

**Articles of Association**

**of**

**MicroTech Medical (Hangzhou) Co., Ltd.**

**微泰醫療器械(杭州)股份有限公司**

Passed at the Annual General Meeting of the Company on May 18, 2023

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** To safeguard the legitimate rights and interests of MicroTech Medical (Hangzhou) Co., Ltd. (hereinafter referred to as the “Company”), its shareholders and creditors and regulate the organization and acts of the Company, the Articles of Association are formulated by the Company in accordance with the Company Law of the People’s Republic of China (中華人民共和國公司法) (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China, 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 relevant provisions.

**Article 2** The Company is a joint stock company with limited liability established in accordance with the Company Law and other relevant laws and administrative regulations of the PRC.

The Company is a joint stock limited company jointly established by all shareholders of MicroTech Medical (Hangzhou) Company Limited (微泰醫療器械(杭州)有限公司) by means of promotion, and was registered with the Administration for Market Regulation of Yuhang District in Hangzhou on November 6, 2020 and obtained a business license with unified social credit code of 9133011056875135XF. At present, the Company has been transferred to the Zhejiang Provincial Administration for Market Regulation for registration.

The promoters of the Company upon establishment were as follows:

| No. | Name of promoters                      | Number of shares subscribed for (shares) | Percentage of shareholding | Method of capital contribution  | Time of capital contribution |
|-----|--|--|----------------------------|---------------------------------|------------------------------|
| 1   | Zheng Pan                              | 23,343,755                               | 28.12%                     | Shares converted from net asset | November 2020                |
| 2   | DORE CHIN MARK                         | 1,834,670                                | 2.21%                      | Shares converted from net asset | November 2020                |
| 3   | LAV Evergreen (Hong Kong) Co., Limited | 6,779,401                                | 8.17%                      | Shares converted from net asset | November 2020                |

| <b>No.</b> | <b>Name of promoters</b>   | <b>Number of shares subscribed for (shares)</b> | <b>Percentage of shareholding</b> | <b>Method of capital contribution</b> | <b>Time of capital contribution</b> |
|------------|--|---|-----------------------------------|---------------------------------------|-------------------------------------|
| 4          | QM32 Limited   | 9,009,740                                       | 10.85%                            | Shares converted from net asset       | November 2020                       |
| 5          | Shanghai Li'an Venture Capital Center (Limited Partnership)            | 3,168,930                                       | 3.82%                             | Shares converted from net asset       | November 2020                       |
| 6          | Suzhou Qiming Ronghe Venture Capital Partnership (Limited Partnership) | 4,245,512                                       | 5.11%                             | Shares converted from net asset       | November 2020                       |
| 7          | Hangzhou Jiuyao Equity Investment Partnership (Limited Partnership)    | 2,825,085                                       | 3.40%                             | Shares converted from net asset       | November 2020                       |
| 8          | Hangzhou Jiufu Equity Investment Partnership (Limited Partnership)     | 2,825,085                                       | 3.40%                             | Shares converted from net asset       | November 2020                       |
| 9          | Power SUM Limited  | 1,839,958                                       | 2.22%                             | Shares converted from net asset       | November 2020                       |
| 10         | Hangzhou Zibo Investment Management Partnership (Limited Partnership)  | 1,506,712                                       | 1.81%                             | Shares converted from net asset       | November 2020                       |
| 11         | Hangzhou Chende Investment Partnership (Limited Partnership)           | 1,412,542                                       | 1.70%                             | Shares converted from net asset       | November 2020                       |
| 12         | Hangzhou Yantai Investment Partnership (Limited Partnership)           | 5,032,499                                       | 6.06%                             | Shares converted from net asset       | November 2020                       |
| 13         | Jiaxing Furui Equity Investment Partnership (Limited Partnership)      | 483,324   | 0.58%                             | Shares converted from net asset       | November 2020                       |

| No.          | Name of promoters   | Number of shares subscribed for (shares) | Percentage of shareholding | Method of capital contribution  | Time of capital contribution |
|--------------|---|--|----------------------------|---------------------------------|------------------------------|
| 14           | Hangzhou Yunbo Investment Partnership (Limited Partnership)                     | 1,005,907                                | 1.21%                      | Shares converted from net asset | November 2020                |
| 15           | Hangzhou Jiuge Equity Investment Partnership (Limited Partnership)              | 755,193                                  | 0.91%                      | Shares converted from net asset | November 2020                |
| 16           | Jiangsu Jiequan Lize Health Industry Venture Capital Fund (Limited Partnership) | 6,218,686                                | 7.49%                      | Shares converted from net asset | November 2020                |
| 17           | Hangzhou Hengtai Brand Management Partnership (Limited Partnership)             | 4,151,136                                | 5.00%                      | Shares converted from net asset | November 2020                |
| 18           | Shanghai Guofang Zouzhen Enterprise Service Center (Limited Partnership)        | 2,567,602                                | 3.10%                      | Shares converted from net asset | November 2020                |
| 19           | Suzhou Likang Equity Investment Center (Limited Partnership)                    | 2,149,076                                | 2.59%                      | Shares converted from net asset | November 2020                |
| 20           | Zhu Liuping   | 1,112,395                                | 1.34%                      | Shares converted from net asset | November 2020                |
| 21           | QM153 Limited   | 755,507                                  | 0.91%                      | Shares converted from net asset | November 2020                |
| <b>Total</b> |   | <b>83,022,715</b>                        | <b>100%</b>                | —                               | —                            |

As approved by the China Securities Regulatory Commission on July 28, 2021, the Company issued 63,529,500 overseas listed foreign shares, H Shares were listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange” or “Stock Exchange”) on October 19, 2021.

**Article 3** The registered name of the Company: 微泰醫療器械(杭州)股份有限公司.

Full name in English: MicroTech Medical (Hangzhou) Co., Ltd.

**Article 4** Domicile of the Company: No. 108 Liuze Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang.

Postal code: 311121

Telephone number: 0571-88566372

Fax number: 0571-88566539

**Article 5** The registered capital of the Company is RMB425,742,600.

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

The Company is an independent legal person with independent legal person properties and enjoys the right to legal person property.

**Article 7** The Chairman is the legal representative of the Company.

**Article 8** Total capital of the Company is divided into shares of equal nominal value. Shareholders shall bear liability for the Company to the extent of the shares they subscribe for, and the Company shall bear liability for the debts of the Company with all its assets.

**Article 9** The Articles of Association have been considered and approved at the general meeting of the Company and shall become effective from the date on which the overseas listed foreign shares (H Shares) issued by the Company are listed on the Hong Kong Stock Exchange. The original Articles of Association of the Company shall be invalidated automatically from the effective date of the Articles of Association.

From the date upon which the Articles of Association come into effect, the Articles of Association shall become a legally binding document regulating the Company's organization and activities, as well as the rights and obligations between the Company and each shareholder and between the shareholders.

