



杭州啓明醫療器械股份有限公司  
Venus Medtech (Hangzhou) Inc.

## ARTICLES OF ASSOCIATION

**(Considered and approved by the Extraordinary General Meeting of held on  
January 30, 2023)**

The English version is for reference only. Should there be any inconsistency between the English and Chinese versions, the latter shall prevail.

## Chapter 1 General Provisions

**Article 1** The Articles of Association are formulated pursuant to the prevailing and effective Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies (hereinafter referred to as “Special Provisions”), Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (hereinafter referred to as “Mandatory Provisions”), the Letter of Opinions on Supplemental Amendments to the Articles of Association of Companies to be listed in Hong Kong, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”) and other laws, administrative regulations, departmental rules and regulatory documents (collectively, hereinafter referred to as the “laws and regulations”).

**Article 2** Venus Medtech (Hangzhou) Inc. (hereinafter referred to as the “Company”) is a joint stock limited liability company established in accordance with the Company Law, Special Provisions and other laws and regulations of the People’s Republic of China (hereinafter referred to as the “PRC”).

The Company was established as a joint stock limited liability company by way of conversion from the original Venus Medtech (Hangzhou) Inc. (hereinafter referred to as “Venus Inc.”) with all shareholders as promoters and underwent an overall change by converting the book value of audited net assets of Venus Inc. as at 31 August 2018 into shares at the ratio of 1.6656:1, and was registered with the Market Regulation Authority of Hangzhou High-Tech Industry Development Zone (Binjiang) on 29 November 2018 and received its business license. At present, the registration of the Company has been changed to the Zhejiang Province Market Supervision and Administration Bureau and the Company’s Uniform Social Credit Code was 91330100691707450N.

**Article 3** The Company had a total of 42 promoters, including: Horizon Binjiang LLC, Mr. Zhenjun Zi, Golden Heat Management Company Limited, Adventure 03 Limited, DNA 01 (Hong Kong) Limited, Shenzhen Dinova Ruihe Venture Investment L.P., Zhejiang Dinova Ruiying Venture Investment L.P., Ming Zhi Investments (BVI) Limited, QM22 (BVI) Limited, Suzhou Qiming Ronghe Venture Investment Fund (Limited Partnership), SCC VENTURE IV– BRIGHT (HK) LIMITED, Tibet Fenglong Xinglian Investment Center (Limited Partnership), Beijing Genesis Capital Investment (Holding) Co., Ltd., Blaze 02 Limited, Sloan New Products Investment Company Limited, Prime State Ventures Limited, Broad Street Investments Holding (Singapore) Pte. Ltd., MBD Bridge Street 2015 Investments (Singapore) Pte. Ltd., Hangzhou Mingnuo Investment Partnership (Limited Partnership), Hangzhou Qifei Investment Partnership (Limited Partnership), Hangzhou Qihe Investment Partnership (Limited Partnership), Hangzhou Qilai Investment Partnership (Limited Partnership), Hangzhou Qili Investment Partnership (Limited Partnership), Hangzhou Qino Investment Partnership (Limited Partnership), Hangzhou Qisheng Investment Partnership (Limited Partnership), Hangzhou Qixin Investment Partnership (Limited Partnership), Hangzhou Qichu Investment Partnership (Limited Partnership), Mars Holding Limited, Mercury Holding Limited, Blue Summit Management Limited, Jupiter Holding Limited, Ningbo Yuming Investment Management Partnership (Limited Partnership), KYW Fitness & Wellness Management Limited, Shenzhen Futian Tongchuang Weiye Big Health Business Investment Partnership (Limited Partnership), Hangzhou Kouwen Shareholding Investment Partnership (Limited Partnership), Hangzhou Erlangshen Investment Partnership (Limited Partnership), Jiaying Dechanghong Investment Partnership (Limited Partnership), Muheng Capital Partners (Hong Kong) Limited, MZX Hong Kong Limited, Legend Architectural Design Corporation Limited, Poseidon Capital Partners Management Limited, Ms. Meihua Zhao.

**Article 4** The registered name of the Company is:  
杭州啓明醫療器械股份有限公司

The English name of the Company is: Venus Medtech (Hangzhou) Inc.

**Article 5** Address of the Company: Room 311, 3rd Floor, Block 2, No. 88, Jiangling Road,  
Binjiang District, Hangzhou City, Zhejiang Province.  
Postal Code: 310051  
Telephone No.: 0571-81398035  
Facsimile No.: 0571-87772179

**Article 6** The chairman of the board of directors of the Company (hereinafter referred to as the “Board”) is the legal representative of the Company.

**Article 7** The Company is a perpetual joint stock limited liability company.

**Article 8** After consideration and approval by the general meeting of the Company and approval by the relevant national authority, the Articles of Association shall take effect and be adopted from the date of listing of H Shares issued by the Company on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) and shall replace the original Articles of Association filed with the competent administrative department for industry and commerce.

From the effective date of the Articles of Association, the Articles of Association shall become a legally binding document which regulates the organization and conduct of the Company, and the rights and obligations between the Company and its shareholders, and between the shareholders.

**Article 9** The Articles of Association are legally binding on the Company, its shareholders, directors, supervisors, general managers and other senior management; each of the aforesaid personnel are entitled to claim rights on matters relating to the Company and are obliged to undertake the corresponding obligations in accordance with the Articles of Association.

The shareholders may sue the Company pursuant to the Articles of Association; the Company may sue the shareholders pursuant to the Articles of Association; each shareholder may sue other shareholders pursuant to the Articles of Association; and the shareholders may sue the directors, supervisors, general managers and other senior management of the Company pursuant to the Articles of Association.

For the purposes of the preceding paragraph, the term “sue” shall include the initiation of proceedings in a court or the application to an arbitration organization for arbitration.

**Article 10** The Company may invest in other limited liability companies and joint stock limited liability companies, and may undertake obligations in the investee entity up to the amount of its capital contribution.

**Article 11** The term “senior management” in the Articles of Association refers to the general manager, deputy general manager, secretary to the Board, chief financial officer and other personnel determined by the Board.

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

**Article 12** The business objectives of the Company are: based on the vision of enhancing economic cooperation and technological exchange, adopt advanced and applicable technologies and scientific business management measures to increase economic benefits and enable all parties to receive satisfactory gains.

**Article 13** The scope of business of the Company covers: development of technologies, technological services, technological consultancy and transfer of results for Class I, II and III medical devices and related products; production and sales of Class I, II and III medical devices and related products and provision of relevant ancillary services; imports and exports of goods and technologies (except for imports and exports of goods and technologies prohibited by the State or for which administrative approval is required); investment management and investment consultancy (excluding securities and futures)(Financing deposits, financing guarantee, entrusted wealth management and other financial services shall not be provided to the general public without approval from the financial and other regulatory authorities)(except for those subject to special management measures on market entry under national rules).

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

**Article 14** The Company shall have ordinary shares at all times. The Company may create other classes of shares, such as preference/preferred shares, according to its needs, after approval has been granted by the competent authorities authorized by the State Council.

The term “preference/preferred shares” mentioned in the Articles of Association refer to other class of shares which are subject to separate provisions as opposed to ordinary shares which are subject to general provisions. The preference/preferred shareholders have priority over ordinary shareholders in the distribution of profits and remainder assets, but their rights to participate in the decision-making and management of the Company, such as voting rights, are subject to restrictions.

**Article 15** The shares of the Company shall be issued based on the principles of openness, fairness and justice. Shares of the same class shall carry equal rights.

**Article 16** The shares of the Company shall be in the form of share certificates. All the shares issued by the Company shall have a par value which shall be RMB1 for each share.

**Article 17** After approval has been granted by the securities regulatory authorities under the State Council or other relevant regulatory authorities, the Company may issue shares to domestic investors and overseas investors.

The term “overseas investors” mentioned in the preceding paragraph refer to investors in foreign countries and in the regions of Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company; domestic investors refer to investors inside the PRC other than the aforesaid countries and regions who subscribe for shares issued by the Company.

**Article 18** The shares issued by the Company to domestic investors for subscription in RMB are known as “domestic shares”. The shares issued by the Company to overseas investors for subscription in foreign currency are known as “foreign shares”. The foreign shares that are listed overseas are known as “overseas-listed foreign shares”; foreign shares that are not listed overseas are known as “unlisted foreign shares”. With approval from the securities regulatory authorities under the State Council and the overseas securities regulatory authorities, domestic shares and unlisted foreign shares that can be listed and traded on overseas stock exchanges, and overseas-listed foreign shares are of the same class, and are collectively referred to as “overseas-listed shares”.

The term “foreign currency” in the preceding paragraph refers to the lawful currency in other countries or regions (other than RMB), which is recognized by the competent authority of the State Administration of Foreign Exchange and acceptable for use to pay for the shares of the Company.

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

Shareholders of domestic shares and shareholders of foreign shares are entitled to equal rights and subject to equal obligations.

With approval from the securities regulatory authorities under the State Council, holders of unlisted shares of the Company may have their shares listed and traded on overseas stock exchange(s); domestic shareholders and holders of unlisted foreign shares of the Company may transfer all or part of their shares held to overseas investors for listing and trading on overseas stock exchanges; all or part of the domestic shares and unlisted foreign shares may be converted into overseas-listed shares that can be listed and traded on overseas securities exchange(s). The above-mentioned shares converted, or upon conversion, for listing and trading on overseas stock exchanges are also subject to the regulatory procedures, provisions and requirements of overseas securities markets. The above-mentioned listing and trading of converted shares on overseas stock exchanges, or conversion of domestic shares and unlisted foreign shares into overseas-listed shares for listing and trading on overseas stock exchanges, are not required to be approved by voting in a general meeting or class meeting of shareholders. After domestic shares and unlisted foreign shares are converted into overseas-listed shares, they become the same class of shares as original overseas-listed foreign shares.

**Article 19** After the plans for issuing overseas-listed shares, domestic shares and unlisted foreign shares have been approved by the securities regulatory authorities under the State Council, the Board may implement such plans by making arrangement for separate issuances.

The plans of the Company for issuance of overseas-listed shares, domestic shares and unlisted foreign shares in accordance with the preceding paragraph may be implemented respectively within 15 months from the date of approval by the securities regulatory authorities under the State Council.

**Article 20** Where the Company issues overseas-listed shares, domestic shares and unlisted foreign shares respectively within the total number of shares as specified in the issuance plans, such shares shall be fully subscribed in one single issuance. Where special circumstances make it impossible for such single issuance to be fully subscribed, the shares may be issued in several tranches, subject to the approval of the securities regulatory authorities under the State Council.

**Article 21** The registered capital of the Company is RMB441,011,443.

**Article 22** The Company issued 300,000,000 shares to promoters when it was converted into a joint stock limited liability company through overall alteration, representing 100% of the total number of issuable ordinary shares of the Company at that time, and the promoters converted the net assets of Venus Inc. into share capital. After conversion into a joint stock limited liability company upon overall alteration, the number of shares and percentage of shareholdings held by each of the promoters are as follows:

<b>No.</b>	<b>Name of promoter</b>	<b>Number of shares held (shares)</b>	<b>Percentage of shareholding (%)</b>	<b>Method of capital contribution</b>	<b>Date of capital contribution</b>
1	Horizon Binjiang LLC	47,954,404	15.9850	By conversion of net assets into shares	29 November 2018
2	Mr. Zhenjun Zi	30,923,302	10.3077	By conversion of net assets into shares	29 November 2018
3	Golden Heat Management Company Limited	8,991,326	2.9971	By conversion of net assets into shares	29 November 2018
4	Adventure 03 Limited	9,000,636	3.0002	By conversion of net assets into shares	29 November 2018
5	DNA 01 (Hong Kong) Limited	2,056,615	0.6855	By conversion of net assets into shares	29 November 2018
6	Shenzhen Dinova Ruihe Venture Investment L.P.	1,687,358	0.5625	By conversion of net assets into shares	29 November 2018
7	Zhejiang Dinova Ruiying Venture Investment L.P.	6,977,955	2.3260	By conversion of net assets into shares	29 November 2018
8	Ming Zhi Investments (BVI) Limited	47,131,229	15.7104	By conversion of net assets into shares	29 November 2018
9	QM22 (BVI) Limited	20,396,751	6.7989	By conversion of net assets into shares	29 November 2018
10	Suzhou Qiming Ronghe Venture Investment Fund (Limited Partnership)	2,320,859	0.7736	By conversion of net assets into shares	29 November 2018
11	SCC VENTURE IV-BRIGHT (HK) LIMITED	18,522,220	6.1741	By conversion of net assets into shares	29 November 2018
12	Tibet Fenglong Xinglian Investment Center (Limited Partnership)	2,856,436	0.9521	By conversion of net assets into shares	29 November 2018
13	Beijing Genesis Capital Investment (Holding) Co., Ltd.	714,113	0.2380	By conversion of net assets into shares	29 November 2018
14	Ms. Meihua Zhao	1,606,747	0.5356	By conversion of net assets into shares	29 November 2018
15	Blaze 02 Limited	714,113	0.2380	By conversion of net assets into shares	29 November 2018
16	Sloan New Products Investment Company Limited	1,435,358	0.4785	By conversion of net assets into shares	29 November 2018

<b>No.</b>	<b>Name of promoter</b>	<b>Number of shares held (shares)</b>	<b>Percentage of shareholding (%)</b>	<b>Method of capital contribution</b>	<b>Date of capital contribution</b>
17	Prime State Ventures Limited	714,113	0.2380	By conversion of net assets into shares	29 November 2018
18	Broad Street Investments Holding (Singapore) Pte. Ltd.	28,172,649	9.3909	By conversion of net assets into shares	29 November 2018
19	MBD Bridge Street 2015 Investments (Singapore) Pte. Ltd.	2,943,409	0.9811	By conversion of net assets into shares	29 November 2018
20	Hangzhou Mingnuo Investment Partnership (Limited Partnership)	1,078,709	0.3596	By conversion of net assets into shares	29 November 2018
21	Hangzhou Qifei Investment Partnership (Limited Partnership)	1,078,709	0.3596	By conversion of net assets into shares	29 November 2018
22	Hangzhou Qihe Investment Partnership (Limited Partnership)	1,078,709	0.3596	By conversion of net assets into shares	29 November 2018
23	Hangzhou Qilai Investment Partnership (Limited Partnership)	539,355	0.1798	By conversion of net assets into shares	29 November 2018
24	Hangzhou Qili Investment Partnership (Limited Partnership)	539,355	0.1798	By conversion of net assets into shares	29 November 2018
25	Hangzhou Qينو Investment Partnership (Limited Partnership)	269,678	0.0899	By conversion of net assets into shares	29 November 2018
26	Hangzhou Qisheng Investment Partnership (Limited Partnership)	269,678	0.0899	By conversion of net assets into shares	29 November 2018
27	Hangzhou Qixin Investment Partnership (Limited Partnership)	134,835	0.0449	By conversion of net assets into shares	29 November 2018
28	Hangzhou Qichu Investment Partnership (Limited Partnership)	1,240,630	0.4135	By conversion of net assets into shares	29 November 2018
29	Mars Holding Limited	3,649,247	1.2164	By conversion of net assets into shares	29 November 2018
30	Mercury Holding Limited	4,584,495	1.5282	By conversion of net assets into shares	29 November 2018

