company or enterprise;

4. if such person is used to be the legal representative of a company or enterprise whose business license has been revoked of due to violations of the law, with such person being personally liable for the revocation, and less than three (3) years have elapsed since the date of revocation of the business license of the company or enterprise;
5. if such person has a relatively large amount of overdue personal debts;
6. if such person is under investigation by judicial organs for violation of the criminal law, and the relevant case is not yet closed;
7. if such person is prohibited by laws or administrative regulations from acting as a leader of an enterprise;
8. if such person is not a natural person;
9. if such person has been adjudicated for violating provisions of relevant securities regulations by a competent organization, and has been involved in a fraudulent or dishonest conduct, and less than five (5) years have elapsed since the date of the adjudication;
10. if such person is barred from entry into the securities market by the competent securities regulatory authority of the State Council for a certain period and such period has not elapsed; or
11. other matters stipulated by relevant laws and administrative regulations.

If the Company elects or appoints a director in violation of the above stipulations, such election, appointment or employment shall be invalid. The Company shall remove such director, supervisor or management officer once the circumstances described in this Article 135 occur during the term of such director, supervisor or management officer.

#### **Article 139**

Without lawful authority conferred under these Articles of Association or by the board of directors, any director may not act in his own name on behalf of the Company or the board of directors. In the event that any third party will reasonably believe that a director is representing the Company or the board of directors when such director acts in his own name, such director shall declare his position and identity in advance.

#### **Article 140**

The validity of an act of directors, supervisors, general manager, deputy general managers or other senior management officers acting on behalf the Company towards a bona fide third party shall not be affected by any irregularities in their appointment, election or qualifications.



## **Article 141**

In addition to the obligations imposed by relevant laws and administrative regulations or the listing rules of the stock exchange on which shares of the Company are listed, directors, supervisors, general manager, deputy general managers or other senior management officers of the Company shall, in exercising the functions and powers conferred thereon by the Company, undertake the following obligations towards each shareholder:

1. shall not cause the Company to conduct any operation beyond the business scope indicated on its business license;
2. shall act in good faith in the best interests of the Company;
3. shall not, in any manner, deprive the Company of its property, including (but not limited to) opportunities beneficial to the Company; and
4. shall not deprive shareholders of their personal rights and interests, including (but not limited to) rights to receive distribution and voting rights, but excluding restructuring of the Company submitted to and adopted by the general meeting in accordance with these Articles of Association.

## **Article 142**

In exercising their rights or performing their obligations, directors, supervisors, general manager, deputy general managers or other senior management officers of the Company are all obliged to show the caution, diligence and skill of a reasonable and prudent person acting under similar circumstances.

## **Article 143**

In performing their duties, the directors, supervisors, general manager, deputy general managers or other senior management officers of the Company shall abide by the principle of good faith, and shall not put themselves in a position where their own interests and obligations may conflict with each other. This principle shall include (but is not limited to) fulfilling the following obligations:

1. acting in good faith in the best interests of the Company;
2. exercising powers within his/her functions and powers without overstepping his/her authority;
3. exercising the discretionary power vested in him/her, without being influenced or controlled by others; unless otherwise permitted by laws and administrative regulations or with the informed approval by the general meeting, may not delegate the discretionary power to another person;

4. treating shareholders of the same class equally, and treating shareholders of different classes fairly;
5. unless otherwise provided for herein or with the informed approval by the general meeting, shall not enter into contracts, transactions or arrangements with the Company;
6. shall not use the property of the Company in any manner for his/her own benefit without the informed approval by the general meeting;
7. shall not take advantage of his/her position and power to accept bribes or other unlawful income, or encroach, in any manner, upon the property of the Company, including (but not limited to) opportunities beneficial to the Company;
8. shall not accept any commission in connection with transactions of the Company without the informed approval by the general meeting;
9. complying with these Articles of Association, performing his/her duties in good faith, and safeguarding the interests of the Company, and shall not seek for personal gains by taking advantage of his/her position or power in the Company;
10. shall not compete with the Company in any way without the informed approval by the general meeting;
11. shall not misappropriate the funds of the Company or lend the same to others; shall not deposit assets of the Company in an account opened under his/her own name or under the name of other persons, and shall not use assets of the Company as guarantees for debts of shareholders of the Company or any other person; and
12. shall not divulge any confidential information involving the Company obtained during his/her term of office without the informed approval by the general meeting, and shall not use such information unless for the interests of the Company. However, such information may be disclosed to a court or other competent government authorities under the following circumstances:
  - (1) as is required by law;
  - (2) as is required for public interest; or
  - (3) as is required in the interests of the director, supervisor, general managers and other senior management officers concerned.

If a director, supervisor, general manager, deputy general manager or other senior management officer gains income in violation of this Article, any income so derived shall be turned over to the Company. Such director, supervisor, general manager, deputy general manager or other senior management officer shall be liable for the relevant loss so caused if his/her corresponding act causes detriment to the Company.

## **Article 144**

All the directors, supervisors, secretary of the board of directors of the Company and the legal counsels engaged by the Company shall attend general meetings, and the general manager and other senior management officers shall be present at general meetings. The directors, supervisors, general manager, deputy general managers and other senior management officers shall answer the inquiries of shareholders, and make explanation and illustration according to the shareholders' inquiries and advices.

The directors, supervisors, general manager, deputy general managers or other senior management officers shall provide to the board of supervisors truthful and genuine documents and information and shall not obstruct the board of supervisors or supervisors from performing duties.