**Article 10** The Articles of Association are binding on the Company and its shareholders, directors, supervisors, general manager and other senior management personnel, all of whom may propose claims in respect of rights concerning any matters of the Company pursuant to the Articles of Association.

A shareholder may take legal action against the Company pursuant to the Articles of Association; the Company may take legal action against any shareholder pursuant to the Articles of Association; a shareholder may take legal action against another shareholder pursuant to the Articles of Association; a shareholder may take legal action against the directors, supervisors, general manager and other senior management personnel of the Company pursuant to the Articles of Association.

The legal action referred to in the preceding paragraph shall include the initiation of proceedings in a court or application to an arbitration organization for arbitration.

The term “other senior management personnel” as mentioned herein shall include the vice general manager, the secretary to the Board of Directors and the chief financial officer.

**Article 11** The Company may invest in enterprises such as other limited liability companies and joint stock limited companies, and undertake liabilities for the invested company as limited to the capital contribution made by it. Unless otherwise provided by laws, the Company shall not be an investor that is jointly and severally liable for the liabilities owed by the invested enterprises.

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

**Article 12** The business objectives of the Company

The objectives of business of the Company are: with continuous technological innovation and comprehensive customer services, we provide optimal blood glucose monitoring and treatment solutions for diabetic patients to help them improve their quality of life.

**Article 13** The business scope of the Company

As registered in accordance with the laws, the scope of business of the Company covers: General items: production of Class I medical devices; the sales of Class I medical devices; the sales of Class II medical devices; production of protective equipment for medical personnel (Class I medical devices); technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; engineering and technical research and testing development; sales of daily masks (non-medical); retail sales of medical masks; retail sales of protective equipment for medical personnel; sales of electronic products; leasing of non-residential real estates; property management; production of daily masks (non-medical); wholesale of medical masks; wholesale of protective equipment for medical personnel; leasing of machinery and equipment; manufacturing of power transmission and distribution and control equipment; sales of intelligent power transmission and distribution and control equipment (except for businesses that are subject to approval in accordance with the laws, the business activities should be conducted independently with the business license(s) in accordance with the laws). Licensed items: production of Class II medical devices; production of Class III medical devices; operation of Class III medical devices; production of protective equipment for medical personnel (Class II medical devices); import and export of technologies; import and export of goods; production of medical masks (for businesses that are subject to approval in accordance with the laws, the business activities shall be carried out upon approval by relevant authorities, and specific businesses should be determined by approval results).

## **CHAPTER 3 SHARES**

### **Section 1 Issue of Shares**

**Article 14** The Company shall maintain ordinary shares at all times. Subject to the approval of the company approving department authorised by the State Council, the Company may set up other kinds of shares as required.



**Article 15** The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class shall have the same rights.

For the same type of shares issued in the same offering, the issue terms and price shall be identical for each share; each share subscribed by any units or individuals shall be paid at the same price.

**Article 16** The shares of the Company shall take the form of stock. The share certificates issued by the Company shall each have a par value of RMB1.

**Article 17** Subject to the approval by the securities regulatory authority of the State Council, the Company may issue shares to domestic investors and overseas investors.

Foreign investors referred to in the preceding paragraph mean those investors who subscribe for shares issued by the Company and who are located in foreign countries and in the regions of Hong Kong, Macau and Taiwan. Domestic investors mean those investors who subscribe for shares issued by the Company and who are located within the territory of the People's Republic of China excluding the regions mentioned above.

**Article 18** Shares that the Company issues to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares that the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares that are listed overseas shall be referred to as overseas listed foreign shares.

Foreign currencies referred to in the preceding paragraph mean the lawful currencies (other than Renminbi) of other countries or regions that are recognized by the foreign exchange authority of the PRC and that can be used to pay the share price to the Company.

Foreign shares issued by the Company that are listed in Hong Kong shall be referred to as H shares. H shares are shares that have been approved for listing on the Hong Kong Stock Exchange, the par value of which are denominated in Renminbi and which are subscribed for and traded in foreign currencies.

Both holders of domestic shares and holders of foreign shares are holders of ordinary shares, and have and bear the same rights and obligations.

Subject to the approval of the securities regulatory authorities of the State Council, shareholders of the Company may transfer all or part of the unlisted shares they hold to foreign investors and list and trade the unlisted shares on an overseas stock exchange, and may also convert all or part of the unlisted shares they hold into overseas listed shares and arrange for the listing and trading of these shares on an overseas stock exchange. Listing and trading of the aforesaid transferred or converted shares on an overseas stock exchange shall also comply with the regulatory procedures, regulations and requirements of the overseas securities market. No approval of a shareholders' general meeting or meeting of class shareholders is required for the listing and trading of such transferred shares on overseas stock exchange, or all or part of the unlisted shares held by the shareholders of the Company being converted into overseas listed shares and listed and traded on the overseas stock exchange. The Company's unlisted shares, upon being listed and traded on the overseas stock exchange, shall belong to the same class of shares as the original overseas listed shares.

Ordinary shareholders of domestic shares and foreign shares of the Company shall have the same rights in any distribution made by dividends or other forms.

**Article 19** Subject to the approval of the company approving department authorized by the State Council, the total number of ordinary shares issued by the Company was 360,000,000 shares. The total number of ordinary shares issued by the Company upon incorporation was 83,022,715 shares, all of which were subscribed for by promoters upon the establishment of the Company. The total number of ordinary shares of the Company after the additional issuance in November 2020 was 95,195,805 shares. The total number of ordinary shares of the Company after the conversion of capital reserve to share capital in December 2020 was 360,000,000 shares.



**Article 20** Upon completion of the initial public offering of overseas listed foreign shares (H Shares) and the over-allotment, the share capital of the Company is 425,742,600 shares, the capital structure shall comprise of: 286,473,574 domestic shares, 73,526,426 non-overseas listed foreign shares and 65,742,600 overseas listed foreign shares.

**Article 21** With the plan for issuing overseas listed foreign shares and domestic shares by the Company approved by the securities regulatory authority of the State Council, the Board of Directors of the Company may arrange for the implementation of such plan by means of separate issuances.

The plan of the Company to separately issue overseas listed foreign shares and domestic shares in accordance with the provisions of the preceding paragraph may be implemented separately within 15 months from the date of approval by the securities regulatory authority of the State Council or within the period prescribed by the relevant applicable regulations.

**Article 22** Where the Company issues overseas listed foreign shares and domestic shares separately within the total number of shares specified in the issuance plan, every such issue shall be fully subscribed for in one time. If it is impossible for the shares to be fully subscribed for at one time for special reasons, the shares may be issued by several times upon approval by the securities regulatory authority of the State Council.

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

**Article 23** The Company may approve capital increase based on the needs of operation and development and in accordance with the Articles of Association.

The Company may increase its registered capital by the following methods:

- (I) public offering of shares;
- (II) private offering of shares;
- (III) placement or distribution of new shares to the existing shareholders;
- (IV) converting funds in the capital reserve into share capital;
- (V) any other method stipulated by laws and administrative regulations and approved by relevant regulatory authorities.