No.	Name of promoter	Number of shares held (shares)	Percentage of shareholding (%)	Method of capital contribution	Date of capital contribution
31	Blue Summit Management Limited	5,291,069	1.7637	By conversion of net assets into shares	29 November 2018
32	Jupiter Holding Limited	539,355	0.1798	By conversion of net assets into shares	29 November 2018
33	Ningbo Yuming Investment Management Partnership (Limited Partnership)	339,023	0.1130	By conversion of net assets into shares	29 November 2018
34	KYW Fitness & Wellness Management Limited	678,038	0.2260	By conversion of net assets into shares	29 November 2018
35	Shenzhen Futian Tongchuang Weiye Big Health Business Investment Partnership (Limited Partnership)	1,678,940	0.5596	By conversion of net assets into shares	29 November 2018
36	Hangzhou Kouwen Shareholding Investment Partnership (Limited Partnership)	3,357,887	1.1193	By conversion of net assets into shares	29 November 2018
37	Hangzhou Erlangshen Investment Partnership (Limited Partnership)	559,645	0.1865	By conversion of net assets into shares	29 November 2018
38	Jiaxing Dechanghong Investment Partnership (Limited Partnership)	13,628,724	4.5429	By conversion of net assets into shares	29 November 2018
39	Muheng Capital Partners (Hong Kong) Limited	16,694,252	5.5648	By conversion of net assets into shares	29 November 2018
40	MZX Hong Kong Limited	900,002	0.3000	By conversion of net assets into shares	29 November 2018
41	Legend Architectural Design Co., Ltd	6,000,062	2.0000	By conversion of net assets into shares	29 November 2018
42	Poseidon Capital Partners Management Limited	750,010	0.2500	By conversion of net assets into shares	29 November 2018
	<b>Total</b>	<b>300,000,000</b>	<b>100.00</b>		



**Article 23** The total number of shares of the Company is 441,011,443. The share capital structure of the Company shall comprise of: 441,011,443 ordinary shares, including 9,303,994 Unlisted Foreign Shares, representing 2.11% of the total number of ordinary shares of the Company, and 431,707,449 H Shares, representing 97.89% of the total number of ordinary shares of the Company.

#### **Chapter 4 Increase, Reduction and Repurchase of Shares**

**Article 24** Based on operational and developmental needs, the Company may increase share capital, after a special resolution is passed by the general meeting and pursuant to the laws and regulations and the relevant provisions the Articles of Association, by the following methods:

- (1) Issuing new shares to unspecified investors;
- (2) Placing new shares with existing Shareholders;
- (3) Giving new shares to existing shareholders;
- (4) Converting the reserve funds into share capital;
- (5) Other means permitted by the law and administrative regulations and approved by the relevant regulatory authorities.

Increasing capital by issuing new shares shall be carried out by the Company in accordance with the procedures as specified under the relevant national laws and regulations, after having been approved in accordance with the Articles of Association.

**Article 25** The Company may reduce its registered capital pursuant to the provisions of the Articles of Association. If the Company reduces its registered capital, such reduction shall be made in accordance with the requirements of the Company Law and other related regulations and the procedures stipulated in the Articles of Association.

**Article 26** If the Company reduces its registered capital, a balance sheet and an inventory of assets should be prepared.

The Company shall notify the creditors within 10 days, and publish an announcement in the newspapers within 30 days, from the date of passing the resolution for reduction of capital by the Company. A creditor may, within 30 days after receipt of the notice or, in the case of failure to receive such notice, within 45 days from the date of announcement, require the Company to repay its debts or to provide corresponding guarantee for such debt.

The reduced registered capital of the Company may not be less than the statutory minimum amount.

**Article 27** The Company may, in the following circumstances, repurchase its own issued and outstanding shares according to the procedures prescribed by laws and regulations and the Articles of Association, and reporting the same to the relevant national authorities for approval:

- (1) Cancellation of shares to reduce the registered capital of the Company;
- (2) Merger with other companies holding shares in the Company;
- (3) Apply the shares to employee share ownership plan or share incentive plan;
- (4) Apply the shares to convert convertible corporate bonds issued by the Company into shares;
- (5) The share repurchase is necessary to maintain the value of the Company and the interests of its shareholders;
- (6) Shareholders who dissent the resolution passed by the general meeting on the merger or division of the Company and request the Company to purchase their shares.

If the Company repurchase its own shares due to reasons specified in items (1) to (5) in the preceding paragraph, a resolution shall be passed by the general meeting.

After the Company has repurchased its own shares pursuant to the provisions in the first paragraph of this Article, in the event of item (1), the repurchased shares shall be cancelled within 10 days from the date of repurchase; in the event of items (2) and (6), the repurchased shares shall be transferred or cancelled within 6 months; in the event of items (3), (4) and (5), the total number of its own shares held by the Company shall not exceed 10% of the total number of issued shares of the Company and the repurchased shares shall be transferred or cancelled within 3 years.

After the Company has repurchased its own shares, the Company shall perform its information disclosure obligations in accordance with the provisions of the Securities Law of the PRC and the Hong Kong Listing Rules.

**Article 28** With approval from the relevant competent national authorities to repurchase its own shares, the Company may proceed with one of the following methods:

- (1) Making of a repurchase offer in the same proportion to all shareholders;
- (2) Repurchase through open transactions on a stock exchange;
- (3) Repurchase by agreement outside any stock exchange;
- (4) Other methods permitted by laws and administrative regulations and approved by relevant regulatory authorities.

**Article 29** In the event of a repurchase of shares by the Company by an agreement outside a stock exchange, prior approval shall be obtained from the shareholders at a general meeting in accordance with the Articles of Association. Upon obtaining prior approval at the general meeting in the same manner, the Company may terminate or modify the contracts concluded in the aforesaid manner or waive any of its rights under such contracts.

The contracts for the repurchase of shares referred to in the preceding paragraph include (but are not limited to) agreements whereby repurchase obligations are undertaken and repurchase rights are acquired.

The Company may not assign contracts for the repurchase of its own shares or any of its rights thereunder.

The price per share for repurchasing the Company's own redeemable shares proposed to be made otherwise than by tender or in the market shall be capped at a maximum price; where the repurchase is to be made by way of tender, the relevant tender must be made available to all shareholders on the same terms.

**Article 30** The Company shall cancel or transfer the repurchased shares within the period prescribed by laws and regulations. The Company shall apply to the original company registration authority for a change of registration in registered capital and issue a relevant announcement thereof.

The total par value of the cancelled shares should be deducted from the Company's registered capital.

**Article 31** Unless the Company has entered into the liquidation stage, the Company shall comply with the following provisions whenever it repurchases issued and outstanding shares:

- (1) If the Company repurchases shares at par value, the amount required should be deducted from the book balance of distributable profit and the proceeds from new shares issued for the repurchase of old shares;
- (2) If the Company repurchases shares at a premium above par value, the amount equivalent to the par value shall be deducted from the book balance of distributable profit and the proceeds from new shares issued for the repurchase of old shares; while the amount above par value shall be treated in accordance with the following methods:
  1. If the shares repurchased were issued at par value, the amount should be deducted from the book balance of distributable profit;
  2. If the shares repurchased were issued at a premium above par value, the amount should be deducted from the book balance of distributable profit and the proceeds from new shares issued for the repurchase of old shares; however the amount to be deducted from the proceeds of new shares issued shall not exceed the total premium amount received at the time when the old shares were issued, nor shall it exceed the balance in the premium account (or capital reserve account) at the time of repurchase (including the premium amount resulting from the issuance of new shares);

- (3) The amount paid by the Company for the following purposes shall be deducted from the Company's distributable profit:
1. for acquiring the right of repurchase to buy back its own shares;
  2. for changing the contract for buying back its own shares;
  3. for discharging its obligations under the repurchase contract.
- (4) After the aggregate par value of the cancelled shares is deducted from the Company's registered capital in accordance with the relevant provisions, the amount deducted from the distributable profit used for the repurchase of shares at par value shall be credited to the Company's premium account (or the capital reserve account).

If there are applicable provisions to the contrary regarding the financial treatment of the aforementioned share repurchase in the relevant requirements of laws, regulations and regulatory authorities, such provisions shall prevail.

## **Chapter 5 Transfer and Pledge of Shares**

**Article 32** Shares of the Company held by promoters shall not be transferred within one year from the date of incorporation of the Company. Shares which were issued by the Company prior to the public issuance of shares shall not be transferred within one year from the date when the shares of the Company are listed and traded on the stock exchange.

Each of the directors, supervisors and senior management of the Company shall report to the Company his shareholding in the Company and any changes thereof, and during his term of office, the number of shares transferred in each year shall not exceed 25% of the total number of shares held by him in the Company, and the shares in the Company held by him are not transferable within one year from the date when the shares of the Company are listed and traded on the stock exchange. The shares of the Company held by the aforementioned officer shall not be transferred within six months after termination of his position.

**Article 33** Unless otherwise specified by laws and regulations, Hong Kong Listing Rules and the Articles of Association, the shares held by shareholders of the Company may be freely transferable and are not subject to any liens attached. The transfer of H Shares shall be registered with the local share registrar in Hong Kong designated by the Company.

**Article 34** All fully paid H Shares may be freely transferred in accordance with the Articles of Association. However, unless the following conditions are met, the Board may refuse to recognize any transfer documents, and without stating any reason:

- (1) the prescribed fee specified by the Hong Kong Stock Exchange in the Hong Kong Listing Rules has been paid to the Company, such fee shall not exceed the maximum amount of fees prescribed in the Hong Kong Listing Rules from time to time, and all transfer documents and other documents which relate to or may affect the title of any shares have been registered;

- (2) the transfers are only relating to H Shares;
- (3) the stamp duty payable for the transfer documents under the laws of Hong Kong has been paid;
- (4) the relevant share certificate(s) and any other evidence which the Board may reasonably require to show that the transferor has the right to transfer the shares are provided;
- (5) where the shares are intended to be transferred to joint holders, the number of such joint shareholders shall not exceed four;
- (6) the relevant shares are not attached with any lien of the Company.

If the Board refuses to register any transfer of shares, the Company shall issue a notice to the transferor and the transferee within 10 working days from the date on which the transfer application has been duly submitted to notify them of the refusal to register such transfer.

**Article 35** All transfers of H shares shall adopt written instruments of transfer in an ordinary or usual form or in any other form acceptable to the Board (including standard transfer form or other form of transfer as prescribed by the Hong Kong Stock Exchange from time to time). The instruments of transfer may be signed by hand or (where the transferor or transferee is a corporation) sealed with the company's seal. Where the transferor or transferee is a recognized clearing house as defined by relevant regulations in accordance with Hong Kong laws from time to time (hereinafter referred to as the "recognized clearing house") or its proxy, the instruments of transfer may be signed by hand or in a machine-imprinted format.

All instruments of transfer shall be kept at the legal address of the Company or the address designated by the Board from time to time.

**Article 36** The Company shall not accept the shares of the Company as a pledged security.

## **Chapter 6 Financial Assistance for Purchase of Company Shares**

**Article 37** The Company or its subsidiaries shall not provide any financial assistance in any form at any time to any person who purchases or intends to purchase the shares of the Company. The aforesaid purchaser shall include any person who directly or indirectly assumes obligations due to the purchase of shares of the Company.

The Company or its subsidiaries shall not provide financial assistance in any form at any time to the aforesaid obligor in order to mitigate or discharge the obligations of such obligor.

This Article does not apply to the circumstances described in Article 39 of the Articles of Association.

**Article 38** Financial assistance mentioned in the Articles of Association includes (but is not limited to) the following methods:

- (1) gifts;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation given for acts where the Company is at fault) or the release or waiver of any rights;
- (3) the provision of loans or entering into contracts under which the obligations of the Company are to be fulfilled before those of other parties, and the change in the parties to such loans or contracts and the transfer of rights in such loans or contracts;
- (4) the provision of any other form of financial assistance in circumstances where the Company is insolvent, has no net assets or the net assets of the Company will be reduced significantly as a result.

The assumption of obligations mentioned in this Article shall include the obligations undertaken by an obligor due to the signing of contract or making of an arrangement (regardless of whether such contract or arrangement may be enforceable, and regardless of whether such obligations are assumed by the obligor individually or jointly with any other persons) or due to a change in his financial position by any other means.

**Article 39** The following acts are not deemed to be acts prohibited by Article 37 in the Articles of Association:

- (1) the relevant financial assistance provided by the Company is truly in the interest of the Company and the main purpose of such financial assistance is not to purchase the shares of the Company or such financial assistance is a part incidental to a certain master plan of the Company;
- (2) the Company distributes its assets lawfully as dividends;
- (3) the distribution of dividends in the form of shares;
- (4) the reduction of registered capital, repurchase of shares, adjustment of shareholding structure or other acts in accordance with the Articles of Association;
- (5) the provision of loans by the Company for its normal business activities within its scope of business (but should not lead to a reduction in the net assets of the Company, or even though a reduction is resulted, such financial assistance is financed by the distributable profit of the Company);
- (6) the provision of funds by the Company for employee stock ownership plans (but should not lead to a reduction in the net assets of the Company, or even though a reduction is resulted, such financial assistance is financed by the distributable profit of the Company).

## Chapter 7 Share Certificate and Register of Shareholders

**Article 40** Share certificates of the Company shall be in registered form. In addition to the particulars specified under the Company Law, the share certificates of the Company shall also include other particulars required to be stated therein by the stock exchange of the place where the shares of the Company are listed.

The overseas-listed shares issued by the Company may be in the form of foreign depository receipts or in other derivative forms of shares in accordance with the laws and securities registration and depository practices of the place of listing.

**Article 41** During the period when the H Shares are listed on the Hong Kong Stock Exchange, the Company must ensure that the relevant documents of H Shares shall include the following statements, and must instruct and procure its share registrar to refuse the registration of subscription, purchase or transfer of its shares in the name of any individual holders, unless and until such individual holder delivers to the share registrar the duly signed forms in respect of such shares and such forms shall include the following statements:

- (1) The share purchasers and the Company and each of the shareholders, and the Company and each of the shareholders, shall agree to observe and comply with the requirements of the Company Law, the Special Regulations and other relevant laws and regulations, and the provisions of the Articles of Association.
- (2) The share purchasers and the Company, each of the shareholders, directors, supervisors and senior management of the Company shall agree, and the Company acting on its own behalf and for the benefit of each director, supervisor and senior management shall agree with each shareholder, that all disputes or claims arisen out of the rights or obligations provided by the Articles of Association, the Company Law, other relevant laws or administrative regulations or in relation to the affairs of the Company shall be submitted to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitral tribunal to conduct hearing in open session and to publish its award. Such arbitration shall be final and conclusive.
- (3) The share purchasers and the Company and each of the shareholders agree that the shares of the Company may be freely transferable by the respective holders.
- (4) The share purchasers authorize the Company to enter into contracts with each of the directors and senior management. Such directors and senior management shall undertake to observe and fulfill their responsibilities to the shareholders under the Articles of Association.