## **Article 145**

The directors, supervisors, general manager, deputy general managers or other senior management officers of the Company may not instruct the following persons or entities (the "Connected Parties") to do what the directors, supervisors, general manager, deputy general managers or other senior management officers are prohibited from doing.

1. spouse or minor of such directors, supervisors, general manager, deputy general managers or other senior management officers of the Company;
2. trustees of directors, supervisors, general manager, deputy general managers or other senior management officers of the Company or of persons referred to in Item 1 of this Article;
3. partners of directors, supervisors, general manager, deputy general managers or other senior management officers of the Company or of persons referred to in Item 1 and 2 of this Article;
4. companies actually and solely controlled by directors, supervisors, general manager, deputy general managers or other senior management officers of the Company, or companies actually and jointly controlled by the said persons with the persons referred to in Item 1, Item 2 and Item 3 of this Article or with any other director, supervisor, general manager or senior management officer of the Company; and
5. directors, supervisors, general manager, deputy general managers or other senior management officers of the companies controlled as mentioned in Item 4 of this Article.

## **Article 146**

The fiduciary duties of directors, supervisors, general manager, deputy general managers or other senior management officers of the Company do not necessarily cease upon expiration of their terms of office. Their obligations to keep confidential the trade secrets of the Company shall remain effective after the expiration of their terms of office. The continuance of other obligations shall be determined based on the principle of equity, and dependent on the time interval between the occurrence of the event and departure from office as well as the circumstances and conditions under which such person's relationship with the Company was terminated.

## **Article 147**

A director, supervisor, general manager or any other senior management officer of the Company may be relieved of the liabilities for breach of a certain obligation by the general meeting in an informed manner, except in circumstances specified in Article 56 of these Articles of Association.

## **Article 148**

If a director, supervisor, general manager or any other senior management officer of the Company, directly or indirectly, has a substantial stake in a contract, transaction or arrangement concluded or planned by the Company (except for the employment contract signed by and between the Company and such director, supervisor, general manager or other senior management officer), regardless of whether relevant matters are subject to the approval of the board of directors under normal circumstances, he/she shall disclose the nature and extent of his/her involvement in such a contract, transaction or arrangement to the board of directors as soon as possible.

Unless such a director, supervisor or general manager or any other interested senior management officer of the Company has disclosed such involvement to the board of directors as required under the preceding Paragraph of this Article, and the board of directors has approved the matter at a meeting in which the said personnel has not been counted in the quorum and has refrained from voting, the Company shall be entitled to revoke the contract, transaction or arrangement, except where the other party is a bona fide party who has no knowledge of the breach of duties by the director, supervisor, general manager or other senior management officer.

If any of the Connected Parties of a director, supervisor, general manager or other senior management officer of the Company has a stake in a certain contract, transaction or arrangement, the director, supervisor, general manager or other senior management officer shall also be deemed to have a stake in such a contract, transaction or arrangement.

## **Article 149**

If, before the Company first considers entering into a contract, transaction or arrangement, a director, supervisor, general manager or other senior management officer of the Company gives a written notice to the board of directors stating that by virtue of the matters set out in the notice, he/she has a stake in the contract, transaction or arrangement that may be concluded by the Company in the future, the director, supervisor, general manager or other senior management officer shall be deemed to have made the disclosure described in the preceding Article of this Chapter 14 to the extent stated in the notice.

## **Article 150**

The Company may not, in any way, pay tax for any of its directors, supervisors, general manager, deputy general managers or other senior management officer.

## **Article 151**

The Company may not, directly or indirectly, provide loans or loan guarantees for directors, supervisors, general manager, deputy general managers or other senior management officers of the Company or its parent company. Nor may the Company provide loans or loan guarantees for Connected Parties of the aforementioned personnel.

Provisions of the preceding Paragraph shall not apply to the following circumstances:

1. when the Company provides loans or loan guarantees to its subsidiaries;
2. according to the relevant employment contract approved by the general meeting, the Company provides loans, loan guarantees or other funds to a director, supervisor, general manager or other senior management officer of the Company to enable him/her to pay for the expenses incurred for the purpose of the Company or in performing his/her duties towards the Company;
3. if the normal scope of business of the Company includes the provision of loans and loan guarantees, the Company may provide loans or loan guarantees for relevant directors, supervisors, general manager, deputy general managers or other senior management officers and their Connected Parties, provided that the conditions of such loans or loan guarantees are normal commercial conditions.

## **Article 152**

If the Company provides a loan in violation of the provisions of the preceding Article, the recipient of the funds shall immediately repay the loan regardless of the conditions thereof.

### **Article 153**

The Company may not be forced to perform a loan guarantee provided thereby in violation of the provisions of Paragraph 1 of Article 151, except under the following circumstances:

1. when the loan is provided to a Connected Party of a director, supervisor, general manager or any other senior management officer of the Company or its parent company without the knowledge of the lender; or
2. when the collateral provided by the Company has been lawfully sold by the lender to a bona fide purchaser.

### **Article 154**

“Guarantees” mentioned in the preceding Article of this Chapter 14 shall include any act in which the guarantor assumes liabilities or provides property to secure the performance by the obligor.