The Company's increase of capital by issuing new shares shall be conducted in accordance with the procedures provided in the relevant laws and administrative regulations of the state, after being approved according to the Articles of Association.

**Article 24** The Company may reduce its registered capital. The reduction of registered capital shall follow the procedures set forth in the Company Law and other regulations and the Articles of Association.

**Article 25** When reducing its registered capital, the Company must prepare a balance sheet and a list of property.

Within ten days since the date on which the resolution on reducing registered capital is made, the creditors shall be notified by the Company and a public announcement shall be made in the newspaper within thirty days. The creditors may, within thirty days since the receipt of the notice or within forty-five days since the issuance of the public announcement if they fail to receive a notice, require the Company to clear off its debts or to provide corresponding guarantees.

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

**Article 26** The Company may, under any of the following circumstances, buy back its issued shares pursuant to the provisions of laws, regulations, normative documents and the Articles of Association:

- (I) reduction of its registered capital;
- (II) merger with another company which holds the shares of the Company;
- (III) shares are used for employee stock ownership plan or share incentive;
- (IV) any shareholder opposes a resolution on the merger or division of the Company adopted at a shareholders' general meeting and requests the Company to purchase his/her shares;
- (V) the shares are used to convert corporate bonds issued by the Company that can be converted to shares;
- (VI) it is necessary for the Company to maintain corporate value and shareholders' interests;  
or
- (VII) any other circumstance stipulated by laws and administrative regulations.

Except for the aforesaid circumstances, the Company shall not trade in its shares.

**Article 27** The Company may repurchase its shares by any of the following methods:

- (I) issuance to all the shareholders of a buyback offer on a pro rata basis;
- (II) buyback through open transaction on a stock exchange;
- (III) buyback by agreement outside a stock exchange; or
- (IV) by other means as permitted by the laws, administrative regulations, listing rules of the place where the securities of the Company are listed and the relevant competent authorities.

**Article 28** A prior approval shall be obtained from the shareholders' general meeting in respect of any share repurchase by the Company through agreement outside a stock exchange in accordance with the provisions of the Articles of Association. After the shareholders' general meeting giving its prior approval in the same way, the Company may rescind or alter any contracts entered into in the said manner or waive any rights under such contracts.

The aforesaid contract to repurchase shares includes, but not limited to, an agreement to become obliged to repurchase or to acquire the right to repurchase shares.

The Company shall not assign a contract for repurchasing its shares or any of its rights thereunder.

Where the Company has redeemable shares and has the right to repurchase the redeemable shares, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are made by tender, tenders shall be available to all Shareholders alike.

**Article 29** The Company purchasing its own shares under any of the circumstances set forth in sub-paragraphs (I) and (II) of Article 26 hereof shall be subject to a resolution of the shareholders' general meeting. The Company purchasing its own shares under any of the circumstances set forth in sub-paragraphs (III), (V) and (VI) of Article 26 hereof may be subject to a resolution of a meeting of the Board of Directors at which more than two-thirds of Directors are present. The shares repurchased according to Article 26 hereof under the circumstance stipulated in sub-paragraph (I) shall be deregistered within ten days from the date of acquisition of shares; the shares shall be assigned or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either sub-paragraph (II) or sub-paragraph (IV). In the event of the circumstances set out in sub-paragraphs (III), (V) and (VI), the total shares held by the Company shall not exceed 10% of the total shares issued by the Company, and shall be assigned or deregistered within three years.

After the repurchase of shares according to law, the Company shall deregister or transfer the said shares before the deadline specified by the laws and administrative regulations if the shares should be deregistered according to law, and shall apply for the change of the registered capital registered with the original company registration authority after deregistration of the shares.

The aggregate par value of those deregistered shares shall be deducted from the Company's registered capital.

**Article 30** Unless the Company is in the course of liquidation, it shall comply with the following provisions in relation to the repurchase of its issued shares:

- (I) Where the Company repurchases its shares at par value, payment shall be deducted from the book balance of distributable profits of the Company or from the proceeds from any issue of new shares made for the purpose of the repurchase;

- (II) Where the Company repurchases its shares at a price higher than the par value, the part equivalent to the par value shall be deducted from the book balance of distributable profits of the Company or from the proceeds from any issue of new shares made for the purpose of the repurchase; the part above the par value shall be processed as follows:
1. If the shares being repurchased were issued at par value, payment shall be deducted from the book balance of distributable profits of the Company;
  2. If the shares being repurchased were issued at a price higher than the par value, payment shall be deducted from the book balance of distributable profits of the Company or from the proceeds of any issue of new shares made for the purpose of the repurchase, provided that the amount deducted from the proceeds of the issuance of new shares shall neither exceed the aggregate amount of premiums obtained at the time of issuance of the shares repurchased nor the amount (including the premium from the issuance of new shares) in the Company's premium account (or capital reserve account) at the time of the repurchase;
- (III) The Company shall make the following payments out of the Company's distributable profits:
1. acquisition of the right to repurchase its shares;
  2. variation of any contract to repurchase of its shares;
  3. release of its obligations under any contract to repurchase of its shares.
- (IV) After the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant regulations, the amount deducted from the distributable profits for payment of the par value of shares that have been repurchased shall be credited to the Company's share premium account (or capital reserve account).

### **Section 3 Transfer of Shares**

**Article 31** Unless otherwise provided by laws, administrative regulations and listing rules of the place where the securities of the Company are listed, the shares of the Company that have been fully paid for shall not be subject to any restrictions in respect of the right of assignment, can be transferred freely and are not subject to any lien. Transfer of overseas listed foreign shares listed in Hong Kong shall be registered with the Hong Kong-based share registrar entrusted by the Company.

**Article 32** All overseas listed foreign shares that have been fully paid for and listed on the Hong Kong Stock Exchange may be assigned freely in accordance with the Article of Association; however, the Board of Directors may refuse to accept any assignment documents without stating any reasons unless the following conditions are satisfied:

- (I) transfer document and other documents that are relevant with the ownership of any Shares or will affect the ownership of Shares must be registered. The fees in respect of the registration must be paid to the Company in accordance with the charging standards specified in Hong Kong Listing Rules and shall not exceed the maximum fee specified in Hong Kong Listing Rules from time to time;
- (II) the instrument of transfer only involves the overseas listed foreign shares listed in Hong Kong Stock Exchange;
- (III) the stamp duty payable on the instrument of transfer required by the laws of Hong Kong has been paid;
- (IV) the relevant share certificates and evidence reasonably required by the Board of Directors showing that the transferor has the right to transfer such shares shall be provided;
- (V) if the shares are to be transferred to joint holders, the number of joint shareholders shall not exceed four;
- (VI) the Company does not have any lien over the relevant shares.

If the Board of Directors refuses to register any transfer of shares, the Company shall provide the transferor and the transferee with a notice of refusal in relation to registration of shares within two months from the formal application for registration.