**Article 42** The share certificates shall be signed by the chairman of the Board. Where the signatures of the general manager or other senior management 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 the general manager or other relevant senior management. The share certificates shall become effective after the Company seal is affixed thereto or printed thereon. The Company may stamp on share certificates upon authorization of the Board. The signatures of the chairman of the Board, general manager or other relevant senior management on the share certificates may also be in printed form.

In the circumstances of paperless issuance and trading of the shares of the Company, contrary provisions by local securities regulatory authorities of the place in which shares of the Company are listed shall apply.

**Article 43** The Company shall establish a register of shareholders to register the following particulars or perform registration of shareholders in accordance with the provisions of laws and regulations and the Hong Kong Listing Rules:

- (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 number of the shares held by each shareholder;
- (5) The date on which each shareholder is registered as a shareholder;
- (6) The date on which each shareholder ceases to be a shareholder.

The register of shareholders is sufficient evidence to prove the holding of shares of the Company by the shareholders, except where evidence to the contrary is available.

**Article 44** The Company may, pursuant to an understanding or agreement reached between the securities regulatory authorities under the State Council and a securities regulatory organization outside the PRC, keep its original register of holders of overseas-listed shares outside the PRC, and entrust the administration thereof to an agent outside the PRC. The original register of shareholders of H shares shall be kept in Hong Kong.

The Company shall keep at its domicile a duplicate of the register of holders of overseas-listed shares. The appointed agent outside the PRC shall ensure that the register of holders of overseas-listed shares and its duplicate are consistent at all times.

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

**Article 45** The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

- (1) register of shareholders kept at the Company's domicile, other than those specified in items (2) and (3) of this article;
- (2) register of shareholders of overseas-listed shares kept in the place of the stock exchange outside the PRC on which the shares are listed;
- (3) register of shareholders kept in other places as the Board may decide necessary for listing the shares of the Company.



**Article 46** The various parts of the register of shareholders shall not overlap with each another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

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

**Article 47** To the extent that any applicable laws and regulations stipulated by the securities regulatory authority at the location where the Company's shares are listed and the stock exchange provides for suspension of share transfer registration procedures, such regulations shall be followed.

**Article 48** When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities requiring the identification of shareholders, the Board or general meeting shall determine the record date. At the close of trading on the record date, those whose names appear on the register shall be shareholders of the Company.

**Article 49** Any person that dissents from the register of shareholders and requires his name to be entered into or removed from the register may apply to a competent court for correction of the register of shareholders.

**Article 50** Any shareholder who is registered in the register of shareholders or requires his name to be entered into the register of shareholders may apply to the Company for a replacement certificate in respect of such shares (the "Relevant Shares") if his share certificate (the "Original Share Certificate") is lost.

Where a domestic shareholder or a holder of unlisted foreign shares has lost his share certificate, an application for the issue of a replacement domestic share certificate or a replacement share certificate of unlisted foreign shares shall be dealt with in accordance with the relevant provisions of the Company Law.

Where a shareholder of overseas-listed shares has lost his share certificate, an application for the issue of a replacement overseas-listed share certificate shall be dealt with in accordance with the laws, stock exchange rules and other relevant regulations of the place where the original register of shareholders of overseas-listed shares is kept.

Where a shareholder of H Shares has lost his share certificate, an application for the issue of a replacement certificate shall comply with the following requirements:

- (1) The applicant shall submit the application in the standard form prescribed by the Company accompanied by a notary certificate or a statutory declaration. The notary certificate or statutory declaration shall include the applicant's reason for the application, the circumstances and proof of the loss of the share certificate and a declaration stating that no other person may require registration as a shareholder in respect of the Relevant Shares.
- (2) Before the Company decides to issue a replacement certificate, no declaration has been received from any person other than the applicant requiring to be registered as a shareholder in respect of the shares.

- (3) If the Company has decided to issue a replacement share certificate to the applicant, it shall publish a public announcement of its intention in the newspapers designated by the Board; the period of the public announcement shall be 90 days, during which the publication of such announcement shall be repeated at least once every 30 days.
- (4) Prior to the publication of the aforesaid announcement for preparing to issue the replacement certificate, the Company shall submit a copy of the proposed announcement to the stock exchange on which the shares of the Company are listed, and shall publish the announcement after obtaining the confirmation of the stock exchange that the announcement has been displayed at the stock exchange. The announcement shall be displayed at the stock exchange for 90 days.

If the shareholders of the Relevant Shares registered on the share register do not consent to the issuance of replacement share certificates, the Company shall send a copy of the proposed announcement to such shareholders by post.

- (5) Upon expiry of the 90-day publication period for the announcement as stipulated in items (3) and (4) of this Article, if no objection has been received by the Company from anyone, the replacement share certificate shall be issued in accordance with the submitted application.
- (6) When a replacement share certificate is issued pursuant to this Article, the Company shall immediately cancel the Original Share Certificate, and record this event of cancellation and replacement in the register of shareholders.
- (7) All expenses incurred by the Company in connection with the cancellation of the Original Share Certificate and the issue of replacement share certificate shall be borne by the applicant. The Company has the right to refuse taking any action until the applicant has provided reasonable guarantee for the expenses involved.

**Article 51** After the Company has issued the replacement share certificate in accordance with the Articles of Association, the name (description) of the bona fide purchaser who obtains the replacement share certificate or the shareholder who has subsequently registered as the owner of such shares (provided that they are bona fide purchasers) shall not be removed from the register of shareholders.

**Article 52** The Company shall not be liable for any damages suffered by any person from the cancellation of the Original Share Certificate or the issue of the replacement share certificate, unless the claimant can prove fraudulent act on the part of the Company.

Registration is necessary for any instruments of transfer and other documents which are relevant to or may affect the title of any registered securities. If any fees are required to be collected in respect of such registration, the amount of such fees shall not exceed the maximum amount prescribed by the Hong Kong Stock Exchange in the Hong Kong Listing Rules from time to time.

## Chapter 8 Rights and Obligations of Shareholders

**Article 53** The Company's shareholders are persons who lawfully hold shares of the Company and whose names have been entered in the register of shareholders.

Shareholders shall enjoy rights and assume obligations according to the class and number of shares held. Holders of shares of the same class shall enjoy equal rights and undertake equal obligations.

Where more than two persons are registered as joint shareholders of any shares, they shall be deemed as joint holders of the relevant shares, and shall be restricted by the following terms:

- (1) The Company shall not register more than four persons as joint shareholders of any shares;
- (2) All joint shareholders of any shares shall bear joint and several liabilities for all payable amounts in respect of the relevant shares;
- (3) In case of death of one of the joint shareholders, only the other surviving joint shareholder(s) shall be deemed as the owner(s) of the shares. However, for the purpose of revising the register of shareholders, the Board is entitled to demand the surviving shareholders to present a death certificate of the deceased as the Board thinks fit;
- (4) For joint shareholders of any shares, only the person whose name stands first in the register of shareholders shall be entitled to receive share certificates of the relevant shares, receive notices from the Company and attend the general meeting of the Company or exercise his voting rights in respect of the relevant shares, and the service of notice to the aforesaid person shall be deemed as service of notice to all joint shareholders. Any one of the joint shareholders may sign a form of proxy, but when more than one joint shareholders attend the meeting in person or by proxies, the vote cast by the senior joint shareholder, whether in person or by proxy, shall be accepted as the only vote cast on behalf of the remaining shareholders. For this purpose, the seniority of shareholders is determined according to the order of appearance of the names of the joint shareholders in respect of the relevant shares in the register of shareholders.

If any one of the joint shareholders issues a receipt to the Company in respect of any payment of dividends, bonus or return on capital to such joint shareholders, such receipt shall be deemed as a valid receipt issued by such joint shareholders to the Company.

**Article 54** Ordinary shareholders of the Company shall enjoy the following rights:

- (1) To receive dividends and other profit distributions on the basis of the number of shares held by them;
- (2) To request, convene, hold, participate or send proxy to attend general meetings and exercise the speaking rights and pro-rata voting rights in accordance with the law;
- (3) To monitor, make suggestions or ask questions in relation to the business operation activities of the Company;

- (4) To transfer, donate or pledge shares in his/her possession in accordance with the laws, regulations and provisions of the Articles of Association;
- (5) To obtain relevant information in accordance with the laws, regulations and provisions of the Articles of Association, including:
  1. To obtain a duplicate copy of the Articles of Association after payment of a charge to cover the costs;
  2. Being entitled to access and, after payment of a reasonable charge, make a copy of:
    - (i) all parts of the register of shareholders;
    - (ii) personal information of the directors, supervisors and senior management of the Company, including:
      - (a) current and previous names and aliases;
      - (b) main address (domicile);
      - (c) nationality;
      - (d) full-time and all other part-time occupations and duties;
      - (e) identification documents and their numbers.
    - (iii) status of the share capital of the Company;
    - (iv) special resolutions of the Company;
    - (v) reports of the aggregate par value, number of shares, the highest and lowest prices of each class of shares repurchased by the Company since the preceding accounting year, and all the expenses paid by the Company therefor;
    - (vi) stubs of corporate bonds, resolutions of the Board meetings, resolutions of the Supervisory Committee meetings, financial accounting report, minutes of general meetings (for inspection by shareholders only);
    - (vii) the audited financial statements and the reports of the Board, Supervisory Committee and auditors of the Company for the latest period;
    - (viii) the latest corporate annual report/annual return for the latest period which has been filed with the administration for industry and commerce or other competent authorities;

The Company is required to make available the documents as set out above, except for item (2), at the Hong Kong address of the Company for inspection by the general public and the shareholders free of charge.

- (6) When the Company terminates or liquidates, receive its portion of remaining assets of the Company according to the proportion of shares held;
- (7) If a shareholder dissents from the merger or division of the Company at a general meeting, he may request the Company to repurchase his shares subject to fulfillment of the required procedures for share repurchase by the Company in accordance with the Articles of Association and the relevant laws and regulations;
- (8) Shareholders who, individually or jointly, own more than 3% of the shares of the Company are entitled to make ad hoc proposals for submission to the Board 10 days before the date of convening the general meeting;
- (9) Other rights conferred by laws, regulations and the Articles of Association.

Where any directly or indirectly interested persons exercise the rights attached to the shares of the Company without disclosure of such interests to the Company, the Company shall not freeze or otherwise prejudice any right of such person attached to the shares solely for this reason.

**Article 55** Ordinary shareholders of the Company shall undertake the following obligations:

- (1) Comply with laws, regulations and the Articles of Association;
- (2) Pay for the shares based on the shares subscribed and the method of subscription;
- (3) Not surrender the shares to the Company except under circumstances prescribed by laws and regulations;
- (4) Not abuse the rights as a shareholder to harm the interests of the Company or other shareholders. If a shareholder of the Company abuses his rights as a shareholder and causes losses to the Company or other shareholders, such shareholder shall be liable for damages in accordance with the law. If a shareholder of the Company abuses its corporate legal person status and limited liability of being a shareholder to evade indebtedness and causes serious harm to the interests of the creditors of the Company, such shareholder shall be subject to joint and several liabilities for the indebtedness of the Company;
- (5) Other obligations to be undertaken by shareholders as required under the laws, regulations and the Articles of Association.

Shareholders shall not bear any liability for further contribution to share capital other than the conditions agreed to as a subscriber of shares at the time of subscription.

**Article 56** In addition to the obligations as required under the laws, regulations or the relevant requirements of the securities regulatory authority of the place where the shares of the Company are listed, controlling shareholders may not, in the exercise of their powers as shareholders, make decisions prejudicial to the interests of all or part of the shareholders as a result of the exercise of their voting rights on the issues set forth below:

- (1) Relieving a director or supervisor of the responsibility to act honestly in the best interest of the Company;
- (2) Approving a director or supervisor (for the benefit of himself or another person) to deprive the Company of its property in any way, including (but not limited to) any opportunities that are favorable to the Company;
- (3) Approving a director or supervisor (for the benefit of himself or another person) to deprive other shareholders of their rights or interests, including (but not limited to) the rights to distributions and voting rights, but not including restructuring of the Company submitted to and adopted at the shareholders' general meeting in accordance with the Articles of Association.

**Article 57** The term "controlling shareholder" mentioned in Article 56 refers to a person that satisfies any one of the following conditions:

- (1) When acting alone or in concert with others, such person may elect more than half of the directors;
- (2) When acting alone or in concert with others, such person may exercise more than 30% of voting rights or may control the exercise of more than 30% of voting rights in the Company;
- (3) When acting alone or in concert with others, such person holds more than 30% of the issued and outstanding shares of the Company;
- (4) When acting alone or in concert with others, such person actually controls the Company in any other manner.

## **Chapter 9 General Meeting**

### **Section 1 General Provisions on General Meeting**

**Article 58** The general meeting shall be the organ of highest authority of the Company and shall exercise the following functions and powers in accordance with the law.

- (1) Decide on the operation policy and investment plan of the Company;
- (2) Elect and replace directors, decide on remuneration matters of the relevant directors;
- (3) Elect and replace supervisors who are not employee representatives, decide on remuneration matters of the relevant supervisors;
- (4) Consider and approve the reports of the Board;

- (5) Consider and approve the reports of the Supervisory Committee;
- (6) Consider and approve the annual financial budget and final accounts of the Company;
- (7) Consider and approve the profit distribution plan and loss compensation plan of the Company;
- (8) Pass resolutions on the increase or reduction of registered capital or share capital of the Company;
- (9) Pass resolutions on the matters of merger, division, dissolution, liquidation or variation of corporate forms of the Company;
- (10) Pass resolutions on the issuance of bonds, any class of shares, warrants and other securities and listing;
- (11) Pass resolutions on the appointment, dismissal or non-renewal of accounting firms;
- (12) Make amendments to the Articles of Association;
- (13) Consider the proposals from shareholders who, individually or jointly, hold more than 3% of the shares of the Company with voting rights;
- (14) Consider and approve the repurchase of the shares of the Company;
- (15) Consider and approve the matters relating to the Company's purchase or sale of material assets within one year, external investment or guarantee amount exceeding 30% of the audited total assets of the Company for the latest period;
- (16) Resolutions on other matters that should be approved by a general meeting as required by laws, regulations, listing rules of stock exchange of the place where the shares of the Company are listed.

Matters within the scope of powers and responsibilities of the general meeting shall be considered and decided by the general meeting, but in necessary, reasonable and lawful circumstances, for the specific relevant matter(s) related to the resolutions that cannot be immediately decided at the general meeting, the general meeting may authorize the Board to make decision within the scope authorized by the general meeting. For authorization granted to the Board by the general meeting, if the matter to be authorized is one that requires to be passed by an ordinary resolution, it should be passed by more than one-half of the shareholders (including proxies) with voting rights attending the general meeting; if the matter is required to be passed by a special resolution, it should be passed by more than two-thirds of the shareholders (including proxies) with voting rights attending the general meeting. The details of the authorization should be described in a clear and specific manner.