### **Article 155**

In the event a director, supervisor, general manager or other senior management officer of the Company is in violation of his/her obligations towards the Company, in addition to various rights and remedies provided for by relevant laws and administrative regulations, the Company shall be entitled to take the following measures:

1. requiring the director, supervisor, general manager or other senior management officer to compensate the Company for the losses suffered thereby as a result of his/her dereliction of duty;
2. rescinding any contract or transaction made by and between the Company and the director, supervisor, general manager or other management officers, and any contract or transaction made by and between the Company and a third party (if such third party knows or should have known that the director, supervisor, general manager or other senior management officer representing the Company is in breach of his/her obligations towards the Company);
3. requiring the director, supervisor, general manager or other senior management officer to disgorge the gains he/she earned by breach of the obligations;
4. recovering from the director, supervisor, general manager or other management officer any money that should have been received by the Company, including (but not limited to) commissions; and
5. requiring the director, supervisor, general manager or any other management officer to return the interest earned or may be earned on the funds that should have been given to the Company.

## **Article 156**

The Company shall enter into a written contract with each director and supervisor of the Company in respect of remuneration. Such a contract shall be approved by the general meeting in advance. The above-mentioned remuneration shall include:

1. remuneration for serving as a director, supervisor or other senior management officer of the Company;
2. remuneration for serving as a director, supervisor or other senior management officer of a subsidiary of the Company;
3. remuneration for provision of other services for management of the Company or its subsidiaries; and
4. compensation for loss of office or retirement of such a director or supervisor.

Except pursuant to the aforementioned contract, a director or supervisor may not sue the Company for any benefits payable to him/her on the basis of the aforesaid matters.

## **Article 157**

The Company shall stipulate in the contract on remuneration signed between with a director or supervisor of the Company that, in the event of the Company being acquired, the director or supervisor shall be entitled to the compensation or other payments for loss of office or retirement upon prior approval by the general meeting.

“In the event of the Company being acquired” above shall mean any of the following situations:

1. when any person makes a tender offer to all the shareholders; or
2. when any person makes a tender offer aiming at making the such person the controlling shareholder as defined in Article 54 of these Articles of Association.

In the event a director or supervisor fails to comply herewith, any fund received by him/her shall belong to those who have sold their shares as acceptance of the above-mentioned offer. The expenses incurred in the pro rata distribution of such funds shall be borne by the director or supervisor, and such expenses may not be deducted from the funds.

## **CHAPTER 15: FINANCIAL ACCOUNTING SYSTEM AND DISTRIBUTION OF PROFITS**

### **Article 158**

The Company shall establish its own financial accounting systems in accordance with the provisions of relevant laws, administrative regulations and the Chinese accounting standards formulated by the competent financial department of the State Council.

### **Article 159**

The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be examined and verified pursuant to the laws and regulations.

Such financial reports shall include the following financial accounting statements and ancillary detailed lists:

1. the balance sheet;
2. the profit and loss statement;
3. the statements of financial position;
4. the explanation of financial position;
5. the statements of profit distribution;
6. the notes to its financial statements.

The fiscal year shall be in accordance with the calendar year (i.e. from January 1st to December 31st).

### **Article 160**

The board of directors of the Company shall submit to shareholders at each annual general meeting financial reports that are required to be prepared by the Company by relevant laws, administrative regulations and normative documents promulgated by local government or competent authorities.



## **Article 161**

Financial reports of the Company shall be placed at the Company for inspection by shareholders twenty (20) days prior to each annual general meeting. Each shareholder of the Company shall be entitled to a copy of the financial reports referred to in this Chapter 15.

The Company shall, at least twenty-one (21) days prior to the general meeting, send copies of the financial reports, together with copies of the reports of the board, in a postage pre-paid mail to each holder of overseas-listed foreign shares. The recipient's address shall be the address recorded in the register of shareholders.

## **Article 162**

The financial statements of the Company shall be prepared in accordance with Chinese accounting standards and relevant regulations.

## **Article 163**

Interim results or financial information published or disclosed by the Company shall be prepared in accordance with Chinese accounting standards and relevant regulations.

## **Article 164**

The Company shall publish its annual financial and auditing report within four (4) months from the end of each fiscal year, the semi-annual financial and auditing report within two (2) months from the end of the first six (6) months of each fiscal year, the quarterly financial and auditing reports within one (1) month from the end of the first three (3) months and the first nine (9) months of each fiscal year. The Company shall disclose its financial reports pursuant to laws and regulations and other rules as specified by relevant regulating authorities.

## **Article 165**

The Company may not establish any accounting books other than statutory accounting books.

## **Article 166**

The after-tax profits of the Company shall be distributed in the following order:

1. making up for the Company's losses;
2. setting aside Company's statutory common reserve fund;
3. setting aside optional common reserve with the approval of the resolution of the general meeting;
4. distributing dividends of ordinary shares.

Profits shall not be distributed to shareholders in the form of dividends or bonus before the Company makes up for losses or makes allocations to the statutory common reserve fund.

## **Article 167**

When distributing each year's after-tax profits, the Company shall set aside 10% of its after-tax profits for its statutory common reserve fund. When the aggregate balance in the statutory common reserve fund reaches 50% or more of the Company's registered capital, the Company shall not be required to make any further allocation to such fund.

When the Company's statutory common reserve fund is insufficient to make up for the Company's losses of the last year, profits of the current year shall be used to make up for the losses before allocations are set aside for the statutory common reserve fund in accordance with the previous Paragraph.

After having set aside the statutory common reserve fund from the after-tax profits, the Company may also, with the approval of the resolution of the general meeting, set aside optional common reserve fund from the after-tax profits.

After the Company has made up its losses and made allocations to its common reserve fund, the remaining profits shall be distributed pro rata among the shareholders.