**Article 33** All transfers of H shares shall be effected by transfer instrument in writing in a general or common form or in any other form acceptable to the Board, including the standard transfer form or form of transfer specified by the Hong Kong Stock Exchange from time to time. The transfer instrument may be signed by hand or stamped with the Company's seal (where the transferor or transferee is a corporation) only. If the transferor or transferee is a recognized clearing house as defined by the relevant provisions that come into effect from time to time according to the laws of Hong Kong (hereinafter referred to as "Recognized Clearing House") or its nominee, the transfer instrument may be signed by authorization or in printed form.

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

**Article 34** The Company does not accept its own shares as the collateral of pledge.

## **Section 4 Financial Assistance for the Acquisition of Shares of the Company**

**Article 35** The Company or its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who acquires or is proposing to acquire shares of the Company. The aforesaid person acquiring shares of the Company includes a person who has directly or indirectly incurred any obligations as a result of the acquisition of shares of the Company.

The Company or its subsidiaries shall not, by any means at any time, provide financial assistance to the aforesaid person for the purpose of reducing or discharging his obligations.

This Article shall not apply to the circumstances specified in Article 37 in this Chapter.

**Article 36** The financial assistance referred to in this Chapter includes, but is not limited to, the following:

- (I) Gifts;
- (II) Guarantees (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), indemnity (other than indemnity arising from the Company's own default) or release or waiver of any rights;
- (III) Provision of loans or any entering into other agreements under which the obligations of the Company are to be fulfilled before the obligations of another party, and a change in parties to, or the assignment of rights arising under, such loan or agreement; and
- (IV) Any other kind of financial assistance provided by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

For the purpose of this Chapter, the expression "assumption of obligations" includes the assumption of obligations by way of contract or by way of arrangement (irrespective of whether or not such contract or arrangement is enforceable, and irrespective of whether or not such obligations are to be borne by the obligor solely or jointly with other persons), or by any other means which results in a change in his financial position.

**Article 37** The following activities shall not be deemed to be activities as prohibited in Article 35 of this Chapter:

- (I) The provision of financial assistance by the Company where the financial assistance is given in good faith in the interests of the Company, and the principal purpose of which is not for the acquisition of shares of the Company, or the giving of financial assistance is an incidental part of the overall plan of the Company;
- (II) The lawful distribution of the Company's assets as dividends;
- (III) The allotment of bonus shares as dividends;

- (IV) The reduction of registered capital, repurchase of shares or reorganization of share capital structure of the Company effected in accordance with the Articles of Association;
- (V) The lending of money by the Company for normal business activities within its scope of business, provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is provided from the distributable profits of the Company; and
- (VI) The contributions made by the Company to the employee share ownership schemes, provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is provided from the distributable profits of the Company.

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

### **Section 1 Shareholders and Register of Members**

**Article 38** Share certificates of the Company shall be in registered form.

Matters to be specified in the Company's shares shall include:

- (I) name of the Company;
- (II) date of incorporation of the Company;
- (III) category of share, par value and number of shares represented;
- (IV) share certificate number; and
- (V) other particulars that are required to be specified by the Company Law and the stock exchange where the securities of the Company are listed.

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

During the time the Company's H shares remain listed on the Hong Kong Stock Exchange, the Company shall ensure that all listing documents and ownership documents (including H share certificates) relating to its securities listed on Hong Kong Stock Exchange include the statements stipulated below, and shall instruct and procure its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such individual holder submits to the share registrar a signed form in respect to such shares which bear statements to the following effect:

- (I) The acquirer of the shares agrees with the Company and each shareholder of the Company, and the Company agrees with each shareholder, to observe and comply with Company Law and other relevant laws, administrative regulations and the Articles of Association;



- (II) The acquirer of the shares agrees with the Company, each shareholder, director, supervisor, general manager and other senior management officer of the Company, and the Company acting for itself and for each director, supervisor, general manager and other senior management officer agrees with each shareholder to refer all disputes and claims arising from the Articles of Association or any rights or obligations conferred or imposed by Company Law or other relevant laws or administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any referral to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award. The arbitration shall be final.
- (III) The acquirer of shares agrees with the Company and each shareholder of the Company that shares in the Company are freely transferable by the holder thereof;
- (IV) The acquirer of shares authorizes the Company to enter into a contract on his behalf with each director and senior management officer whereby such directors and senior management officers undertake to observe and comply with their obligations to shareholders stipulated in the Articles of Association.

**Article 39** The share certificates shall be signed by the chairman of the Board of Directors. Where the stock exchange on which the Securities of the Company are listed requires the share certificates to be signed by other senior management officers of the Company, the share certificates shall also be signed by other relevant senior management officers. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The share certificates shall only be affixed or printed with the Company's seal under the authorization of the directors. The signature of the chairman of the Board of Directors or other relevant senior management officer of the Company on the share certificates may also be in printed form. In the event of paperless issuance and trading of the shares of the Company, other requirements stipulated by the securities regulatory authorities and stock exchanges of the places where the shares of the Company are listed shall apply.

**Article 40** The Company shall maintain a register of members and register the following particulars:

- (I) The name, address (residence), occupation or nature of each shareholder;
- (II) The class and number of shares held by each shareholder;
- (III) The amount paid or payable in respect to shares held by each shareholder;
- (IV) The serial numbers of the shares held by each shareholder;
- (V) The date on which each shareholder was registered as a shareholder; and
- (VI) The date on which each shareholder ceased to be a shareholder.

The register of members shall be the sufficient evidence for the shareholders' shareholding in the Company, unless there is evidence to the contrary.

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

Any assignment and transfer of stocks must be registered in the register of members.

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

- (I) The Company shall register no more than four persons as the joint holders of any shares;
- (II) All joint holders of any share shall jointly and severally assume obligation for all amounts payable for relevant shares;
- (III) If one of the joint holders dies or is deregistered, only the surviving joint holder(s) shall be deemed by the Company as having ownership of the relevant shares. However, the Board of Directors shall have the right, for the purpose of making amendments to the register of members, to demand the death or deregistration certificate of such holder it deems appropriate;
- (IV) In respect of any of the joint holders of any shares, only the joint shareholder whose name appears first in the register of members has the right to receive the share certificate of the relevant shares from the Company, receive notices or other documents of the Company. Any notice delivered to the aforesaid persons shall be deemed to have been delivered to all the joint holders of the relevant shares. Any joint holder may sign a proxy form. If more than one joint holder is present in person or by proxy, the vote made by the preferred joint holder shall be accepted as the sole vote made on behalf of other joint holders (regardless of whether it is made in person or by proxy). In this respect, the priority of shareholders must be determined according to the order of ranking of the joint holders of relevant shares in the register of members of the Company; and
- (V) If any of the joint shareholders sends to the Company a receipt of any dividend, bonuses or capital returns payable to such joint shareholders, such receipt shall be deemed as valid receipt issued by the joint shareholders to the Company.