**Article 59** Unless otherwise provided in the Articles of Association, matters of external guarantee of the Company must be considered and approved by the Board. If the Company provides guarantee for a shareholder or de facto controller of the Company, a resolution must be passed by the general meeting.

When considering a proposal on the provision of guarantee for a shareholder or de facto controller in the general meeting, such shareholder or shareholders controlled by such de facto controller shall not vote on the resolution, such resolution shall be passed by more than one-half of the voting rights held by other shareholders attending the general meeting.

Where special rules are provided in the listing rules of the stock exchange of the place where the shares of the Company are listed, such special rules shall apply.

**Article 60** Without prior approval by the general meeting, the Company shall not enter into contract with any person other than a director, supervisor or senior management to handover the management of all or a significant part of the operations of the Company to such person.

**Article 61** General meetings include annual general meetings and extraordinary general meetings. Annual general meeting shall be convened once a year and shall be held within six months from the end of the preceding accounting year.

The Board shall convene an extraordinary general meeting within two months under any of the following circumstances:

- (1) when the number of directors is less than the number prescribed by the Company Law or less than two-thirds of the number as required by the Articles of Association;
- (2) when the uncompensated losses of the Company reach one-third of the total paid-up share capital;
- (3) when shareholders, individually or jointly, hold more than 10% of the shares of the Company with voting rights, request in writing to convene an extraordinary general meeting;
- (4) when the Board considers necessary or when the Supervisory Committee proposes to convene a general meeting;
- (5) when more than two independent non-executive directors propose to convene a general meeting;
- (6) other circumstances as prescribed by laws, regulations, listing rules of stock exchange of the place where the shares of the Company are listed or the Articles of Association.

Under circumstances mentioned in items (3), (4) and (5) above, the matters proposed by the party requesting to convene a general meeting should be included in the agenda of the general meeting.



## **Section 2 Convening, Proposal and Notice of General Meeting**

**Article 62** The venue of the general meeting of the Company shall be the domicile of the Company or such place as specified in the notice of general meeting.

The general meeting will be held at a venue in the form of a physical meeting. The Company may provide the internet or other means approved by the securities regulatory authorities of the place where the Company's shares are listed to facilitate shareholders' participation in the general meeting. Shareholders who participate in the general meeting through the above means are deemed to have attended that meeting.

**Article 63** General meetings are convened by the Board in accordance with the law, the chairman of the Board shall act as chairman of the meeting and shall preside over the meeting. When the chairman of the Board is unable to attend the meeting for any reason, more than half of the members of the Board may designate one director of the Company to convene the meeting on their behalf and act as chairman of the meeting. If the Board fails to designate a chairman for the meeting, the shareholders attending the meeting may elect one person to act as chairman of the meeting and preside over the meeting. If the shareholders fail to elect a chairman of the meeting due to whatever reason, the shareholder (including proxy) who holds the largest number of shares with voting rights attending the meeting shall act as the chairman of the meeting (other than HKSCC Nominees).

**Article 64** A notice shall be given by the convener 20 days before the annual general meeting to notify each shareholder of the time and venue of the meeting and matters to be deliberated, and a notice shall be given 15 days before the extraordinary general meeting to notify each shareholder of the time and venue of the meeting and matters to be deliberated.

**Article 65** When the Company convenes a general meeting, the Board, the Supervisory Committee and the shareholders who, individually or jointly, hold more than 3% of the total number of shares of the Company with voting rights, shall have the right to submit new proposals in writing to the Company. Proposals which are within the scope of powers and responsibilities of the general meeting shall be included in the agenda of the meeting by the Company.

The shareholders who, individually or jointly, hold more than 3% of the total number of shares of the Company with voting rights, may propose ad hoc proposals and submit in writing to the convener 10 days prior to the date of general meeting. The convener shall issue a supplemental notice of general meeting within two days upon receipt of the proposals to announce the details of the ad hoc proposals.

Notwithstanding of the aforesaid, shareholders who hold minority interests as required under Article 61(3) of the Articles of Association may add proposal(s) into the agenda of such extraordinary general meeting so requested and convened.

In addition to the provisions of the preceding paragraph, after the notice of general meeting has been issued, the convener shall not alter the proposals or additional proposals specified in the notice of general meeting.

Proposals which are not specified in the notice of general meeting or do not comply with the requirements of the Articles of Association shall not be voted and adopted by resolution in the general meeting.

**Article 66** Matters which are not specified in a notice of meeting shall not be decided in an extraordinary general meeting.

**Article 67** Proposals for a general meeting shall comply with the following conditions:

- (1) the contents are not in conflict with the provisions of laws, regulations and the Articles of Association, and are within the scope of business of the Company and within the scope of powers and responsibilities of the general meeting;
- (2) the matters have definite topics and specific resolutions;
- (3) are submitted to the Board in writing.

**Article 68** The notice of general meeting shall satisfy the following requirements:

- (1) It shall be made in writing;
- (2) It specifies the place, date and time of the meeting;
- (3) It specifies the matters to be deliberated at the meeting;
- (4) Provision to the shareholders of the detailed information and explanations necessary for the shareholders to make sound decisions about the matters to be deliberated. This principle includes, but is not limited to, the provision of the detailed terms and contracts, if any, of the proposed transactions and proper explanations about related causes and effects when the Company proposes merger, repurchase of shares, reorganization of share capital or other restructuring;
- (5) If any of the directors, supervisors, general managers or other senior management has material interest in the matter to be deliberated, the nature and extent of the interest shall be disclosed. If the matter to be deliberated affects any director, supervisor, general manager or other senior management as a shareholder in a manner different from how it affects other shareholders of the same class, the difference shall be explained;
- (6) Inclusion of the full text of any special resolution to be proposed for adoption at the meeting;
- (7) A prominent explanation that a shareholder who is entitled to attend and vote at the general meeting may appoint one or more proxies to attend and vote at the meeting on his behalf and it is not necessary for such proxies to be shareholders;
- (8) It specifies the delivery time and place of the form of proxy for voting at the meeting;
- (9) It specifies the record date for shareholders who are entitled to attend the meeting;
- (10) It contains the name and contact methods of the contact person for meeting affairs.

**Article 69** Unless otherwise provided in laws, regulations and the Articles of Association, the notice of general meeting shall be delivered to shareholders (whether with voting right at the general meeting) by hand or by post with prepaid postage to the address as shown in the register of shareholders. For shareholders of domestic shares and unlisted foreign shares, the notice of general meeting may also be given by way of announcement.

The announcement mentioned in the preceding paragraph shall be published on one or more newspapers designated by the securities regulatory authorities under the State Council 20 days prior to the date of holding the annual general meeting and 15 days prior to the date of holding the extraordinary general meeting. Once the announcement has been published, all shareholders of domestic shares and unlisted foreign shares are deemed to have received the relevant notice of general meeting.

Subject to compliance with laws, regulations and relevant requirements of the securities regulatory authority of the place where the shares of the Company are listed, the Company may also issue a notice of general meeting to shareholders of H Shares by way of announcement through the website of the Company and the website specified by the Hong Kong Stock Exchange in lieu of delivery by hand or by post with prepaid postage to shareholders of H Shares.

### **Section 3 Convening of, Voting at and the Passing of Resolutions at General Meetings**

**Article 70** Any shareholder who is entitled to attend the general meeting and has the right to vote may appoint one or more proxies (whether or not shareholders) to attend and vote on his behalf. Such proxies shall exercise the following rights in accordance with the authorization of shareholders:

- (1) The shareholder's right to speak at the general meeting;
- (2) The right to demand, by himself or jointly with others, voting by poll;
- (3) Unless otherwise provided in the listing rules of the stock exchange on which the shares of the Company are listed or in other laws and regulations, the right to vote may be exercised either by a show of hands or by poll, but when a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by poll.

**Article 71** A shareholder shall appoint a proxy by an instrument in writing to be signed by the appointing shareholder or an agent authorized in writing. If the appointing shareholder is a corporate legal person, the seal of the corporate legal person should be affixed thereto or the instrument of proxy shall be signed by its director or a duly authorized agent. Such authorizing instrument of proxy shall specify the number of shares represented by the proxy; if more than one person are appointed as proxies, then the number of shares represented by each proxy shall be specified.

**Article 72** The instrument of proxy for voting shall be deposited at the domicile address of the Company or other place as specified in the notice of meeting at least 24 hours prior to the convening of the relevant meeting relevant to the instrument of proxy or 24 hours prior to the specified voting time. If the instrument of proxy is signed by another person authorized by the appointer, the power of attorney authorizing the signatory or other authorizing documents shall be notarized. The notarized power of attorney or other authorizing documents shall be deposited, together with the instrument of proxy for voting, at the domicile address of the Company or other place as specified in the notice of meeting.

If the appointer is a corporate legal person, its legal representative or the person authorized by resolution of its Board or other decision-making body shall attend the general meeting on its behalf.

If the shareholder is a recognized clearing house (or its proxy) as defined in the relevant ordinance enacted from time to time in Hong Kong, such shareholder may authorize one or more persons who are considered to be suitable to attend any general meeting or any class meeting on its behalf, however if more than one person are authorized, the instrument of proxy shall specify the class and number of shares authorized in respect of each proxy. The authorized person may exercise the right on behalf of the recognized clearing house (or its proxy) (without presentation of evidence of their shareholding, notarized authorization and/or further proof demonstrating the duly granting of the same), as if he is an individual shareholder of the Company.

**Article 73** The form of proxy issued by the Board to shareholders for appointing proxies of shareholders shall allow the shareholders to elect freely on giving for or against voting instructions to the proxy and the respective instructions on each of the issues to be voted relating to each topic of deliberation at the meeting. The instrument of proxy shall specify if no instrument is given by the shareholder, the proxy may vote at its own will.

**Article 74** If the appointer has died, has lost capacity to act, has withdrawn the appointment, has withdrawn the authorization to sign, or has transferred the relevant shares prior to voting, as long as the Company has not received any notice in writing regarding these matters prior to commencement of the relevant meeting, the vote cast by the proxy in accordance with the instrument of proxy remains valid.

**Article 75** Resolutions of general meeting include ordinary resolutions and special resolutions.

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

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

**Article 76** A shareholder (including a proxy) who votes at the general meeting shall exercise the voting rights conferred by the number of shares with voting rights represented by him, and each share carries one vote.

The shares of the Company held by the Company itself do not carry voting rights, and such portion of shares will not be counted in the total number of shares with voting rights.

If it is provided in the Hong Kong Listing Rules that any shareholder is required to abstain from voting on certain resolution, or any shareholder is restricted to only vote for (or against) a certain resolution, in case of any violation of the relevant provision or restriction, the vote cast by the shareholder or his proxies shall not be counted.

**Article 77** Resolutions submitted for voting at the general meeting of the Company are required to be voted by way of poll, except where in compliance with the Hong Kong Listing Rules, the chairman of the meeting may truthfully allow resolutions that are purely procedural or administrative to be voted by a show of hands.

**Article 78** If the resolution demanded to be voted by poll is on the election of chairman for the meeting or adjournment of meeting, voting by poll shall be conducted immediately; in relation to the other resolutions which are demanded to be voted by poll, the chairman of the meeting shall decide when to conduct the voting. The meeting may proceed to discuss other matters, and the voting result shall remain to be deemed as a resolution passed at the meeting.

**Article 79** In the voting process, if a shareholder (including a proxy) has two or more votes, it is not necessary for him to cast all votes for or against a resolution.

The same vote may only be cast once at the physical meeting or by online voting or other means. In the event of multiple casting of the same vote, only the first casting of such vote shall be counted.

**Article 80** When there are equal number of votes for and against a resolution, whether by a show of hands or by poll, the chairman of the meeting is entitled to cast one additional vote.

**Article 81** The following matters shall be approved by ordinary resolutions in a general meeting:

- (1) decision on the operating direction and investment plans of the Company;
- (2) election and replacement of directors and decision on remuneration matters of the relevant directors;
- (3) election and replacement of non-employee representative supervisors and decision on remuneration matters of the relevant supervisors;
- (4) approval of reports of the Board and the Supervisory Committee;
- (5) approval of the proposal of the Company of the annual financial budget and final accounts;
- (6) approval of the profit distribution plan and loss compensation plan of the Company;
- (7) resolution on the appointment, dismissal or non-renewal of accounting firms by the Company;
- (8) annual report of the Company;
- (9) other matters except for those required to be passed by special resolutions in accordance with the laws, regulations, listing rules of the stock exchange where the shares of the Company are listed or the Articles of Association.

**Article 82** The following matters shall be approved by special resolutions in a general meeting:

- (1) an increase or reduction in the registered capital or share capital of the Company
- (2) the issuance and listing of corporate bonds, any class of shares, warrants or other securities;
- (3) the division, merger, dissolution, liquidation or change in corporate form of the Company;
- (4) amendment of the Articles of Association;

- (5) consideration and approval for the repurchase of shares of the Company;
- (6) consideration and approval of matters regarding the purchase and sale of significant assets within one year, external investment or amount of guarantee exceeding 30% of the audited total assets of the Company for the latest period;
- (7) other matters required to be passed by special resolutions under the laws, regulations, listing rules of stock exchange of the place where the shares of the Company are listed and the Articles of Association and confirmed by ordinary resolutions in a general meeting of their material impact on the Company.

**Article 83** When shareholders request to convene an extraordinary general meeting or class meeting of shareholders, the following procedures shall be followed:

- (1) Shareholders who, individually or jointly, hold more than 10% of the shares with voting rights at the intended meeting to be held, may sign one or more copies of the written request with the same format and contents for submission to the Board to convene an extraordinary general meeting or class meeting of shareholders, and explain the topics for consideration at the meeting. The Board should provide a written reply on whether consent is granted or not to convene an extraordinary general meeting or class meeting of shareholders within 10 days after it has received the aforesaid written request. The aforesaid number of shares held shall be calculated on the date when the shareholders submit the written request.
- (2) If the Board consents to convene an extraordinary general meeting or class meeting of shareholders, a notice of meeting shall be issued within 5 days after the Board resolution is passed. If the original request is altered in the notice, consent from the relevant shareholders should be obtained.
- (3) If the Board objects to convening an extraordinary general meeting or class meeting of shareholders, or fails to give a reply within 10 days after receipt of the request, the shareholders who, individually or jointly, hold more than 10% of the shares of the Company are entitled to make a proposal in writing to the Supervisory Committee for convening a meeting.
- (4) If the Supervisory Committee has agreed to convene an extraordinary general meeting or a class meeting of shareholders, it should issue a notice of meeting within 5 days after receipt of the request. Any alteration to the original proposal in the notice shall obtain consent from the relevant shareholders. If the Supervisory Committee fails to issue a notice to convene a meeting within 30 days after receipt of the aforesaid written request, the Supervisory Committee is deemed not to convene and preside over the general meeting, the shareholders who, individually or jointly, hold more than 10% of the shares of the Company for more than 90 consecutive days, may convene a meeting by themselves within 4 months after the Board has received the request, and the procedures for convening the meeting shall follow the same procedures as convening a general meeting by the Board as far as possible.