If the general meeting or the meeting of the board of directors violates the provisions in the preceding Paragraph and profits are distributed to the shareholders before the Company makes up for losses or makes allocations to the statutory common reserve fund, the profits distributed in violation of the provisions shall be returned by such shareholders to the Company.

## **Article 168**

The capital reserve shall include the following funds:

1. funds received from issuing shares at a premium; and
2. other income required by the competent financial department of the State Council to be included in the capital reserve.

## **Article 169**

The reserve fund of the Company shall only be used for the following purposes:

1. making up losses of the Company;
2. investing into the production and business operations of the Company;
3. increasing the capital of the Company by means of conversion. In the event that the reserve fund is approved to be converted into the registered capital by the general meeting, shareholders may be issued new shares on a pro rata basis or have the par value of their shares increased accordingly. However, the reserve fund of the Company shall not be less than 25% of the registered capital of the Company.

However, the capital reserve may not be used to make up losses of the Company.

## **Article 170**

Profits shall be distributed pro rata among shareholders within six (6) months of the end of each fiscal year. Plans for the distribution of profits shall be resolved by way of ordinary resolution at the general meeting. Except as otherwise resolved by the general meeting, the general meeting may grant the board of director the right to distribute interim profits.

The amount of any share paid up before the issuance of the payment demand of such share may carry interests, but the holder of such share shall not be entitled to participate in the distribution of the dividend of such pre-paid shares subsequently declared.

In the event that the power should be exercised to forfeit unclaimed dividends, such power shall not be exercised at least six (6) years after the date of declaration of the dividend.

Any of the above disposals under this Article 167 shall not violate the mandatory provisions of laws and administrative regulations.

## Article 171

The Company's profit distribution policies:

1. Basic principle of profit distribution: The Company shall carry out an ongoing and stable profit distribution policy. The distribution of profit of the Company shall be focused on providing reasonable investment returns to investors and take into account the Company's sustainable development;
2. Method and interval of profit distribution: The Company may distribute dividends in the form of cash, shares or a combination of cash and shares. The Company shall first adopt cash dividends to distribute profit. Subject to the satisfaction of the conditions for profit distribution, the Company shall distribute profit on an annual basis. The Company may carry out an interim profit distribution if conditions permit;
3. Conditions and proportion of cash dividends distribution: Save for special conditions, the Company shall adopt cash dividends when there are positive accumulated and undistributed profits in a profitable year. The accumulated distribution of cash dividends over the last three years shall not be less than 30% of the average annual distributable profits for the last three years in principle.

Subject to the satisfaction of conditions of cash dividends distribution, in the case where the Company is at the mature stage of development and has no arrangement for significant capital outlay, the proportion of cash dividends in the profit distribution shall account for at least 80% of such distribution; in the case where the Company is at the mature stage of development and has an arrangement for significant capital outlay, the proportion of cash dividends in the profit distribution shall account for at least 40% of such distribution; in the case where the Company is at the growing stage of development and has an arrangement for significant capital outlay, the proportion of cash dividends in the profit distribution shall account for at least 20% of such distribution. The Board of directors shall determine the Company's stage of development for the purpose of cash dividends distribution with reference to the actual situation. Where the Company's stage of development is difficult to be ascertained but an arrangement for significant capital outlay exists, the profit distribution shall be handled pursuant to the aforesaid rules.

Special conditions refer to: (1) the auditors have not provided a standard unqualified opinion in their audit report in respect of the Company's financial statements for that year; (2) the Company has a material investment plan or an arrangement for significant capital outlay (excluding a fund raising event). A material investment plan or an arrangement for significant capital outlay refers to the accumulated expenditures for transactions such as external investments, assets acquisitions and investments in fixed assets of the Company in the next 12 months having reached or exceeded 30% of the latest audited net assets; (3) the balance of cash, excluding cash raised from capital markets and cash within special funding for special purposes or special account management funding such as a government special financial funds (including bank deposits and bonds with high liquidity), is not sufficient to pay the cash dividends; (4) the net operating cash flow of the Company for that year is negative; (5) a material change in the external operating environment occurs, which has a material effect on the production and operations of the Company; (6) other events materially affecting the production and operations and the funding of the Company have occurred or are expected to occur during the next 12 months.

Where the Company fails to determine a profit distribution proposal of that year in accordance with the above cash dividends policy in the event of special conditions, the Company shall disclose in the regular report such information as the specific reasons, the exact purpose for retention of the undistributed profit and the expected return for such purpose. Independent directors of the Company shall express an independent opinion in this regard.

4. Conditions of dividend distribution in the form of shares: Where the Company's share capital size and equity structure are reasonable and its share capital increases in line with its growth in operating results, the Company may distribute its profit in the form of shares. The profit distribution in the form of shares by the Company shall be made on the premise of giving reasonable cash dividends return to shareholders and maintaining proper share capital size, while taking into full consideration of factors including the growth of the Company and the dilution to net asset value per share.