**Article 41** The Company may, in accordance with any understanding or agreements between the securities regulatory authority of the State Council and overseas securities regulatory organisations, keep its original copy of the register of holders of overseas-listed foreign shares outside China and entrust overseas agent(s) to manage such register. The original copy of the register of holders of overseas-listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall maintain a duplicate of the register of holders of overseas-listed foreign shares at the Company's corporate domicile. The appointed overseas agent shall ensure consistency between the original and the duplicate register of the holders of overseas-listed foreign shares at all times.

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

**Article 42** The Company shall maintain a complete register of members.

The register of members shall include the following parts:

- (I) The register of members kept at the Company's corporate domicile (other than those registers of shareholders as described in sub-paragraphs (II) and (III) of this Article);
- (II) The register of members of overseas-listed foreign shares of the Company kept at the place where the overseas stock exchange on which the shares are listed is located; and
- (III) The register of members kept at such other place as the Board of Directors may deem necessary for the purpose of listing of the Company's shares.

**Article 43** Different parts of the register of members shall not duplicate one another. No transfer of the shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register of members. Alteration or rectification of each part of the register of members shall be carried out in accordance with the laws of the place where such part of the register of members is maintained.

**Article 44** No changes due to the transfer of shares may be made to the register of members within 4 days prior to the date of a shareholders' general meeting or within 5 days before the record date set by the Company for the purpose of distribution of dividends.

**Article 45** Where the Company convenes a shareholders' general meeting, distributes dividends, liquidates, or carries out other activities that require the determination of shareholdings, the Board of Directors shall set a date for registration of the shareholding. Upon close of such date, the shareholders whose name appear on the register shall be the shareholders of the Company.

**Article 46** Any person who requests to have his/her name entered to, or removed from the register of members may apply to the relevant court of authority for rectification of the register of members.

**Article 47** Any shareholder who is registered in, or any person who requests to have his name entered in, the register of members may, if his share certificates ("Original Certificates") are lost, apply to the Company for a replacement share certificate in respect to such shares ("Relevant Shares").

If a holder of domestic shares loses his share certificates and applies for their replacement, it shall be dealt with in accordance with the relevant requirements of Company Law.

If a holder of overseas-listed foreign shares loses his share certificates and applies for their replacement, it may be dealt with in accordance with the laws, the rules of the stock exchange, as well as other relevant regulations of the place where the original copy of the register of holders of overseas-listed foreign shares is kept.

If a holder of overseas-listed foreign shares listed in Hong Kong loses his share certificates and applies for their replacement, the issue of replacement certificates to that holder shall comply with the following requirements:

- (I) The applicant shall submit an application in standard form as prescribed by the Company accompanied by a notarial document or statutory declaration. The notarial document or statutory declaration shall specify the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as a statement declaring that no other person shall be entitled to request to be registered as the shareholder in respect to the Relevant Shares.
- (II) No statement has been received by the Company from any person other than the applicant for having his name registered as a holder of the Relevant Shares before the Company comes to a decision to issue the replacement certificates.
- (III) The Company shall, if it decides to issue a replacement certificate to the applicant, make an announcement of its intention to issue the replacement certificate in such newspapers designated by the Board of Directors. The announcement shall be made at least once every 30 days over a period of 90 days.
- (IV) The Company shall, prior to the publication of the announcement of its intention to issue a replacement certificate, deliver to the stock exchange a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from the stock exchange that the announcement has been exhibited at its premises. The announcement shall be exhibited at the premises of the stock exchange for a period of 90 days.

In case an application to issue a replacement certificate has been made without the consent of the registered holder of the Relevant Shares, the Company shall send by post to such registered holder a copy of the announcement to be published.

- (V) If, upon expiration of the 90-day period for announcement and exhibition referred to in sub-paragraphs (III) and (IV) of this Article, the Company has not received from any person any objection to the issuance of replacement certificates, the Company may issue replacement certificates to the applicant according to his application.
- (VI) Where the Company issues a replacement certificate under this Article, it shall forthwith cancel the Original Certificate and enter the cancellation and replacement issue into the register of members accordingly.
- (VII) All expenses relating to the cancellation of an Original Certificate and the issuance of a replacement certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable undertaking is provided by the applicant therefor.

**Article 48** Where the Company issues a replacement certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforesaid replacement certificate or a shareholder who thereafter registers as the owner of such shares (in the case where he is a bona fide purchaser) shall not be removed from the register of members.

**Article 49** The Company shall not be liable to any person for any damages caused by the cancellation of the Original Certificate or the issuance of the replacement certificate, unless the claimant is able to prove that the Company has acted fraudulently.

**Article 50** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of members.

A shareholder shall enjoy rights and assume obligations according to the class and numbers of shares held by that shareholder. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations. All classes of shareholders of the Company shall have equal rights in any distribution in the form of a dividend or any other form.

The Company shall not exercise any of its rights to freeze or otherwise prejudice any of the rights attaching to any shares of the Company only by reason that persons who are interested directly or indirectly therein have failed to disclose their interests in the Company.

**Article 51** The holders of ordinary shares of the Company shall be entitled to the following rights:

- (I) to receive dividends and other kinds of benefit distributions based on the number of shares held by them;
- (II) to require, convene, chair, attend or appoint a proxy to attend a shareholders' general meeting pursuant to the law and exercise the corresponding speaking rights and voting rights;
- (III) to supervise and manage the business operations of the Company, and to put forward suggestions and raise enquiries;
- (IV) to transfer, bestow or pledge shares held by them in accordance with the laws, administrative regulations and the Articles of Association;
- (V) to obtain related information in accordance with provisions of the Articles of Association, including:
  1. obtaining the copies of the Article of Association after paying relevant costs;
  2. reviewing and copying the following documents after paying reasonable costs:
    - (1) copies of the register of members;
    - (2) personal information of the directors, supervisors, general manager and other senior management personnel of the Company, including:
      - a) current and previous names and aliases;
      - b) principal address (domicile);
      - c) nationality;
      - d) full-time and all other part-time occupations and titles;

- e) identification document and its number;
- (3) a report showing the state of the issued share capital of the Company;
- (4) reports showing the total par value, quantity, maximum and minimum prices paid for each class of shares repurchased by the Company since the end of the last fiscal year and the all the expenses paid by the Company for this purpose (subdivided by Domestic Shares and foreign shares (and H shares, if applicable));
- (5) minutes of the shareholders' general meetings (only for Shareholders to inspect) and copies of special resolutions of the Company, copies of resolutions of meetings of the Board and the Supervisory Committee;
- (6) the latest audited financial statements of the Company, and the reports of the Board, the accounting firm and the Supervisory Committee; and
- (7) a copy of the latest annual inspection report already submitted to the Administration for Industry and Commerce or other competent authorities of PRC for filing;

The Company shall place documents referred to in the above sub-paragraphs (1) to (7) (other than sub-paragraph (2)) and any other applicable documents at the Company's Hong Kong address according to Hong Kong Listing Rules for public and Shareholders to inspect free of charge (except for minutes of shareholders' general meetings which are only for shareholders to inspect). The shareholders of the Company may also inspect the resolutions of meetings of the Board and the Supervisory Committee. If any shareholder requests to inspect the aforesaid relevant information or asks for relevant data, the said shareholder shall provide the Company with written documents evidencing the class and number of shares that he/she/it held in the Company, and the Company will provide the said information or data as required by the said shareholder upon authenticating his/her/its identity.