When shareholders convene a meeting by themselves due to the failure of the Board to convene a meeting, all reasonable expenses incurred shall be borne by the Company and shall be deducted from the amount payable by the Company to the defaulting directors.

**Article 84** The chairman of the meeting is responsible to decide whether the resolution has been passed by the general meeting. Its decision is final and conclusive, and should be announced at the meeting and included in the minutes of meeting.

**Article 85** If the chairman of the meeting has any doubt on the voting result of the resolution put to vote, he may re-count the number of votes; if the chairman of the meeting does not re-count the votes, the shareholders or proxies attending the meeting who dissents the result announced by the chairman of the meeting shall have the right to demand a re-counting immediately after announcing the result, and the chairman of the meeting shall conduct a re-counting immediately.

**Article 86** If the general meeting conducts a re-counting, the result of re-counting should be recorded in the minutes of meeting.

The minutes of meeting, together with the signature book of attending shareholders, instruments of proxies authorizing proxies to attend the meeting and valid information on voting online or by other means, should be kept at the Company's domicile address.

**Article 87** Shareholders may inspect photocopies of the minutes of meetings during office hours of the Company free of charge. Any shareholder who requests for a copy of the relevant minutes of meeting, the Company shall send out the copy within 7 days upon receipt of a reasonable fee.

#### **Chapter 10 Special Procedures for Voting by Class Shareholders**

**Article 88** Shareholders who hold different classes of shares are class shareholders.

Class shareholders are entitled to rights and undertake obligations in accordance with laws, regulations and Articles of Association. Different class shareholders of the Company are entitled to the same rights in dividends or any other forms of distribution.

If the share capital of the Company includes shares without voting rights, the name of such shares should be affixed with the words "non-voting".

If the share capital of the Company includes shares carrying different voting rights, the name of each class of shares (except shares carrying the most favourable voting right) should be affixed with the words "restricted voting right" or "limited voting right"

**Article 89** If the Company intends to change or abrogate the rights of class shareholders, a special resolution shall be passed by a general meeting and passed in class meetings convened respectively in accordance with Articles 90 to 94 by the affected class shareholders before implementation.

The transfer by the Company's holders of all or part of the domestic shares and unlisted foreign shares held thereby to overseas investors for listing and trading on overseas stock exchange(s), or the conversion of all or part of the domestic shares and unlisted foreign shares into overseas-listed shares for listing and trading on overseas stock exchange(s), shall not be deemed as the Company's intention to change or abrogate the rights of class shareholders.

**Article 90** The rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following conditions:

- (1) an increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) a change of all or part of the shares of such class into shares of another class, a conversion of all or part of the shares of another class into shares of such class or the grant of such conversion right;
- (3) a removal or reduction of the rights to receive, accrue or accumulate dividends attached to shares of such class;
- (4) a reduction or removal of a dividend preference or property distribution preference during liquidation of the Company, attached to shares of such class;
- (5) an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights to rights issues or rights to acquire securities of the Company attached to shares of such class;
- (6) a removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to shares of such class;
- (7) a creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (8) the imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
- (9) the issuance of rights to subscribe for, or convert into, shares of such class or another class;
- (10) an increase in the rights and privileges of shares of another class;
- (11) reorganization plan of the Company causes shareholders of different classes to bear liability to different extents in the reorganization; and
- (12) any amendment or abrogation of the provisions of this section.

**Article 91** The affected class shareholders, whether they originally have voting rights at the general meeting, shall have voting rights at the class meeting when matters involving items (2) to (8) and (11) to (12) as provided in Article 89 are concerned, but an interested shareholder in such matters shall not have voting rights in the class meeting.



The meaning of the term “interested shareholder” mentioned in the preceding paragraph is as follows:

- (1) When the Company makes a share repurchase offer to all shareholders on the same pro-rata basis or repurchases its own shares by way of open transactions through the stock exchange pursuant to the provisions of Article 28 of the Articles of Association, the term “interested shareholder” refers to the controlling shareholder as defined in Article 57 of the Articles of Association;
- (2) When the Company repurchases its own shares by way of agreement outside the stock exchange pursuant to the provisions of Article 28 of the Articles of Association, the term “interested shareholder” refers to the relevant shareholder relating to such agreement;
- (3) In a reorganization plan of the Company, the term “interested shareholder” refers to a shareholder who undertakes obligations on a lower proportion than other shareholders in the same class or a shareholder who has a different interest from other shareholders in the same class.

**Article 92** Resolutions of a class meeting shall be approved by more than two-thirds of the shares with voting rights held by shareholders attending the class meeting pursuant to Article 90.

**Article 93** The notice period and the procedures for the Company to convene a class meeting shall be implemented pursuant to the provisions of Article 63 of the Articles of Association.

If there are special provisions in the listing rules of the stock exchange of the place where the shares of the Company are listed, such special provisions shall apply.

**Article 94** Notice of a class meeting is only required to be delivered to shareholders who have voting rights at the meeting.

Unless otherwise provided in the Articles of Association, a class meeting of shareholders should be conducted according to the same procedures of a general meeting as far as possible. Clauses in the Articles of Association relating to the procedures of holding a general meeting are also applicable to a class meeting.

**Article 95** Excluding other class shareholders, the shareholders of domestic shares and the shareholders of unlisted foreign shares are of the same class, but the aforementioned shareholders and the shareholders of overseas-listed shares are deemed as different classes of shareholders.

The special procedures of voting by class shareholders are not applicable in the following circumstances:

- (1) After approval by a special resolution at the general meeting, domestic shares, unlisted foreign shares and overseas-listed shares are to be issued separately or jointly by the Company at an interval of 12 months and the respective number of the domestic shares, unlisted foreign shares and overseas-listed shares proposed to be issued does not exceed 20% of the issued and outstanding shares of that class;
- (2) The plan to issue domestic shares, unlisted foreign shares and overseas-listed shares at the time of incorporation of the Company is completed within 15 months from the date of approval by the securities regulatory authority under the State Council;

- (3) After approval is obtained from the securities regulatory authority under the State Council, the shareholders of domestic shares and unlisted foreign shares of the Company transfer all or part of the shares held by them to overseas investors for listing and trading on an overseas stock exchange, or convert all or part of domestic shares and unlisted foreign shares into overseas-listed shares for listing and trading on an overseas stock exchange.

## **Chapter 11 Board of Directors**

**Article 96** The Board is composed of seven directors, including one chairman.

The directors of the Company comprise executive directors, non-executive directors and independent non-executive directors, and the number of independent non-executive directors shall account for at least one-third of the members of the Board and shall not be less than three persons.

**Article 97** Directors are elected by the general meeting with a term of office of three years, and are eligible for consecutive appointment if re-elected.

The chairman is elected and dismissed by more than one-half of all directors, whom shall have a term of office of three years, and be eligible for consecutive appointment if re-elected.

If a re-election is not held timely after expiration of the term of a director, or the number of Board members falls below the statutory minimum due to the resignation of a director during his term of office, before the re-elected director takes office, the original director shall continue to perform the duties of a director in accordance with laws, regulations and the Articles of Association.

Provided no other requirements in the relevant laws, regulations and the listing rules of the stock exchange where the shares of the Company are listed, and subject to compliance with the relevant laws and regulations by the general meeting, a director before expiration of his term of office may be removed by way of an ordinary resolution (but the claims for compensation pursuant to any contract will not be affected).

The written notices regarding the intention to nominate a candidate for director and the acceptance of nomination by such candidate shall be given to the Company no less than 7 days prior to the date of convening the shareholders' general meeting and such notice period shall not be less than 7 provided that such notices shall not be given before the shareholders' general meeting notice.

Any person appointed by the Board to fill any temporary vacancy of the Board or as an additional member of the Board, his term of office shall terminate by the time when the next annual general meeting is held by the Company, and such person shall be eligible to be re-elected for consecutive appointment.

Directors are not required to be holders of shares of the Company.

**Article 98** Each director shall have the qualifications for appointment as required under the laws of the PRC and shall not be a person who is forbidden to act as director as provided under the laws of the PRC.

The powers of independent non-executive directors and the relevant matters shall be subject to the relevant requirements of laws and regulations and the listing rules of the stock exchange where the shares of the Company are listed.

**Article 99** The Board is accountable to the general meeting and exercises the following functions and powers:

- (1) responsible for convening general meetings and report its work to the general meeting;
- (2) implementing resolutions of the general meeting;
- (3) making decisions on the operation plans and investment plans of the Company;
- (4) formulating annual financial budget and final accounts of the Company;
- (5) formulating profit distribution plans and loss compensation plans of the Company;
- (6) formulating plans to increase or reduce registered capital of the Company and the plans to issue corporate bonds and other securities;
- (7) formulating proposals for the merger, division, dissolution, liquidation or change of corporate forms of the Company;
- (8) making decision on the internal management structure and mechanisms of the Company;
- (9) appointment or dismissal of the general manager of the Company, and the appointment or dismissal of the deputy general manager, secretary to the Board, chief financial officer and other personnel who should be appointed or dismissed by the Board according to the nominations made by the general manager, and making decisions on their remuneration matters;
- (10) formulating the basic management system of the Company;
- (11) formulating the proposal of amendments to the Articles of Association;
- (12) formulating the share repurchase plan of the Company;
- (13) other powers conferred by laws and regulations, the listing rules of the stock exchange of the place where the shares of the Company are listed, the Articles of Association or the general meeting.

When the Board makes decisions on matters as mentioned in the preceding paragraph, except for items (6), (7), (11) and (12) which are required to be approved by the votes of more than two-thirds of all directors, the other items may be approved by the votes of more than one-half of all directors.

**Article 100** When the Board disposes any fixed asset, if the sum of the expected value of the proposed fixed asset for disposal and the value of proceeds from the fixed assets disposed within 4 months prior to the current disposal proposal, exceeds 33% of the value of fixed assets as shown in the latest balance sheet considered by the general meeting, the Board shall not dispose of or agree to dispose of such fixed asset prior to approval of the general meeting.

The disposal of fixed assets mentioned in this Article includes certain activities of interests in assets, but excluding the provision of guarantee with fixed assets as security.

The validity of the disposal transactions of fixed assets by the Company will not be affected by the breach of the first paragraph of this Article.

**Article 101** The chairman of the Board exercises the following functions and powers:

- (1) preside over general meetings, convene and preside over Board meetings;
- (2) examine the implementation of Board resolutions;
- (3) sign securities issued by the Company;
- (4) other functions and powers conferred by the Board.

When the chairman is unable to perform his duties, a director elected by more than one-half of all directors may act on his behalf.

**Article 102** Meetings of the Board shall be convened at least four times per year and shall be presided by the chairman of the Board. When the chairman is unable or fails to perform his duties, Board meetings shall be convened and presided over by a director elected by more than one-half of all directors to convene and preside over the meeting.

When a proposal is made by shareholders with more than one-tenth of voting rights, or more than one-third of all directors, or the Supervisory Committee, or more than one-half of independent non-executive directors, or when the chairman of the Board considers it as necessary, the chairman of the Board shall convene an extraordinary Board meeting within 10 days upon receipt of the proposal.

The general manager and the supervisors may attend the Board meetings.

**Article 103** The notice of a regular Board meeting shall be delivered to all directors, supervisors and the general manager 14 days prior to the date of holding the meeting.

The notice of an extraordinary Board meeting shall be delivered to all directors, supervisors and the general manager 5 days prior to the date of holding the meeting.

The notices of regular and extraordinary Board meetings shall set out the reasonable details of the agenda of the meetings and shall at least include the following contents:

- (1) date and place of the meeting;
- (2) duration of the meeting;
- (3) reasons and agenda;
- (4) method of holding the meeting;
- (5) date of issuing the notice.

**Article 104** Unless otherwise provided in the Articles of Association, a Board meeting may be convened only when more than one-half of the directors are present.

Directors may participate in Board meetings through a telephone conference or video conference participated by various parties, the participation in a Board meeting by this method shall constitute a presence at the meeting in accordance with the provisions of this Article.

Board meeting adopts voting by open ballot, each director has one vote. When the Board approves a resolution, it must be passed by more than one-half of all directors.

When the number of votes for and against are equal, the chairman of the Board is entitled to cast one more vote.

Other than exceptions specifically prescribed in the Articles of Association of the Company as approved by the Hong Kong Stock Exchange or the Hong Kong Listing Rules, a director shall not vote on Board resolutions approving contracts or arrangements or any other proposals in which he or any of his close associates has material interest; in ascertaining whether a quorum for the meeting is present, he himself shall not be counted therein.

For any matters of material importance that have to be decided by the Board, sufficient data should be provided to the directors. Directors may request for the provision of supplementary materials. When more than one-fourth of the directors or more than two independent non-executive directors consider that the information is insufficient or the arguments are not clear, they may jointly propose to delay the convening of a Board meeting or to postpone that part of discussion by the Board meeting, and the Board shall accept such a request.

**Article 105** Directors shall attend the Board meetings in person. If a director cannot attend a meeting due to any reasons, he may appoint another director in writing to attend the meeting and vote on his behalf, the instrument of proxy shall state the name of the appointee, matters to be handled by the proxy, the scope of authorization and the effective period, and such instrument shall be signed or sealed by the appointing director.

The proxy director who attends the meeting shall exercise the rights of the director within the scope of authorization. If a director is unable to attend a particular Board meeting and fails to appoint a proxy to attend, he should be deemed to have waived his voting rights in that meeting.

**Article 106** The Board shall record the decisions on the matters considered at the meeting as the minutes of meeting. The attending directors and recording person at the meeting should sign on the minutes of meeting. The minutes of Board meetings shall be kept in files by the Company as archives for a period of not less than 10 years.

**Article 107** Directors shall be responsible for resolutions passed by the Board meeting. If a Board resolution is in breach of the laws, regulations or the Articles of Association and causes the Company to suffer serious losses, the directors who have participated in passing the resolution shall be liable for compensation to the Company. However, if it can be proved that such director has expressed dissent and has been recorded in the minutes of meeting, then such director may be exempt from liability.

## Chapter 12 Secretary to the Board

**Article 108** The Company has a secretary to the Board. The secretary to the Board is a senior management of the Company, and will be appointed or dismissed by the Board.

**Article 109** The secretary to the Board shall be natural persons who have necessary professional knowledge and experience and appointed by the Board. The major duties include:

- (1) to ensure the Company has complete organization documents and records;
- (2) to ensure the Company prepares and delivers reports and documents required by competent authorities in accordance with the laws;
- (3) to ensure that the register of shareholders of the Company are duly established, to ensure that persons who are entitled to receive the relevant records and documents of the Company will be able to receive the relevant records and documents in a timely manner;
- (4) to be responsible for coordinating and organizing matters of information disclosure of the Company;
- (5) other functions and duties provided in the Articles of Association or delegated by the Board.

**Article 110** Directors or senior management of the Company may act concurrently as secretary to the Board. The accountants of the accounting firm engaged by the Company shall not concurrently act as secretary to the Board.

**Article 111** When a director is also a secretary to the Board concurrently, if an action should be performed by a director and the secretary to the Board separately, such person acting concurrently as director and secretary to the Board shall not perform such action in dual capacity.