5. Consideration and deliberation procedures and decision-making mechanism for profit distribution proposal: In the event of profit distribution by the Company, the Board of directors shall formulate the distribution proposal and submit the proposal to the Shareholders' meeting of the Company for approval. The Board of directors shall carefully study and deliberate such matters including the timing, conditions and minimum proportion, conditions of adjustment and the requirements of the decision-making process for cash dividend distribution of the Company in formulating the detailed proposal of cash dividends distribution, and independent directors shall expressly give their opinions. The independent directors may gather views from minority shareholders and propose a distribution proposal which will be submitted directly to the Board of directors for its approval. Prior to the consideration of the detailed proposal of cash dividends distribution at the general meeting, the Company shall actively communicate and exchange views with the shareholders, in particular the minority shareholders, through various channels, such that the opinions and requests of the minority shareholders can be fully heard, and their concerns can be responded in a timely manner.
6. Amendment of profit distribution policy: The profit distribution policy of the Company shall not be amended randomly. The profit distribution policy can be amended where there is a material change in the production and operations of the Company, the need for an investment plan or a long-term development of the Company, changes in the external operating environment or changes in policies and regulations, the profit distribution policy may be amended after detailed discussion and upon the satisfaction of conditions stipulated by this Articles of Association. Independent directors shall expressly give their opinions regarding the amendments of profit distribution policy. The amended profit distribution policy shall not violate the relevant provisions of the regulatory authorities. The relevant proposal to amend the profit distribution policy shall first be approved by the Board of the Company and then submitted by the Board of the Company for consideration at a shareholders' general meeting. Such proposal should be passed by an affirmative vote of more than two-thirds of the Company's total voting shares being held by the shareholders who are present at the general meeting.

## **Article 172**

After the general meeting has adopted the resolution on the plan for distribution of the Company's profits, the board of directors of the Company shall complete the distribution of dividends (or shares) within two (2) months of the date of the completion of such general meeting.

## **Article 173**

The Company shall calculate, declare and pay dividends and other amounts payable to holders of domestic shares in Renminbi. The Company shall calculate and declare cash dividends and other payments payable to holders of overseas-listed foreign shares in Renminbi, and shall pay such amounts in the foreign currency where such overseas-listed foreign shares are listed.

## **Article 174**

The foreign currency that the Company uses in paying dividends and other amounts to holders of foreign shares shall be obtained in accordance with the relevant foreign exchange administrative regulations of the PRC.

## **Article 175**

The Company shall withhold and pay on behalf of its shareholders the taxes levied on the dividends in accordance with the provisions of the PRC tax law.

## **Article 176**

The Company shall appoint collecting agents for holders of overseas-listed foreign shares. Collecting agents shall receive dividends distributed by and other sums payable on overseas-listed foreign shares by the Company on behalf of relevant shareholders.

Collecting agents appointed by the Company shall comply with the requirements of the laws of where the stock exchange on which shares of the Company are listed is located, and the provisions of such stock exchange.

The receiving agents appointed by the Company for holders of overseas-listed foreign shares listed in Hong Kong shall each be a company registered as a trust company under the Trustee Ordinance of Hong Kong (Chapter 29 of the Laws of Hong Kong).

### **Article 177**

The Company shall implement the internal auditing system and shall have professional auditors undertake internal audit and supervision over the financial receipts, expenditures and the economic activities of the Company.

The Company's internal auditing system and the duties of the auditors shall be implemented only after approval by the board of directors. The person in charge of the auditing shall be accountable to the board of directors and report relevant works.

## **CHAPTER 16: ENGAGEMENT OF ACCOUNTING FIRMS**

### **Article 178**

The Company shall engage an independent accounting firm that meets relevant PRC requirements to audit annual financial reports and verify other financial reports of the Company.

The first accounting firm of the Company may be engaged at the inaugural meeting prior to the first annual general meeting, and the term of office of such accounting firm shall expire upon the conclusion of the first annual general meeting.

The engagement of an accounting firm by the Company shall be decided by the general meeting, and the board of director shall not engage an accounting firm before any resolution made by the general meeting.

### **Article 179**

The engagement period of an accounting firm appointed by the Company shall start from the end of one annual general meeting of the Company throughout the conclusion of the next annual general meeting.

### **Article 180**

An accounting firm engaged by the Company shall be entitled to the following rights:

1. the right to inspect the account books, records or vouchers of the Company at all times, and the right to require directors, general manager, deputy general managers and other senior management officers of the Company to provide relevant information and explanations;
2. the right to require the Company to take all reasonable measures to obtain from its subsidiaries information and explanations necessary for the accounting firm to perform its duties;



3. the right to attend general meetings, receive notices of meetings or other information relating to the meetings to which any shareholder is entitled, and speak at any general meeting on matter related to its capacity as the accounting firm of the Company.

#### **Article 181**

In the event the position of accountant falls vacant, the board of directors may, prior to a general meeting, appoint an accounting firm to fill such vacancy. However, if the Company has another incumbent accounting firm during such period of vacancy, such incumbent accounting firm may remain in service.

#### **Article 182**

The general meeting may, by ordinary resolution, dismiss any accounting firm prior to the expiration of its term of office, regardless of the terms of the contract signed by and between such accounting firm and the Company. However, right of such accounting firm to claim damages for dismissal by the Company shall not be so affected.

#### **Article 183**

The remuneration of an accounting firm or the method to determine the remuneration shall be decided by the general meeting. The remuneration of an accounting firm engaged by the board of directors shall be decided by the board of directors.

#### **Article 184**

The engagement, dismissal or non-renewal of the engagement of an accounting firm shall be decided by the general meeting, and reported to the competent securities regulatory authority of the State Council for record-filing.

In the event a resolution at a general meeting is passed to appoint as accountant any non-incumbent accounting firm to fill any vacancy of accountant, or to reappoint as accountant the same accounting firm that was appointed by the board of directors to fill any vacancy, or to dismiss an accounting firm before the expiration of its term of office, the following provisions shall apply:

1. Before the announcement of the general meeting, a copy of the appointment or dismiss proposal shall be sent to the accounting firm proposed to be appointed or be dismissed or the firm which has left in the relevant fiscal year.