- (VI) upon termination or liquidation of the Company, participating in the distribution of the Company's residual assets based on their shareholding;
- (VII) a shareholder who objects to the resolution on merger or division of the Company passed by a shareholders' general meeting may request the Company to acquire his/her/its shares; and
- (VIII) any other rights stipulated by laws, administrative regulations, departmental rules, listing rules of the place where the securities of the Company are listed and the Articles of Association.



**Article 52** Shareholders have the right to protect their legal rights through civil litigation or other legal means in accordance with laws, administrative regulations and the Articles of Association.

Where the contents of a resolution of shareholders' general meeting or the Board of Directors violate any law or administrative regulation, shareholders are entitled to petition to the people's court to declare the resolution invalid.

Where the convening procedures or voting method of a shareholders' general meeting or a Board meeting violate any laws, administrative regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, a shareholder shall have the right to apply to the people's court for revocation within 60 days from passing of such resolution.

If the Company has gone through the changes in registration in accordance with the resolutions of the shareholders' general meeting or the Board of Directors, the Company shall apply to the company registration authority for cancellation of the changes in registration after the resolution is declared invalid or revoked.

**Article 53** Where the directors or senior management personnel violate the provisions of laws, administrative regulations or the Articles of Association during the performance of their duties and cause losses to the Company, the shareholders severally or jointly holding 1% or more of the Company's shares for a period of 180 consecutive days or longer are entitled to request the Supervisory Committee to file a lawsuit with the people's court in writing; where the Supervisory Committee violates the provisions of laws, administrative regulations or the Articles of Association in the performance of duties and cause losses to the Company, the aforesaid shareholders may request the Board of Directors to file a lawsuit with the people's court in writing.

Upon receipt of shareholders' written request stipulated in the preceding paragraph, if the Supervisory Committee or the Board of Directors refuses to file a lawsuit or does not file a lawsuit within 30 days from receipt of such request, or in the event of emergency where the interest of the Company will suffer irreparable damages if lawsuit is not filed immediately, the shareholders stipulated in the preceding paragraph shall have the right to file a lawsuit directly with the people's court in their own name for the interest of the Company.

If others infringe upon the legitimate rights and interests of the Company and cause losses to the Company, the shareholders specified in the first paragraph of this Article may file a lawsuit with the people's court according to the provisions of the preceding two paragraphs.

**Article 54** Where any director or senior management personnel violates the provisions of laws, administrative regulations or the Articles of Association, damaging interests of shareholders, the shareholders may file a lawsuit with the people's court.

**Article 55** Holders of ordinary shares of the Company shall undertake the following obligations:

- (I) to comply with the Articles of Association;
- (II) to pay subscription monies according to the number of shares subscribed and the method of subscription;



- (III) not to make divestment unless in the circumstances stipulated by laws and regulations; and
- (IV) other obligations that shall be undertaken in accordance with the provisions of laws, administrative regulations, rules, normative documents, listing rules of the place where the securities of the Company are listed and the Articles of Association.

A Shareholder shall not be liable to make further contribution to subsequent increase in share capital other than the terms agreed by the subscriber of the relevant shares on subscription.

**Article 56** In addition to the obligations imposed by the laws, administrative regulations or listing rules of the place where the securities of the Company are listed, the Controlling Shareholders, in exercising their power as a shareholder, shall not exercise their voting rights in a manner prejudicial to the interests of all or some part of the shareholders when making decision on the following matters:

- (I) to relieve a Director or Supervisor of their responsibility to act honestly and in the best interests of the Company;
- (II) to approve the Directors or Supervisors (for their own account or for the account of other parties) to deprive the Company of its assets in any manner, including, but not limited to, any opportunity favorable to the Company; and
- (III) to approve the Directors or Supervisors (for their own account or for the account of other parties) to deprive another shareholder of his individual interest, including but not limited to any allocation right and voting right, but excluding any corporate restructuring proposal made at the shareholders' general meeting in accordance with the Articles of Association.

**Article 57** A Controlling Shareholder referred to in the preceding Article means a person who satisfies any one of the following conditions:

- (I) Such person acting on his own or in concert with other parties has the power to elect more than half of the directors;
- (II) Such person acting on his own or in concert with other parties has the power to exercise or control the exercise of 30% or more of the voting rights of the Company;
- (III) Such person acting on his own or in concert with other parties holds 30% or more of the outstanding shares of the Company; and
- (IV) Such person acting on his own or in concert with other parties has actual control over the Company in any other manner.

## **Section 2 General Provisions of Shareholders' General Meetings**

**Article 58** The shareholders' general meeting is the organ of authority of the Company, and shall exercise following functions and powers pursuant in according with the laws:

- (I) to decide the Company's operating directions and investment plans;
- (II) to elect and replace directors and determine matters relating to the remuneration of relevant directors;
- (III) to elect and replace non-employee representative supervisors and determine the remuneration of relevant supervisors;
- (IV) to consider and approve the reports of the Board of Directors;
- (V) to consider and approve the reports of the Supervisory Committee;
- (VI) to consider and approve the Company's annual financial budgets and final accounts;
- (VII) to consider and approve the Company's profit distribution proposals and loss recovery proposals;
- (VIII) to decide on any increase or reduction of the Company's registered capital;
- (IX) to decide on merger, division, dissolution and liquidation of the Company or change of its corporate form;
- (X) to decide on the issuance of bonds or other securities and the listing of the Company;
- (XI) to decide on the engagement, dismissal or discontinuation of the appointment of the accounting firm;
- (XII) to amend the Articles of Association;
- (XIII) to consider and approve the proposals put forward by shareholders individually or jointly holding 3% or more of the Company's shares with voting rights; and
- (XIV) other matter to be determined at the shareholders' general meeting as stipulated by laws, administrative regulations, the listing rules of the place where the securities of the Company are listed or the Articles of Association.

**Article 59** The Company shall not, without the prior approval at a shareholders' general meeting, enter into any contract with any party (other than the directors, supervisors, general manager and other senior management personnel) pursuant to which such party shall be in charge of management of all the Company's businesses or the Company's major businesses.

**Article 60** Shareholders' general meetings consist of annual general meetings and extraordinary general meetings. A shareholders' general meeting shall be convened by the Board of Directors. Annual general meeting shall be held once a year within six months from the end of the last accounting year.