## Chapter 13 General Manager

**Article 112** The Company has one general manager, who will be appointed or dismissed by the Board.

The Company has several deputy general managers and one chief financial officer, who will be nominated by the general manager and appointed, or dismissed, by the Board.

The general manager and other senior management shall have a term of three years per session, and may be eligible for consecutive appointment upon renewal.

**Article 113** The general manager is directly accountable to the Board and exercises the following functions and powers:

- (1) to oversee the production, operation and management of the Company, to organize and implement the resolutions of the Board;
- (2) to organize and implement the annual operation plan and investment plans of the Company;
- (3) to formulate proposals of internal management structure and mechanisms of the Company;

- (4) to formulate proposals on the basic management system of the Company;
- (5) to enact the basic rules and regulations of the Company;
- (6) to propose the appointment or dismissal of deputy general managers and chief financial officer of the Company;
- (7) to appoint or dismiss the responsible management other than those to be appointed or dismissed by the Board;
- (8) other functions and powers conferred by the Articles of Association and the Board.

The general manager shall attend Board meetings; managers who are not directors do not have voting rights in the Board meetings.

**Article 114** When the general manager exercises his functions and duties, he should perform the obligations of integrity and diligence in accordance with the requirements of laws, regulations and Articles of Association.

**Article 115** If the general manager is involved in malpractices or serious misconduct, he may be replaced at any time after a resolution is passed by the Board meeting.

#### **Chapter 14 Supervisory Committee**

**Article 116** The Company has a supervisory committee. The supervisory committee is composed of three members, one of whom acts as the chairman of the supervisory committee. The term of office of a supervisor is three years, upon expiration, a supervisor is eligible for consecutive appointment if re-elected.

**Article 117** The members of the supervisory committee comprise two non-employee representative supervisors and one employee representative supervisor. The non-employee representative supervisors are elected and dismissed by the general meeting, the employee representative supervisor is elected and removed democratically by employees of the Company.

The appointment or dismissal of the chairman of the supervisory committee shall be approved by the votes of more than two-thirds of the members of the supervisory committee.

**Article 118** The directors, general manager, chief financial officer and other senior management of the Company are forbidden to act as supervisors concurrently.

**Article 119** The supervisory committee convenes at least two meetings per year. The meetings will be convened by the chairman of the supervisory committee. Supervisors may also propose to convene an extraordinary meeting of the supervisory committee. When the chairman of the supervisory committee is unable or fails to perform his duties, a supervisor elected jointly by more than one-half of the supervisors may convene and preside over the meetings of the supervisory committee.

**Article 120** A notice of regular meeting of the supervisory committee shall be issued to all supervisors 14 days prior to the date of holding the meeting.

A notice of extraordinary meeting of the supervisory committee shall be issued to all supervisors 5 days prior to the date of holding the meeting.

The notices of regular and extraordinary meetings of the supervisory committee shall specify the reasonable details of the agenda of the meetings and shall at least include the following contents:

- (1) date and place of the meeting;
- (2) duration of the meeting;
- (3) reasons and agenda;
- (4) method of holding the meeting;
- (5) date of issuing the notice.

**Article 121** A meeting of the supervisory committee may be held only when more than two-thirds of the supervisors are present.

Supervisors may participate in a meeting of the supervisory committee through a telephone conference or video conference participated by various parties. The participation in a meeting of the supervisory committee by this method shall constitute a presence at the meeting in accordance with the provisions of this Article.

Supervisory committee meeting adopts voting by open ballot, each supervisor has one vote.

When the supervisory committee approves a resolution, it must be passed by the votes of more than two-thirds of all members of the supervisory committee.

**Article 122** The supervisory committee is accountable to the general meeting and exercises the following functions and powers in accordance with the laws:

- (1) examine the financial affairs of the Company;
- (2) supervise the actions of directors, general manager and other senior management of the Company in breach of laws, regulations or the Articles of Association in the course of performing their duties;
- (3) when the acts of directors, general manager and other senior management are harmful to the interests of the Company, demand rectification from the aforesaid persons;
- (4) verify the financial information, such as financial report, operation report and profit distribution plan, proposed to be submitted to the general meeting by the Board, if any queries arise, a certified public accountant or practising auditor may be appointed in the name of the Company to conduct re-examination;



- (5) propose the convening of an extraordinary general meeting;
- (6) represent the Company to take action or legal proceedings against the directors;
- (7) other functions and powers stipulated in laws, regulations and the Articles of Association.

Supervisors shall attend Board meetings.

**Article 123** Meetings of the supervisory committee shall be attended by the supervisors in person. If a supervisor is unable to attend due to any reasons, he may appoint another supervisor in writing to attend the meeting and vote on his behalf. The instrument of proxy shall specify the name of the proxy, the authorized matters, the scope of authorization and the valid period, and shall be signed or sealed by the appointing supervisor.

The proxy supervisor attending the meeting on his behalf shall exercise the rights of a supervisor within the scope of authorization. If a supervisor fails to attend a supervisory committee meeting and has not appointed any proxy to attend instead, such supervisor shall be deemed to have waived his voting rights in that meeting.

**Article 124** The supervisory committee shall record the decisions on the matters considered at the meeting as the minutes of meeting. The attending supervisors and recording person at the meeting should sign on the minutes of meeting. The minutes of meetings of the supervisory committee shall be kept in files by the Company as archives for a period of not less than 10 years.

**Article 125** The reasonable expenses arising from the appointment of professionals, including lawyers, certified public accountants and practising auditors, by the supervisory committee in exercising its powers shall be borne by the Company.

**Article 126** The supervisors shall perform supervisory duties honestly in accordance with the laws, regulations and the Articles of Association.

## **Chapter 15 Qualifications and Obligations of the Directors, Supervisors and Senior Management**

**Article 127** A person may not serve as a director, supervisor, general manager or other senior management under any of the following circumstances:

- (1) A person without capacity or with restricted capacity for civil acts;
- (2) A person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such criminal offence; or who has been deprived of his political rights, in each case where less than 5 years have elapsed since the date of completion of such punishment or deprivation;
- (3) A person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation because of mismanagement and who is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of completion of the insolvent liquidation of such company or enterprise;

- (4) A person who is a former legal representative of a company or enterprise which had its business license revoked due to violation of the law and who is personally liable, where less than 3 years have elapsed since the date of the revocation of the business license;
- (5) A person who has a relatively large amount of debts due and outstanding;
- (6) A person who is under investigation by the judicial authority for violation of criminal law and the case is not yet concluded;
- (7) A person who is prohibited from acting as leader of an enterprise in accordance with laws and regulations;
- (8) A person who is not a natural person;
- (9) A person who is judged by the relevant competent authority to have violated the relevant provisions of securities regulations and involved in actions of deceits or dishonesty, where less than 5 years have elapsed since the date of the judgment;
- (10) A person who is punished by the securities regulatory authority under the State Council and prohibited from entering the securities market, where the period of punishment has not yet expired;
- (11) Circumstances specified by laws and regulations, listing rules of stock exchange in the place where the shares of the Company are listed or requirements of relevant laws and regulations of the place where the shares of the Company are listed.

If any director, supervisor, general manager or other senior management has been elected, appointed or employed in violation of the provisions of this Article, such election, appointment or employment shall be void and invalid. If such circumstances arise during the term of office of any director, supervisor, general manager or other senior management, the Company shall remove such person from office.

**Article 128** The validity of the acts of the director, general manager or other senior management on behalf of the Company to bona fide third parties shall not be affected by any irregularities in their appointment, election or qualifications.

**Article 129** In addition to the obligations imposed by laws, regulations or listing rules of the stock exchange of the place where the shares of the Company are listed, when the Company's directors, supervisors and senior management exercise the functions and powers conferred to them by the Company, they also owe a duty to each shareholder in respect of the following obligations:

- (1) shall not cause the Company to exceed the scope of business stipulated in the business licence;
- (2) shall act honestly in the best interest of the Company;
- (3) shall not expropriate the property of the Company in any forms, including but not limited to the usurpation of opportunities advantageous to the Company;
- (4) shall not deprive the shareholders of their individual interests, including but not limited to distribution rights and voting rights, save pursuant to reorganization of the Company submitted to the general meeting for approval in accordance with the Articles of Association.

**Article 130** In the exercise of their powers and performance of their duties, the Company's directors, supervisors and senior management shall act with prudence, diligence and skill as if a reasonably prudent person shall perform under similar circumstances.

**Article 131** In performance of his duties, each of the Company's directors, supervisors and senior management must abide by the principle of good faith and shall not place himself in a position where there is a conflict between his personal interests and obligations. This principle shall include but not limited to the fulfillment of the following obligations:

- (1) to act honestly in the best interest of the Company;
- (2) to exercise powers within the scope of his functions and powers and shall not exceed such functions and powers;
- (3) to personally exercise the discretion vested in him, not to allow himself to be manipulated by another person, and not to delegate the exercise of his discretion to another party unless permitted by the law and regulations or with the informed consent of the general meeting;
- (4) to treat shareholders of the same class equally, and to treat shareholders of different classes fairly;
- (5) not to enter into contract, transaction or arrangement with the Company unless otherwise provided in the Articles of Association or approved by the informed consent of the general meeting;
- (6) not to use properties of the Company for his own benefit in any manner without informed consent of the general meeting;
- (7) not to exploit his position to accept bribes or other illegal income, nor to expropriate properties of the Company in any manner, including but not limited to opportunities advantageous to the Company;
- (8) not to accept commissions in connection with transactions of the Company without informed consent of the general meeting;
- (9) to abide by the Articles of Association, perform his duties faithfully, protect the interests of the Company and not to exploit his position and power in the Company to advance his own private interests;
- (10) not to compete with the Company in any manner without informed consent of the general meeting;
- (11) not to misappropriate funds of the Company or the Company's funds to others as loans, not to deposit properties of the Company in an account opened in his personal name or in the name of others, and not to provide guarantee for debts of shareholders or other individuals with assets of the Company as security;

- (12) not to disclose confidential information relating to the Company that was acquired by him during his term of office without the informed consent of the general meeting nor to use such information except in the interests of the Company; however, such information may be disclosed to the court or other government authorities under the following circumstances:
1. under provisions of law;
  2. as required in the interest of the public;
  3. as required in the personal interest of such director, supervisor or senior management.

The income gained in violation of the provisions of this Article by the persons mentioned herein shall belong to the Company; and for any losses caused to the Company as a result, the violating person shall be liable for compensation.

**Article 132** Directors, supervisors and senior management of the Company shall not direct the following person or institution (the “connected person”) to do what a director, supervisor or senior management is prohibited from doing so:

- (1) the spouse or minor child of a director, supervisor or senior management of the Company;
- (2) the trustee of a director, supervisor or senior management of the Company or of any person mentioned in item (1) of this Article;
- (3) the partner of a director, supervisor or senior management of the Company or of any person mentioned in items (1) and (2) of this Article;
- (4) the company which is in de facto control solely by a director, supervisor or senior management of the Company, or jointly with any person mentioned in items (1), (2) and (3) of this Article or other directors, supervisors or senior management of the Company;
- (5) the directors, supervisors or senior management of a company being controlled as mentioned in item (4) of this Article.

**Article 133** The fiduciary duties of the directors, supervisors or senior management of the Company will not necessarily cease with the termination of their term of office. The duty of confidentiality in relation to trade secrets of the Company will survive and remain in force even after the termination of their term of office. Other obligations may continue for such a period decided by the principle of fairness, depending on the length of time elapsed between the occurrence of the event and the time of terminating the term of office, as well as the circumstances and conditions under which their relationship with the Company is terminated.

**Article 134** Except for circumstances prescribed in Article 56 of the Articles of Association, a director, supervisor or senior management of the Company may be relieved from liability for specific breaches of his obligations by the informed consent of shareholders given at a general meeting.

**Article 135** Where a director, supervisor or senior management of the Company has a material interest, directly or indirectly, in a concluded or proposed contract, transaction or arrangement with the Company (other than an employment contract between the Company and the director, supervisor or senior management), no matter whether the relevant matter is required to be approved or consented by the Board, such person shall disclose the nature and extent of his interest to the Board as soon as possible.

Unless the interested director, supervisor or senior management of the Company has disclosed his interest to the Board as required under the preceding paragraph of this Article, and the matter has been approved by the Board at a meeting where such person has not been counted in the quorum and has refrained from voting, the Company shall have the right to revoke the contract, transaction or arrangement, except where the counterparty is a bona fide party acting without knowledge of the breach in obligation by the relevant director, supervisor or senior management.

A connected person of the director, supervisor or senior management of the Company who has an interest in any contract, transaction or arrangement, the relevant director, supervisor or senior management shall also be deemed as interested therein.

**Article 136** Where a director, supervisor or senior management of the Company has notified the Board by way of a written notice before the Company considers to enter into the relevant contract, transaction or arrangement for the first time, declaring that due to the contents stated in the notice, there will be a conflict of interest between the Company and him or her when the contract, transaction or arrangement is to be concluded in future, so to the extent as explained in the notice, the relevant director, supervisor or senior management shall be deemed to have made a disclosure on his interest for the purpose of the preceding Article of this Chapter.

**Article 137** The Company shall not pay tax for or on behalf of its directors, supervisors or senior management by any means.

**Article 138** The Company shall not directly or indirectly provide loans or loan guarantees to a director, supervisor or senior management of the Company or its parent company; and shall not provide loans or loan guarantees to the connected persons of the aforesaid persons.

The provisions of the preceding paragraph are not applicable to the following circumstances:

- (1) the provision of a loan or loan guarantee by the Company to its subsidiary;
- (2) the provision of a loan or loan guarantee or other amounts by the Company to a director, supervisor or senior management of the Company pursuant to an employment contract approved by the general meeting to enable such person to pay for the expenses incurred for the sake of the Company or for the performance of his Company duties;
- (3) if the provision of loans or loan guarantees is included in the ordinary scope of business of the Company, the Company may provide loans or loan guarantees to the relevant director, supervisor, senior management and their connected persons, provided the loans or loan guarantees shall be provided on conditions of ordinary commercial terms.

**Article 139** A loan provided by the Company in violation of the preceding Article shall be immediately repayable by the recipient of the loan, regardless of the terms of the loan.

**Article 140** A loan guarantee provided by the Company in breach of the provisions in the first paragraph of Article 137 shall not be enforceable against the Company, except in following circumstances:

- (1) the loan is provided to a connected person of a director, supervisor or senior management of the Company or its parent company by the loan provider without knowledge;
- (2) the collateral provided by the Company has been lawfully sold by the loan provider to a bona fide purchaser.

**Article 141** In the preceding Article of this Chapter, the term “guarantee” includes an act whereby a guarantor assumes liability or provides property to secure the performance of obligations by an obligor.