“Leave” shall refer to leave by removal, resignation and retirement.

2. If any accounting firm which proposes to leave makes representations in writing and requests the Company to give the shareholders notice of such representations, the Company shall, unless such representations in writing have been received considerably too late, take the following measures:
  - (1) in the notice of the resolution given to shareholders, state the fact of the representations made by the accounting firm proposes to leave; and
  - (2) attach a copy of the representations to such notice and deliver it to the shareholders in the manner stipulated in the these Articles of Association.
3. If the Company fails to send out the accounting firm's representations in the manner set out under item 2 of this Article above, such accounting firm may require that the representations to be announced at the meeting, and may make further claims.
4. An accounting firm which has proposed to leave shall be entitled to attend the following meetings:
  - (1) the general meeting upon which its term of office would expire;
  - (2) the general meeting at which it is proposed to fill the vacancy caused by its dismissal; and
  - (3) the general meeting which convened as a result of its resignation,

The accounting firm proposed to leave shall have the right to receive all notices of, and other communications relating to, any such meeting, and to speak at any such meeting which concerns it as the former accountant of the Company.

#### **Article 185**

In the event the Company dismisses or does not renew the engagement of an accounting firm, it shall notify the accounting firm in advance. The accounting firm shall have the right to be heard at the general meeting. In the event an accounting firm tenders its resignation, it shall explain to the general meeting whether there is any irregularity in the Company.

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

1. a declaration 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
2. any statement that it should bring forward with.

The Company shall, within fourteen (14) days after receipt of the notice referred to in the preceding Paragraph, send a copy of the notice to the relevant governing authority. If the notice contains a statement stipulated under item 2 of preceding Article hereof, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by postage prepaid mail to every shareholder of overseas-listed foreign shares at the address registered in the register of shareholders.

If the accounting firm's notice of resignation contains a statement regarding the abovementioned information that needs to be informed, such accounting firm may require the board of directors of the Company to convene an extraordinary general meeting, to make explanation of the circumstances connected with its resignation to the shareholders.

## **CHAPTER 17: INSURANCE**

### **Article 186**

All of the Company's insurances shall be determined by the board of directors in accordance with relevant laws and regulations of the PRC concerning insurances.

## **CHAPTER 18: RULES OF LABOR AND EMPLOYMENT**

### **Article 187**

The Company may make rules of labor and employment pursuant to relevant provisions of the Labor Law of the PRC.

### **Article 188**

The Company may, according to its production and operations needs, determine at its own discretion employee recruitment and dismissal in accordance with relevant laws and regulations of the PRC. The Company shall enter into contracts with all employees regarding their employment with the Company.

### **Article 189**

The Company may, according to relevant laws and regulations of the PRC and its economic benefits, determine the remuneration system of the Company and the payment methods of remuneration.

### **Article 190**

The Company shall endeavor to raise the welfare and benefits of the employees, and improve the employees' working and living conditions on a constant basis.

### **Article 191**

The Company shall, according to relevant provisions of the laws and regulations of the PRC, pay medical insurance premiums, pension premiums and unemployment insurance premiums for employees, and establish social insurance system.

## **CHAPTER 19: LABOR UNION**

### **Article 192**

The employees of the Company shall have the right to establish a labor union, carry out labor union activities and protect the legitimate interests of employees in accordance with the Labor Union Law and relevant laws and regulations of the PRC. The Company shall provide conditions necessary for the activities of the labor union.

### **Article 193**

The Company may formulate rules for labor management, personnel management, employee remuneration and benefits and social insurance scheme pursuant to laws and administrative regulations of the PRC.

## **CHAPTER 20: MERGER AND DIVISION OF THE COMPANY**

### **Article 194**

In the event of any merger or division of the Company, the board of directors shall propose a plan. After such plan has been adopted in accordance with the procedures prescribed in these Articles of Association, the board of directors shall handle relevant examination and approval formalities pursuant to the laws and regulations. Shareholders who oppose to the plan of merger or division of the Company shall be entitled to require the Company or the shareholders who agree to the plan to purchase their shares at a fair price. The resolutions approving the merger or division of the Company shall be compiled into a special document for inspection by shareholders.

Holders of overseas-listed foreign shares shall be delivered the copies of the above-mentioned document by mail. The address of the recipient shall be in accordance with the address registered on the register of shareholders.

#### **Article 195**

Merger of the Company may be conducted through consolidation or incorporation.

In the event of a merger of the Company, the parties to the merger shall enter into a merger agreement, and prepare the balance sheet and property inventory. The Company shall notify its creditors within ten (10) days after the reaching of the resolution of the merger, and publish an announcement thereof at least three (3) times in a newspaper that complies with relevant provisions within thirty (30) days.

After the merger of the Company, the company surviving the merger or the company newly incorporated after the merger shall succeed the creditors' rights and liabilities of the parties to such merger.

#### **Article 196**

In the event of a division of the Company, the property thereof shall be divided accordingly.

In the event of a division of the Company, the parties to the division shall enter into a division agreement, and prepare the balance sheet and property inventory. The Company shall notify its creditors within ten (10) days after the reaching of the resolution of division, and publish an announcement thereof at least three (3) times in a newspaper that complies with relevant provisions within thirty (30) days.

Liabilities of the Company prior to the division shall be assumed by the companies in existence after the division in accordance with the agreement reached.