Under any of the following circumstances, the Board of Directors shall convene an extraordinary general meeting within two months thereof:

- (I) when the number of Directors is less than the number required by the Company Law or less than two-thirds of the number stipulated in the Articles of Association;
- (II) when the unrecovered losses of the Company amount to one third of the total amount of its paid-in share capital;
- (III) shareholders individually or in aggregate holding more than 10% of the Company's issued and outstanding shares carrying voting rights request in writing that an extraordinary general meeting is convened;
- (IV) when the Board of Directors deems necessary or the Supervisory Committee proposes that the meeting be convened; and
- (V) other circumstances stipulated by laws and regulations, listing rules of the place where the securities of the Company are listed and the Articles of Association.

**Article 61** The venue of a shareholders' general meetings of the Company shall be the place where the Company is located or the place specified in the notice of the shareholders' general meeting.

A shareholders' general meeting shall be conducted in the form of a physical meeting at the designated venue for meeting. In addition, the Company will provide other means stipulated by the rules of the place where the securities of the Company are listed for the convenience of participation by the shareholders. Shareholders who have participated in a general meeting in the aforesaid means shall be deemed as present.

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

**Article 62** Shareholders' general meetings shall be convened by the Board of Directors. If the Board is unable to or fails to perform its duty of convening the shareholders' general meeting, the Supervisory Committee shall convene and preside over such meeting in a timely manner; if the Supervisory Committee cannot convene and preside over such meeting, shareholders who individually or jointly hold 10% or more of the Company's shares for more than 90 consecutive days may convene and preside over such meeting on their own.

**Article 63** Shareholders requesting the convening of extraordinary general meetings or class shareholders' general meetings shall proceed in accordance with the procedures set forth below:

- (I) two or more Shareholders collectively holding 10% or more of the voting shares at the proposed meeting can sign one or more written requests of identical form of content requesting the Board of Directors to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting. The Board shall convene an extraordinary general meeting or a class meeting as soon as possible upon receipt of the aforesaid written request. The aforesaid shareholdings shall be calculated as at the date on which the written request is made.

- (II) if the Board of Directors fails to issue a notice on the convening of meeting within 30 days upon the receipt of the aforesaid written request, the Shareholders who made such request may convene the meeting on their own within four months upon the Board of Directors having received such request. The convening procedures shall, to the extent possible, be identical to the procedures according which shareholders' general meetings are to be convened by the Board of Directors.

All reasonable expenses incurred for such meeting convened by the shareholders as a result of the failure of the Board of Directors and the Supervisory Committee to convene a meeting at the above requests shall be borne by the Company and deducted from the amount owed by the Company to the delinquent directors.

**Article 64** The Supervisory Committee is entitled to propose to the Board of Directors to convene an extraordinary general meeting and such proposal shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, regulations, normative documents and the Articles of Association, reply in writing on whether to agree on the convening of the extraordinary general meeting within 10 days upon the receipt of the proposal.

If the Board of Directors agrees to convene an extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is approved by the Board of Directors. Any change to the original proposal setting forth in the notice shall be subject to approval by the Supervisory Committee.

If the Board of Directors does not agree to convene an extraordinary general meeting or fails to give a written reply within 10 days after receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the general meeting, and the Supervisory Committee may convene and preside over the meeting by itself.

**Article 65** If the shareholders' general meeting is convened by the Supervisory Committee or shareholders on their own, a written notice shall be issued to the Board of Directors.

**Article 66** Where the Supervisory Committee or the shareholders convene a shareholders' general meeting on their own, the Board of Directors shall cooperate. The Board of Directors shall provide the register of members as at the date of equity registration.

**Article 67** Where the Supervisory Committee or the shareholders convene a shareholders' general meeting on their own, the necessary expenses incurred thereof shall be borne by the Company.

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

**Article 68** The contents of proposals shall fall within the terms of reference of a shareholders' general meeting, contain specific agenda items and specific resolutions, and comply with the relevant provisions of the laws, regulations, normative documents and the Articles of Association.

**Article 69** When the Company decides to convene a shareholders' general meeting, the Board of Directors, the Supervisory Committee and shareholders severally or jointly holding 3% or more of the shares of the Company shall be entitled to put forward proposals to the Company.

Shareholders individually or collectively holding 3% or more of the shares of the Company may submit temporary resolutions in writing to the convener 10 days prior to the convening of the shareholders' general meeting. The convener shall issue a supplementary notice of the shareholders' general meeting within two days upon receipt of the proposals.

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

The shareholders' general meeting shall not vote and approve a resolution on any proposal that is not listed in the notice of the shareholders' general meeting or that is inconsistent with the Articles of Association.

**Article 70** Notice of shareholders' annual general meetings shall be given to all shareholders by the convener 21 days before the meeting; notice of extraordinary general meetings shall be given to all shareholders 15 days before the meeting. The date when the meeting is held shall be excluded for the purpose of determining any time limit hereunder.

**Article 71** Notice of the shareholders' general meeting shall:

- (I) be given in writing;
- (II) specify the venue, date and duration of the meeting;
- (III) set out the matters to be discussed at the meeting;
- (IV) provide the shareholders with such information and explanation as necessary for them to make informed decisions in connection with the matters to be discussed; this principle shall include (but not be limited to) when proposals are made to merge the Company, to repurchase shares of the Company, to reorganize its share capital or to effect any other reorganization of the Company, the specific conditions and contracts (if any) of the proposed transaction shall be provided, and the causes and consequences of any such proposals shall also be properly explained;
- (V) disclose the nature and extent of the material interests, if any, of any director, supervisor, general manager and other senior management personnel in the matters to be discussed; and provide an explanation of the differences, if any, between the way in which the matter to be discussed will affect such director, supervisor, general manager and other senior management personnel in his/her capacity as shareholders and the way in which such matter will affect other shareholders of the same class;
- (VI) contain the full text of any special resolution proposed to be passed at the meeting;
- (VII) contain a clear statement that a shareholder entitled to attend and vote has the right to appoint one or more proxies to attend and vote on his behalf and that such proxy need not be a shareholder of the Company;
- (VIII) specify of the equity registration date of shareholders entitled to attend the shareholders' general meeting; and
- (IX) specify the time and place for lodging the power of attorney for the voting proxy for the meeting.

**Article 72** The notice of a shareholders' general meeting shall be sent to shareholders (regardless of whether they are entitled to vote at the general meeting or not) by hand or by prepaid mail, the addresses of the recipients shall be such addresses as shown in the register of members; or be published on the Company's website and/or the websites designated by the Hong Kong Stock Exchange pursuant to the applicable laws and regulations, listing rules of the place where the securities of the Company are listed. If the public announcements are issued to the holders of overseas-listed foreign shares pursuant to the Articles of Association, the announcement shall also be published in such manner as required by the Hong Kong Listing Rules. For the holders of domestic shares, notice of the shareholders' general meeting may be issued by way of public announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council. Once such announcement is made, all holders of the Domestic Shares shall be deemed to have received the relevant notice of the shareholders' general meeting.