**Article 142** Where a director, supervisor or senior management of the Company has breached his obligations to the Company, in addition to any rights and remedies provided by laws and regulations, the Company is entitled to adopt the following measures:

- (1) demand the relevant director, supervisor or senior management to compensate for the losses sustained by the Company as a result of his breach of duty;
- (2) rescind the contract or transaction concluded between the Company and the relevant director, supervisor or senior management, and the contract or transaction concluded between the Company and the third party (where such third party has knowledge or shall have known that the director, supervisor or senior management representing the Company has breached his obligations to the Company);
- (3) demand the relevant director, supervisor or senior management to surrender the gains derived from the breach of his obligations;
- (4) recover any amounts received by the relevant director, supervisor or senior management that should have been received by the Company, including but not limited to commissions;
- (5) demand the relevant director, supervisor or senior management to return the interest earned or possibly earned on the amounts that should be handed back to the Company;
- (6) take legal proceedings to obtain a judgment that the property obtained by the director, supervisor or senior management in breach of his obligations should be returned to the Company.

**Article 143** The Company shall enter into written contracts with the directors, supervisors and senior management, in which at least the following provisions should be included:

- (1) The directors, supervisors and senior management have made undertakings to the Company that they will comply with the requirements under the Company Law, Special Provisions, the Articles of Association, Hong Kong Listing Rules, the Code on Takeovers and Mergers, the Code on Share Buy-backs and other regulations of the Hong Kong Stock Exchange, and confirm that the Company is entitled to remedial measures provide in the Articles of Association, and the relevant contracts and job positions are not transferable;

- (2) The directors, supervisors and senior management have made undertakings to the Company that they will comply with and perform their obligations to the shareholders as provided in the Articles of Association;
- (3) The arbitration clause as provided in Chapter 22 of the Articles of Association and the Hong Kong Listing Rules.

The Company shall enter into contracts in writing with each of the directors and supervisors of the Company in respect of matters of emoluments and subject to prior approval by the general meeting. The aforesaid matters of emoluments include:

- (1) the emoluments in respect of his service as a director, supervisor or senior management;
- (2) the emoluments in respect of his service as a director, supervisor or senior management of a subsidiary of the Company;
- (3) the emoluments in respect of the provision of other services for the management of the Company and its subsidiaries;
- (4) The amounts of compensation received by the director or supervisor for his loss of office or retirement.

Except pursuant to the aforesaid contracts, the directors and supervisors shall not sue the Company for benefits payable to them on the basis of the aforesaid matters.

**Article 144** The contract for emoluments entered into between the Company and its directors or supervisors should provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject to the prior approval of the general meeting, have the right to receive compensation or other amounts of payment for their loss of office or retirement. A takeover of the Company mentioned in the preceding clause refers to any of the following circumstances:

- (1) a general offer to takeover has been made by any person to all shareholders;
- (2) a general offer to takeover has been made by any person in order to enable the offeror to become a controlling shareholder. The definition of a controlling shareholder shall have the same meaning as defined in Article 57 of the Articles of Association.

If the relevant director or supervisor fails to comply with this Article, any amounts received by him shall belong to those persons who have sold their shares as a result of their acceptance of the aforesaid offer, and the expenses incurred in distributing such amounts on a pro-rata basis shall be borne by the relevant director or supervisor and may not be deducted from such amounts.

## Chapter 16 Financial Accounting System and Profit Distribution

**Article 145** The Company shall formulate its own financial and accounting systems in accordance with provisions of the laws, regulations and the PRC accounting standards formulated by the competent fiscal authority under the State Council.

**Article 146** The accounting year of the Company is from 1 January to 31 December. All accounting vouchers, notes and receipts, reporting statements and accounting books are written in Chinese language. If any party considers that it is necessary to appoint an accounting firm or audit firm to review the annual financial affairs, the Company should give its consent, and all expenses required for such review shall be borne by the appointing party.

**Article 147** The Company shall prepare a financial report at the end of each accounting year, and verification and review of the financial report shall be conducted in accordance with the laws.

The financial report of the Company shall include the following contents:

- (1) a balance sheet;
- (2) a statement of profit;
- (3) a statement of cash flows;
- (4) a statement of changes in equity;
- (5) notes to financial statements.

**Article 148** At each annual general meeting, the Board shall submit a financial report prepared by the Company in accordance with the relevant laws and regulations to the shareholders.

**Article 149** The financial report of the Company shall be made available in the Company for inspection by shareholders 20 days prior to the date of the annual general meeting. Each shareholder of the Company is entitled to receive a copy of the financial report as mentioned in this Chapter.

Except provided otherwise in the Articles of Association, the Company shall deliver to each shareholder of overseas-listed shares a copy of the directors' report together with the aforesaid financial report by post with prepaid postage to the address recorded in the register of shareholders, or by other means permitted by the laws and regulations and the listing rules of the stock exchange of the place where the shares of the Company are listed (including by way of publication on the website of the Company and on the website designated by the stock exchange of the place where the shares of the Company are listed) for delivery to each shareholder of overseas-listed shares at least 21 days prior to the date of convening the general meeting. If there are other requirements of securities regulatory authority of the place where the shares of the Company are listed, such other requirements shall apply.



**Article 150** The financial statements of the Company, in addition to be prepared in accordance with the PRC accounting standards and regulations, should also be prepared in accordance with international accounting standards or accounting standards of the place of overseas listing. If there is any significant difference between the two accounting standards for preparing the accounting statements, an explanation should be included in the notes to the financial statements. When the Company distributes after-tax profit for the relevant accounting year, the financial statements with a lower after-tax profit amount between the two aforementioned financial statements shall apply.

**Article 151** When the Company announces or discloses interim results or financial information, such information should be prepared in accordance with the PRC accounting standards and regulations, while the same information should also be prepared in accordance with international accounting standards or accounting standards of the place where the shares of the Company are listed at the same time.

**Article 152** The Company shall disclose two financial reports in each accounting year, i.e., its interim financial reports within 60 days of the end of the first six months of an accounting year and its annual financial reports within 120 days after the end of the accounting year.

If the securities regulatory authority at the location where shares of the Company are listed have special provisions, such provisions shall apply.

**Article 153** The Company shall not establish account books other than the statutory account books.

**Article 154** Capital reserve includes the following items:

- (1) premium on shares issued at a premium price;
- (2) any other income designated for the capital reserve by the regulations of the finance regulatory department of the State Council.

**Article 155** The Company may distribute dividend in the form of:

- (1) cash;
- (2) shares.

The dividends and other payments the Company pays to holders of domestic shares are denominated and declared in RMB and payable in RMB within two months after the date of the announcement of the dividends. The dividends and other payments the Company pays to holders of foreign shares are denominated and declared in RMB and payable in foreign currency within two months after the date of the announcement of the dividends. The foreign currency required for the Company to pay cash dividends and other payments to shareholders of foreign shares shall be handled in accordance with the relevant foreign exchange administration regulations of the State.

Unless otherwise stipulated by relevant laws and regulations, the exchange rate for payments of cash dividends and other payments in foreign currency should adopt the average of the middle exchange rates of relevant foreign currency published on the website of the People's Bank of China for seven working days prior to the date of the announcement of dividends and other payments.

**Article 156** The profits of the Company after payment of all tariff items shall be distributed in the following order:

- (1) to offset losses in prior years;
- (2) to extract 10% of the statutory reserve fund;
- (3) to extract the discretionary reserve fund;
- (4) to pay dividends to shareholders.

**Article 157** If the accumulated amount of the Company's statutory reserve fund is more than 50% of the Company's registered capital, it may not be withdrawn.

After the statutory reserve fund is withdrawn, whether the discretionary reserve fund should be withdrawn or not shall be determined by the general meeting of shareholders.

The Company's reserve fund may be used to offset the Company's losses, expand the Company's production operations or convert to increase the Company's capital. However, capital reserve fund shall not be used to offset the Company's losses.

**Article 158** Any amount paid up in advance of calls on any share of the Company may carry interest but shall not entitle the holders of the share to participate in a dividend subsequently declared in respect thereof such prepaid amount for said share(s).

Subject to complying with the relevant laws and regulations where the Company's shares are listed, the Company may exercise the right to forfeit unclaimed dividends, but such right shall not be exercised until and upon the expiration of the applicable corresponding limitation period.

The Company has the right to cease delivering such dividend warrants by post to holders of overseas-listed shares. In case the dividend warrants are left uncashed, such right can only be exercised after such dividend warrants have been so left uncashed on two consecutive occasions. Such right can be exercised by the Company should such dividend warrant be undelivered and returned for the first attempt of delivery by post.

The Company has the right to issue warrants to unregistered holders. Unless it is reasonably believed that the original warrants have been lost, no new warrants may be issued to replace the lost warrants.

The Company has the right to sell the shares of a holder of the overseas-listed shares where such holder cannot be contacted in such manner deemed to be appropriate by the Board but the Company must observe the following conditions:

- (1) during a period of twelve years, the Company has at least distributed dividends for three times and no dividend during that period has been claimed;

- (2) upon the expiry of the twelve-year period, the Company shall give a notice stating its intention to sell the shares by way of an announcement published in one or various newspaper in the place where the shares of the Company are listed and shall notify the The Stock Exchange of Hong Kong where the Company's shares are listed of such listing of such shares of such intention.

**Article 159** The Company shall appoint receiving agents on behalf of the holders of overseas-listed shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of such shares.

The receiving agents appointed by the Company shall meet the requirements of the laws or the relevant provisions of the stock exchanges in the place where the Company is listed.

The receiving agents appointed on behalf of H shareholders by the Company shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

### **Chapter 17 Appointment of Accounting Firm**

**Article 160** The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of China to audit the annual financial reports and review other financial reports of the Company.

The first accounting firm of the Company may be appointed by the inauguration meeting before the first general meeting. The term of office for such accounting firm shall end at the conclusion of the first general meeting.

When the inauguration meeting does not exercise the functions and powers stipulated in the preceding paragraph, the Board shall exercise the power.

**Article 161** The accounting firm appointed by the Company shall hold office for a period commencing from the conclusion of this annual general meeting until the conclusion of the next annual general meeting.

**Article 162** The accounting firm appointed by the Company shall have the following rights:

- (1) to inspect the accounting books, records and vouchers of the Company at any time; to require the directors, manager or other senior management of the Company to provide relevant information and explanation;
- (2) to require the Company to take all reasonable steps to obtain from the Company's subsidiaries such information and explanation as are necessary for the purpose of discharging its duties;
- (3) to attend the shareholders' general meetings and to receive all notices of, and other information relating to, the meeting that any shareholder is entitled to, and to speak at any general meeting in relation to matters concerning its role as the Company's appointed accounting firm.

**Article 163** In the event of a vacancy in the accounting firm, the Board may appoint an accounting firm to fill the vacancy before the shareholders' general meeting is convened, but the appointment shall be confirmed by the next general meeting. Such accounting firm may continue to act during the vacancy period if the Company has other incumbent accounting firms.

**Article 164** Notwithstanding the terms set out in the contract between the accounting firm and the Company, shareholders at the shareholders' general meeting may, by way of ordinary resolution, resolve to remove such accounting firm before the expiration of its term of office, but without prejudice to the rights of the firm to claim for damages in respect of such removal.

**Article 165** The remuneration of an accounting firm or the method of determining remuneration shall be determined by the general meeting of shareholders. The remuneration of an accounting firm appointed by the Board is determined by the Board.

**Article 166** The appointment, removal and non-reappointment of an accounting firm shall be resolved by shareholders at the shareholders' general meeting. The resolution of the shareholders' general meeting shall be filed with the securities regulatory authority of State Council.

**Article 167** Prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof, and the accounting firm shall be entitled to make representations at the shareholders' general meeting. Whereas the accounting firm proposes to resign, it shall explain to the general meeting of shareholders whether the company has any improper circumstances.

**Article 168** Where it is intended to pass a resolution at a shareholders' general meeting to appoint an accounting firm which is not holding a currency position to fill any vacancy of the position of the accounting firm, or to renew the engagement of an accounting firm engaged by the Board to fill up the vacancy, or to dismiss an accounting firm before the expiry of its term of appointment, such matters shall be handled pursuant to the following provisions:

- (1) before dispatch of the shareholders' general meeting notice, the proposal is delivered to the accounting firm to be appointed or to leave its office or already retired in the relevant fiscal year. Leaving office shall include the dismissal, resignation and retirement for an accounting firm.
- (2) If the accounting firm to leave its office makes any statement in writing and requires the statement to be informed to shareholders by the Company, unless being too late for the receipt of such statement, the Company shall take the following measures:
  1. Making instructions on the notice to the resolution that the leaving accounting firm has made such a statement;
  2. Copies of such a statement as the annex to the notice shall be sent to shareholders who are entitled to who are entitled to receive notices of general meetings in such manner set forth in the Articles of Association.
- (3) If the Company fails to deliver such statement made by the relevant accounting firm in accordance with the provisions in Item (2) of this Article, the accounting firm concerned may require the statement to be read out at the shareholders' general meeting and make further complaints.

- (4) The accounting firm to leave office is entitled to attend the following meetings:
1. the shareholders' general meeting at which its term of office shall expire;
  2. the shareholders' general meeting at which the corresponding vacancy caused by its dismissal shall be filled;
  3. the shareholders' general meeting convened for the resignation that it takes initiative to render.

The accounting firm to leave office is entitled to receive all notices or other information related to the foregoing meetings, and to speak at the foregoing meetings regarding such matters related to it as the former accounting firm of the Company.

**Article 169** When the accounting firm resigns, it may deposit a written resignation notice at the legal address of the Company. The resignation notice shall become effective on the date of such deposit or on such later date stipulated in such notice. Such notice shall contain the following statements:

- (1) a statement to the effect that there are no circumstances in connection with its resignation which should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of other circumstances considered necessary.

The Company shall send a copy of the above written notice to the relevant regulatory authority within 14 days after receiving such notice. If the notice contains statements regarding any accountable affair mentioned in Item (2), a copy of such statements shall be placed at the Company for shareholders' inspection. Unless otherwise specified in this Articles of Association, the Company shall also send a copy of such statements by prepaid mail to every holder of overseas-listed shares at the address registered in the register of shareholders. On the premise of compliance with relevant laws and regulations, and the Listing Rules of the stock exchange on which the Company's shares are listed, the statements shall be issued through the Company's website and website designated by the stock exchange on which the Company's shares are listed, or published in one or various newspapers designated by it.

Where the accounting firm's notice of resignation contains a statement regarding any accountable affair mentioned in Item (2), it may require the Board to convene an extraordinary general meeting for the explanation of the circumstances regarding to its resignation.

## **Chapter 18 Merger and Division of the Company**

**Article 170** The merger or division of the Company shall be proposed by the Board, and upon approval in accordance with the procedures provided in the Articles of Association, it shall go through relevant examination and approval formalities according to the laws. Shareholder(s) objecting to merger or division of the Company may require the Company or the shareholders who are in favor of such merger or division to acquire his/her shares at a fair price. A special document about the content of the resolution on merger or division of the Company shall be made for inspection by the shareholders.

The aforesaid documents shall also be sent by mail or way as permitted by the securities regulatory authority in where the Company's shares are listed to holders of overseas-listed shares of the companies listed.

**Article 171** The merger of a company may be effected by way of a merger and a new consolidation.

As for a merger of the Company, all parties of the merger shall enter into a merger agreement, and prepare the balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days of the date of the merger of the Company and shall publish a notice in a newspaper within 30 days of the date of such resolution. A creditor is able within 30 days of the date of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within 45 days of the date of the notice, to demand the Company to repay its debts or provide a corresponding guarantee.