#### **Article 197**

If the merger or division of the Company entails any changes in the registered particulars, the changes shall be registered with the company registration organ pursuant to the law. If the Company is dissolved, it shall be deregistered pursuant to the law. If a new company is established, the establishment shall be registered pursuant to the law.

## **CHAPTER 21: LIQUIDATION OF THE COMPANY UPON DISSOLUTION**

### **Article 198**

Under any of the following circumstances, the Company shall be dissolved and liquidated pursuant to laws and regulations:

1. pursuant to the provisions of these Articles of Association, the operational period of the Company has expired or one of the other events which triggers the dissolution of the Company has occurred;
2. the resolution of dissolution has been made by the general meeting;
3. dissolution of the Company is necessary due to the merger/consolidation or division of the Company;
4. if the Company has substantial difficulties in its management or business operation, and its continuation may incur significant loss to the interests of the shareholders, which cannot be solved by other means, then any shareholder hold more than 10% of the voting shares of the Company may petition to the people's court for dissolution of the Company.
5. if the Company is ordered to shut down pursuant to the law for violation of relevant laws and administrative regulations.

In the event that the Company should be dissolved in accordance with provisions in the preceding Paragraph hereof, the Company shall establish a liquidation group within fifteen (15) days of the occurrence of the cause of liquidation to commence liquidation proceedings. The liquidation group shall be composed of directors or persons decided by the general meeting. If the liquidation group fails to be timely established, the creditors of the Company may apply to the people's court to request the establishment of the liquidation group to undertake liquidation proceedings.

### **Article 199**

If the Company is to be dissolved pursuant to Item 1 of the preceding Article, it shall establish a liquidation team within fifteen (15) days. Members of the liquidation team shall be determined by the general meeting by means of an ordinary resolution.

If the Company is to be dissolved pursuant to Item 2 of the preceding Article, the liquidation shall be conducted by the parties of such merger/consolidation or division pursuant to the merger/consolidation or division agreement executed among such parties.

If the Company is to be dissolved pursuant to Item 3 of the preceding Article, the Company shall, as instructed by any relevant people's court in accordance with the provisions of relevant laws and regulations, organize the shareholders, relevant bodies and professionals to establish a liquidation team for the liquidation process.

If the Company is to be dissolved pursuant to Item 4 of the preceding Article, the relevant competent authority shall arrange for the shareholders, relevant entities and professionals to establish a liquidation team for the liquidation process.

## **Article 200**

In the event the board of directors decides to liquidate the Company (except when the Company is declared bankrupt and needs to be liquidated), it shall declare in the notice of the general meeting to be convened for such purpose that the board of directors has conducted a thorough investigation on the condition of the Company and is of the opinion that the Company will be able to fully satisfy its debts within twelve (12) months after the commencement of liquidation.

The functions and powers of the board of directors shall cease forthwith after the general meeting passes the resolution on liquidation.

The liquidation team shall follow the instructions of the general meeting, report the income and expenditure of the liquidation team, business of the Company and progress of the liquidation process to the general meeting at least once a year, and submit a final report to the general meeting upon completion of the liquidation process.

## **Article 201**

The liquidation team shall notify the creditors within ten (10) days of its establishment, and publish an announcement thereof at least three (3) times in a newspaper within sixty (60) days.

The creditors shall, within thirty (30) days from the receipt of the said notice, or if failing to personally receive such notice, within ninety (90) days from the said announcement, declare their creditors' rights to the liquidation team. If a creditor fails to declare his/her/its claim within the above time limit, such creditor shall be deemed to have waived his/her/its right to declare the creditors' right. When reporting claims, the creditors shall explain matters relevant to their claims and shall provide evidentiary materials. The liquidation team shall register the creditor's rights.

## **Article 202**

The liquidation team shall exercise the following functions and powers during the period of liquidation:

1. disposing of the Company's property, and preparing a balance sheet and a property inventory respectively;
2. notifying creditors by notice or announcement;
3. dealing with and settling relevant unfinished business of the Company;
4. paying all outstanding taxes;
5. settling creditors' rights and debts;
6. disposing of the remaining property after the Company has settled its debts; and
7. participating in civil proceedings on behalf of the Company.

## **Article 203**

After having liquidated the Company's property and prepared the balance sheet and property inventory, the liquidation team shall formulate a liquidation plan, and submit the same to the general meeting or relevant competent organ for confirmation.

The Company's property shall be used to repay debts in the order required by laws and regulations. In the event there are no applicable laws or regulation, the Company's property shall be used to repay debts in the fair and reasonable order decided by the liquidation team.

The property remaining in the Company after debt repayment in accordance with provisions of the preceding Paragraph shall be distributed to shareholders of the Company in accordance with the class and percentage of the shares held thereby.

During the liquidation period, the Company may not be engaged in any new business activities.

## **Article 204**

In the event that the Company is liquidated due to dissolution, if the liquidation team should discover that the property of the Company is insufficient to settle the debts after disposal of the property and preparation of the balance sheet and property inventory, it shall immediately apply to a people's court for declaration of bankruptcy.

After it is decided by the people's court that the Company shall be declared bankrupt, the liquidation team shall refer liquidation matters to the people's court.



## **Article 205**

Upon completion of the liquidation of the Company, the liquidation team shall prepare a liquidation report, and an income and expenditure statement and financial books for the liquidation period, and submit the same to the general meeting or relevant competent organs for confirmation after verification by a Chinese certified public accountant.