After the merger, the respective creditors' rights and debts of all parties thereto the merger shall be inherited by the existing company, or the newly established company upon the merger.

**Article 172** As for the division of a company, the properties thereof shall be divided accordingly.

As for the division of a company, the parties to the division shall enter into a division agreement, and the balance sheets and inventory of assets shall be prepared. The companies involved shall notify the creditors within 10 days of the date of the division of a company and shall publish a notice in a newspaper within 30 days of the date of such resolution.

Debts owed by the Company prior to the division shall be jointly assumed by the existing companies upon the division, save as otherwise agreed by written agreement with the Company and the creditors prior to the division.

**Article 173** Where any of the registered items is changed due to a merger or division of a company, the Company shall process the changes of registration with the company registration authority. Should the Company be dissolved, it shall be deregistered according to laws. If a new company is established, it shall go through the registration for company establishment according to laws.

## **Chapter 19 Dissolution and Liquidation of the Company**

**Article 174** The Company shall be dissolved and liquidated according to the laws upon the occurrence of the following events:

- (1) the general meeting has resolved to dissolve the Company;
- (2) merger or division of the Company entails the dissolution;
- (3) the Company is legally declared insolvent due to its failure to repay due debts;
- (4) the business license is revoked or it is ordered to close down or be dissolved in accordance with the law because of breach of laws or administrative regulations on the part of the Company;

- (5) when serious difficulties occur to the Company's operation and management and significant losses will be incurred to the shareholders by its continuance, and such difficulties cannot be solved by other means, the shareholders holding more than 10% of the total voting rights of all the shareholders may request the people's court to dissolve our Company.

**Article 175** If the Company is dissolved pursuant to (1), (4) and (5) to Article 173, it shall establish a liquidation committee, within 15 days after the dissolution circumstance arises, of which members shall be determined by the directors or the general meeting. If the liquidation committee is not duly set up, the creditors may request the people's court to designate related persons to form a liquidation committee to carry out liquidation.

If the Company is dissolved pursuant to (3) to Article 173, the people's court shall order a liquidation committee which is established by the shareholders, relevant bodies and professionals pursuant to the requirements of the relevant laws to perform the liquidation.

**Article 176** If the Board decides to perform the liquidation, other than a liquidation due to the Company's declaration of bankruptcy, it shall state in the notice for convening the general meeting in this regard that a thorough inspection in respect of the Company's status has been made and that all the Company's debts can be settled by it within twelve months upon commencement of the liquidation.

The Board shall lose their powers immediately after the resolution for liquidation is passed at the shareholders' general meeting.

In compliance with the instructions of the general meeting, the liquidation committee shall report to the general meeting at least once annually the income and expenses of the committee, the business operations of the Company and the progress of the liquidation, and to make a final report to the general meeting when the liquidation is completed.

**Article 177** The liquidation committee shall notify all creditors of the Company within 10 days after its establishment and shall make a public announcement in a newspaper within 60 days. The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after announcement if the creditors have not received the notice.

The creditors shall explain matters relating to their rights and provide relevant supporting documents. The liquidation committee shall register the creditor's rights.

In the creditor's rights declaration period, the liquidation committee shall not make repayment to the creditors.

**Article 178** The liquidation committee shall perform the following duties during the liquidation:

- (1) to examine and take possession of the Company's assets and prepare a balance sheet and an inventory of assets;
- (2) to inform creditors by notice or announcement;
- (3) to deal with the outstanding affairs of the Company relating to liquidation;

- (4) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (5) to settle claims and debts of the Company;
- (6) to dispose of the remaining assets of the Company after the settlement of debts;
- (7) to represent the Company in civil proceedings.

**Article 179** After the liquidation committee has examined and taken possession of the Company's assets and prepared a balance sheet and an inventory of assets, it shall formulate a liquidation plan for approval of the shareholders' general meetings or the people's court.

The Company's property shall be settled in the following order: payment of settlement fees, employees' wages, social insurance expenses and statutory compensations, outstanding taxes, and the Company's debts.

The remaining property after repayment according to the preceding provision shall be distributed among the shareholders of the Company according to the types of shares and in proportion to the shares held by them.

During the liquidation period, the Company shall not carry out operating activities irrelevant to the liquidation. The Company's property shall not be distributed to the shareholders before repayment according to the preceding provision.

**Article 180** For dissolution due to the Company's liquidation, after the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a inventory of assets, if it discovers that the Company's assets are insufficient to repay its debts in full, the liquidation shall be stopped immediately and the liquidation committee shall apply to the people's court to declare the Company's bankrupt pursuant to law.

Following a ruling by the people's court that the Company is bankrupt, the liquidation committee shall transfer to the people's court all matters relating to the liquidation.

**Article 181** Upon completion of the Company's liquidation, the liquidation committee shall prepare a liquidation report and a statement of the receipts and payments and the financial accounts for the liquidation period which shall be submitted to the shareholders' general meeting or the people's court for confirmation upon verification by a certified public accountant in the PRC.

The liquidation committee shall, within 30 days after the confirmation of the liquidation report by the shareholders' general meeting or the relevant competent authorities, submit the aforesaid documents to the authorities governing the administration of industry and commerce and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.



## **Chapter 20 Amendments to the Articles of Association**

**Article 182** The Company may amend the Articles of Association in accordance with laws and rules, the listing rules of the stock exchange of the place where shares of the Company are listed and the requirements of the Articles of Association.

**Article 183** The Company shall amend the Articles of Association in any of the following circumstances:

- (1) After amendments are made to the Company Law or other relevant laws and administrative regulations, the Articles of Association run counter to the said amendments;
- (2) The conditions of the Company have changed, and such change is not covered in the Articles of Association;
- (3) The shareholders' general meeting has resolved to amend the Articles of Association.

**Article 184** For any amendment to the Articles of Association involving the Mandatory Provisions, no amendment shall come into effect until it is approved by the department in charge of company approval under the State Council and by the China Securities Regulatory Commission (if needed). If such amendment involves registration of the Company, the changes involved shall be registered pursuant to law.

**Article 185** Where the amendments to the Articles of Association involve matters requiring disclosure by law and regulations, relevant amendments shall be subject to announcement as required.

## **Chapter 21 Notice**

**Article 186** Notices of the Company can be issued via the following methods:

- (1) by personal delivery;
- (2) by pre-paid mail, facsimile or email;
- (3) by announcement;
- (4) by publishing on the websites designated by the Company and the Hong Kong Stock Exchange in accordance with laws, administrative regulations of relevant regulators and the Articles of Association;
- (5) by any other methods as agreed by the Company or the addressee or as accepted by the addressee after the notice is received;
- (6) any other methods approved by the relevant regulatory bodies of the place where the Company's shares are listed or required by the Articles of Association.

Unless otherwise stated, the “announcement” referred to in the Articles of Association shall mean, as to the announcements published to the holders of domestic shares and unlisted foreign shares or the announcements required to be published in the PRC according to the relevant requirements and the Articles of Association, an announcement published on any newspaper in the PRC as stipulated under the laws and regulations or agreed, permitted or designated by the securities authority of the State Council; in respect of announcements made to the holders of H shares of the Company or announcements that are required to be made within Hong Kong in accordance with relevant regulations and the Articles of Association, such announcements must be published on a newspaper and/or other designated media (including on websites) as stipulated under the Hong Kong Listing Rules.

Save as otherwise specified in the Articles of Association, if the Company sends the notice to the holders of H shares by announcement, it shall, according to the requirements of the Hong Kong Listing Rules, submit an electronic version that can be immediately published to the Hong Kong Stock Exchange via the electronic publication system of the Hong Kong Stock Exchange on the same day, so that it can be published on the website of the Hong Kong Stock Exchange, or publish the announcement in the newspapers and periodicals according to the requirements of the Hong Kong Listing Rules (including publishing advertisement in newspapers and periodicals). The announcement shall also be published on the Company’s website. Moreover, save as otherwise specified in the Articles of Association, the notice shall be served by personal delivery or prepaid mail to the addresses of all the holders of overseas listed shares in the shareholders’ register, so that the shareholders are fully notified and have sufficient time to exercise their rights or act as per the notice.

The holders of overseas listed shares of the Company may choose in written form to obtain (by email or by post) the information of the Company that the Company shall send to the shareholders, and may choose to receive either or both of the Chinese and English versions. They may also change the method for receiving the aforesaid information and the language version to be received as per appropriate procedures by sending a written notice to the Company in advance within a reasonable period.

If any shareholder or director wants to prove he/she has sent any notice, document, data or written statement to the Company, he/she shall provide evidence proving that the relevant notice, document, data or written statement has been served in a usual way or by prepaid mail to the correct address within the specified time.

Although the preceding paragraph specifies that the Company shall provide and/or send the information of the Company to the shareholders in written form, regarding the method used by the Company to provide the information of the Company to the shareholders according to the requirements of the Hong Kong Listing Rules, if the Company has obtained the shareholders’ prior written consent or implied consent according to the relevant laws and regulations and the Hong Kong Listing Rules as amended from time to time, the Company may send or provide the information of the Company to its shareholders in an electronic way or by announcement on its website. Information of the Company includes but is not limited to: circular, annual report, interim report, notice of a general meeting and other information set out in the Hong Kong Listing Rules.

**Article 187** If the notice of the Company is sent by personal delivery, the recipient or its agent shall affix signature (or seal) to the return on service and the signing date shall be the date of service; if the notice of the Company is sent by post, the fifth workday after handover to the post office shall be the date of service; if the notice of the Company is sent by fax or email, the sending date of fax or email shall be the date of service; if the notice of the Company is sent by announcement, the date of first announcement shall be the date of service. Where relevant announcements are published on the newspapers complying with relevant regulations, the said notices shall be deemed as received by all relevant persons once the said notices are announced.

If the securities regulatory authority at the location where shares of the Company are listed have special provisions, such provisions shall apply.

**Article 188** The accidental omission to give notice of meeting to, or the non-receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting held and the resolutions adopted at such meeting.

**Article 189** If the relevant requirements of the securities supervisory authority where the Company's shares are listed stipulate that the Company shall send, post, distribute, announce or otherwise provide relevant documents of the Company in English and Chinese, if the Company has made appropriate arrangement to confirm whether the shareholders hope to receive only the English version or the Chinese version, the Company may (as per the intent stated by the shareholders) send only the English version or the Chinese version to the related shareholders within the range allowed by the applicable laws and regulations and pursuant to the applicable laws and regulations.

**Article 190** The Company shall issue announcements and disclose information to the holders of domestic shares and unlisted foreign shares through the newspapers and websites for information disclosure designated by laws, regulations or relevant domestic supervisory authorities. If the Company is required to issue announcements to the holders of H shares according to the Articles of Association, relevant announcements shall also be published by means specified in the Hong Kong Listing Rules. All notices or other documents that must be delivered to the Hong Kong Stock Exchange under Chapter 13 of the Hong Kong Listing Rules must be written in English or attached with a corresponding English translation duly executed and certified.

## **Chapter 22 Settlement of Disputes**

**Article 191** The Company shall settle disputes following the rules below:

- (1) all disputes and claims between the Company and its directors, supervisors or senior management, between shareholders of overseas listed shares and the Company, between shareholders of overseas listed shares and the Company's directors, supervisors and senior management, or between shareholders of overseas listed shares, and shareholders of domestic shares and shareholders of unlisted foreign shares arising from these Articles of Association or any rights or obligations conferred or imposed by the Company Law or any other relevant laws and regulations concerning the affairs of the Company shall be referred by the relevant parties to arbitration.

The aforesaid dispute or claim submitted for arbitration shall be the entire dispute or claim; all the persons who complain for the same reason or who are required to participate in the settlement of the dispute or claim shall accept the arbitration award if they are the Company or its shareholders, directors, supervisors or senior executives.

Disputes relating to definition of shareholders and shareholders' register may be settled by means other than arbitration.

- (2) The applicant for arbitration may select China International Economic and Trade Arbitration Commission for arbitration following the arbitration rules thereof or select Hong Kong International Arbitration Centre for arbitration following the securities arbitration rules thereof. After the applicant for arbitration submits the dispute or claim for arbitration, the other party shall accept arbitration at the arbitral body selected by the applicant.

If the applicant for arbitration selects Hong Kong International Arbitration Centre for arbitration, either party may request that the arbitration be conducted in Shenzhen following the securities arbitration rules of Hong Kong International Arbitration Centre.

The arbitral tribunal shall be formed by three arbitrators fluent in both English and Chinese languages. The applicant and the respondent may choose one arbitrator each, and the third arbitrator shall be appointed by the arbitration body and become the chairperson of the arbitral tribunal.

- (3) Settlement of disputes or claims set out in (1) by way of arbitration shall be governed by PRC laws save as otherwise specified by laws and administrative regulations.
- (4) The arbitration award made by the arbitral body shall be final and binding on both parties.
- (5) The arbitration fee shall be assumed or shared by one or more parties designated by the arbitration award.

**Article 192** During the course of arbitration, the Articles of Association shall continue to be performed except for the part under arbitration that is disputed by all parties.

## **Chapter 23 Supplementary Provisions**

### **Article 193** Definition

The term “or more”, “within”, “below”, as stated in the Articles of Association shall all include the given figure; the term “not exceeding”, “except”, “less than”, “more than” shall all exclude the given figure.

In the Articles of Association, references to “accounting firms” shall have the same meaning as “auditors”.

The term “acting in concert” referred to in the Articles of Association represents an act that any two or more persons obtain the voting rights of the Company by way of their agreement thereon (whether in oral or written form), so as to control or consolidate their control over the Company.

The term “PRC laws” referred to in the Articles of Association represents all laws, rules, regulations and orders of the legislative, judicial, and governmental bodies of the People’s Republic of China, including statutes, written laws or other legislative measures, rules, regulations, treaties, orders and governmental decrees.

The term “working day” referred to in the Articles of Association represents any day other than Saturday, Sunday and a day on which commercial banks in the People’s Republic of China, Hong Kong, Singapore or the State of New York, U.S. are required or authorized by laws or governmental decrees not to be open for business.

The term “month” referred to in the Articles of Association represents a calendar month.

The term “RMB” referred to in the Articles of Association represents Renminbi, the lawful currency of the People’s Republic of China.

The term “subsidiary” referred to in the Articles of Association represents any other person (other than a natural person) whose accounting statements may be consolidated under the Accounting Standards of the People’s Republic of China.

The term “directly or indirectly” referred to in the Articles of Association represents directly or indirectly through one or more intermediaries or through contract or other lawful arrangements.

The term “include” referred to in the Articles of Association and similar expressions are not restrictive expressions and shall be interpreted as if “not limited to” is added immediately after the term “include”.

**Article 194** The Articles of Association are written in Chinese. In case of any inconsistency between the Articles and the articles of association in any other language, the Chinese version of the Articles of Association shall prevail.

**Article 195** The Board shall be responsible for the interpretation of the Articles of Association.