The liquidation team shall, within thirty (30) days of confirmation by the general meeting or relevant competent organs, submit the aforementioned documents to the company registration authority to apply for deregistration of the Company, and publicly announce the termination of the Company. Such announcement shall be published on the newspapers which comply with relevant provisions.

## **CHAPTER 22: PROCEDURES FOR AMENDING THESE ARTICLES OF ASSOCIATION**

### **Article 206**

The Company may amend these Articles of Association in accordance with the provisions of laws, administrative regulations and these Articles of Association. The board of directors may amend these Articles of Association in accordance with the resolutions regarding amending Articles of Association made by the general meeting and approval opinions of relevant competent authorities (if necessary).

### **Article 207**

Amendments to these Articles of Association that involve any of the contents of the Mandatory Clauses of the Articles of Association of Companies Seeking Overseas Listing shall come into effect upon approval of the authorized department (if necessary). In the event any registration matter of the Company is involved, the Company shall apply for modification of registration in accordance with the laws and regulations.

## CHAPTER 23: DISPUTE RESOLUTION

### Article 208

The Company shall adopt the following rules for dispute resolution:

1. if any dispute or claim concerning the Company's business on the basis of the rights and obligations set out in the Articles of Association, the PRC Company Law or other relevant laws and administrative regulations arises between holders of overseas-listed foreign shares and the Company, or between holders of overseas-listed foreign shares and directors, supervisors, general manager, deputy general manager or other senior management officers of the Company, or between holders of overseas-listed foreign shares and holders of domestic shares, the parties concerned shall resolve such dispute or claim by arbitration.

When the aforementioned dispute or claim is submitted for resolution by arbitration, the dispute or claim shall be submitted in its entirety; all parties acting in the capacity of the Company or its shareholders, directors, supervisors, general manager, deputy general manager or other senior management officers of the Company that have a cause of action arising out of the same circumstance or whose participation is necessary for resolution of the dispute or claim shall abide by the arbitration award.

Disputes concerning the identity of shareholders and the register of shareholders may be resolved in ways other than arbitration.

2. the party requesting arbitration may select China International Economic and Trade Arbitration Commission to conduct arbitration in accordance with its arbitration rules or the Hong Kong International Arbitration Centre to conduct arbitration in accordance with its securities arbitration rules. After such party requesting arbitration has submitted the dispute or claim for arbitration, the other party shall participate in the arbitration in the arbitration commission selected by the party requesting arbitration.

If the party requesting arbitration selects arbitration with the Hong Kong International Arbitration Centre, either party may request the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

3. unless otherwise provided for in laws and administrative regulations, the laws of the People's Republic of China shall apply to the resolution of disputes or claims described in Item 1 by means of arbitration.
4. the award made by the arbitration commission shall be final and binding upon all parties.

## CHAPTER 24: NOTICE

### Article 209

Any notice of the Company shall be sent out by the following means:

1. personal delivery;
2. mail;
3. email;
4. announcement; and
5. any other means prescribed in these Articles of Association.

### Article 210

If the notice is sent out by personal delivery, it shall be deemed to be effectively served on the day when the receiver signs (or seals) the return receipt; if by mail, on the fifth working day after being turned over to the post office; if by email, on the day when the email has been successfully sent to the email address prescribed by the recipient.

Notices sent by way of public announcement shall be deemed to have been received by all relevant parties after the publication of such announcement. Except otherwise specified herein, the public announcement to holders of domestic shares or public announcement which shall be published onshore according to relevant regulations and these Articles of Associations, shall be published on the media (newspapers or websites) designated by PRC laws, administrative regulations or the competent securities regulatory authority of the State Council. Public announcement sent to holders of H shares or public announcement which shall be published in Hong Kong according to relevant regulations and these Articles of Associations, shall be published on the designated websites required by HKEX Main Board Listing Rules.

### Article 211

Except as otherwise provided in these Articles of Association, all notices, materials or written statements issued by the Company to holders of overseas-listed foreign shares shall be delivered by messenger or by postage pre-paid mails to the registered address of each holder of such shares in the register of shareholders.

The notices to holders of domestic shares shall be published in one (1) or more national newspapers designated by the competent securities regulatory authority of the State Council. After the publication of such announcement, the holders of domestic shares shall be deemed to have received the aforesaid notices.

#### **Article 212**

Any notice sent by mail shall be clearly addressed, with its postage pre-paid and being put into an envelop. Such notice shall be deemed received in five (5) days after such it is put into a mail box.

#### **Article 213**

Any notices, files, materials or written statements to the Company sent by shareholders or directors shall be mailed by messenger or registered mail to the legal address of the Company.

#### **Article 214**

If a shareholder or a director intends to prove that he/she/it has sent notices, files, materials or written statements to the Company, he/she/it shall provide evidentiary materials that such notices, files, materials or written statements have already been sent in an ordinary way within prescribed time limit, or have already been sent to the right address by postage pre-paid mail.

### **CHAPTER 25: SUPPLEMENTARY PROVISIONS**

#### **Article 215**

The term “accounting firm” referred to in these Articles of Association shall have the same meaning as “auditor”.

#### **Article 216**

All figures used in these Articles of Association shall include such given figures.

#### **Article 217**

These Articles of Association are written in Chinese. In the event of discrepancies between the Chinese and other foreign language versions of this Agreement, the Chinese language version shall prevail.

**Article 218**

These Articles of Association shall be interpreted by the board of directors of the Company.

**Article 219**

Any appendix to these Articles of Association shall include the procedural rules of the general meeting, the meeting of the board of directors and the meeting of the board of supervisors respectively.