**Article 73** The accidental omission to give notice of the meeting to, or the non-receipt of notice of the meeting by, any person entitled to receive notice shall not invalidate the meeting or the resolutions passed at the meeting.

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

**Article 74** The Board of the Company and other conveners shall take necessary measures to ensure the proper order of the shareholders' general meetings. Measures shall be adopted to stop any disruption of the shareholders' general meeting or trouble-making as well as infringement of the legitimate rights and interests of shareholders, and the matter shall be promptly reported to the relevant authorities for investigation and handling.

**Article 75** Any shareholder who is entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (who may not be a shareholder) as his proxy to attend and vote on his behalf. A proxy so appointed can exercise the following rights pursuant to the authorization from such shareholder:

- (I) such shareholder's right to speak at the general meeting;
- (II) the right to demand a poll alone or jointly with others; and
- (III) unless otherwise required by the applicable securities listing rules or other securities laws and regulations, the right to vote by show of hands or on a poll; however, a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

Where such shareholder is a recognized clearing house (or its nominee), it may authorize one or more persons as it deems fit to act as its representative(s) at any shareholders' general meeting or any class meeting, provided that, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect to which person is so authorized. The authorization letter is signed by the persons authorized by the recognized clearing house. The person so authorized may attend the meeting and exercise the rights on behalf of the recognized clearing house (or its nominees) (without presenting evidence of their shareholding, notarized authorization and/or further proof showing their due authorization) as if such person were an individual shareholder of the Company.



**Article 76** Shareholders shall entrust their proxies by written instruments, which shall be made under the hand of the appointer or his agent entrusted in writing. Where the appointer is a legal person, the instrument shall be made under the seal of a legal person or under the hand of its director or duly authorized agent.

**Article 77** The letter of authorization shall be deposited at the address of the Company or such other place specified in the notice of the meeting not less than 24 hours prior to convening of the meeting at which the proxy proposes to vote, or 24 hours before the time appointed for voting. Where the letter of authorization is signed by a person authorized by the appointer, the power of attorney or other authorization instruments shall be notarized. The notarized power of attorney or other authorization instruments, together with the letter of authorization, shall be lodged at the address of the Company or such other place as specified in the notice of the meeting.

Where the appointer is a legal person, its legal representative or other persons authorized by the resolutions of the board of directors or other decision-making body shall attend the shareholders' general meeting of the Company as a representative of the appointer.

Where such shareholder is a recognized clearing house (or its nominee) as defined by the relevant provisions that come into effect from time to time according to the laws of Hong Kong, it may authorize one or more persons as it deems fit to act as its proxy(ies) or representative(s) at any shareholders' general meeting or any class meeting, provided that, if more than one person is so authorized, the letter of authorization or power of attorney shall specify the number and class of shares involving each person is so authorized. The person so authorized may exercise the rights on behalf of the recognized clearing house (or its nominees) without presenting evidence of their shareholding, notarized authorization and/or further evidence of their duly authorization) as if such person were an individual shareholder of the Company.

**Article 78** Any proxy form issued to a shareholder by the Board of Directors of the Company for appointing a proxy of shareholder shall be in such format as to allow the shareholder to freely instruct the proxy to vote "FOR" or "AGAINST" and to give separate instructions on each matter to be voted at the meeting. Such form shall contain a statement that the proxy may vote as he deems fit in the absence of the shareholder's instruction.

**Article 79** Where the appointer has died, became incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to voting, a vote given by the proxy in accordance with the power of attorney shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

**Article 80** Shareholders' general meetings are convened by the Board of Directors and the chairman of the Board shall act as chairman of the shareholders' general meeting. If the chairman of the Board is unable or fails to perform his/her duties, a Director selected by more than half of all Directors shall act as chairman of the meeting; if no person is elected as chairman of the shareholders' general meeting, the attending shareholders may elect a person to act as the chairman. Where the shareholders fail to elect a chairman of the shareholders' general meeting for any reasons, the shareholder (including his/her proxy) present in person who holds the largest number of voting shares shall be the chairman of the shareholders' general meeting.



A shareholders' general meeting convened by the Supervisory Committee itself shall be presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his duties, one supervisor shall be elected jointly by more than half of the supervisors to preside over the meeting.

The shareholders' general meeting convened by shareholder(s) itself/themselves shall be presided over by a representative elected by the convener.

**Article 81** The Company shall formulate the rules of procedure of the shareholders' general meeting to specify in details the convening and voting procedures of the shareholders' general meeting, including notice, registration, deliberation of proposal, voting, vote counting, announcement of voting results, formation of resolutions, minutes, the signing thereof and announcement, as well as the principles of authorization by the shareholders' general meeting to the Board, of which the contents shall be clear and specific. The rules of procedure of the shareholders' general meeting shall be an annex to this Articles of Association and shall be formulated by the Board and approved at the shareholders' general meeting.

**Article 82** All directors, supervisors and secretary to the Board shall attend shareholders' general meetings, and the general manager and other senior management personnel shall be present at the meetings, unless there is a valid reason and they have previously submitted their leave of absence in writing to the convener of the meeting. However, directors, supervisors, secretary to the Board, the general manager and other senior management personnel who are required to answer queries at the shareholders' general meeting shall not apply for leave of absence.

**Article 83** At the annual general meeting, the Board and the Supervisory Committee shall report to the shareholders' general meeting on their work in the last year.

**Article 84** Directors, supervisors and senior management personnel shall provide explanation and clarification to the inquiries and suggestions raised by the shareholders at the general meeting.

**Article 85** Prior to voting, the chairman of the meeting shall announce the number of shareholders and their proxies attending the meeting as well as the total number of their shares carrying the voting shares, all of which shall be based on the registration for the meeting.

**Article 86** The general meeting shall have minutes prepared by the secretary to the Board of Directors. The minutes of the general meeting shall contain the following contents:

- (I) the date and venue for convening the meeting, meeting agenda and the name of the convener of the meeting;
- (II) the name of the chairman of the meeting as well as those of the directors, supervisors, general managers and other senior management personnel who attend the meeting as voting and non-voting attendees;
- (III) the number of shareholders and proxies attending the meeting, the total number of voting shares held by them and the proportion of the total number of shares of the Company;
- (IV) description on the entire course of consideration of each proposal, the main points of the speech and the voting results;

- (V) queries and recommendations of the shareholders and the corresponding response or explanation;
- (VI) the names of the counter and the scrutineer;
- (VII) other contents that should be recorded in the minutes as provided in the Articles of Association.

**Article 87** The convener shall ensure that the contents of the minutes are true, accurate and complete. The directors, supervisors, the secretary of the Board, the convener or representative thereof, and the chairman of the general meeting shall sign on the minutes of the meeting. The minutes of meeting shall be kept together with the attendance record of the attending shareholders, the power of attorney of the proxies and the valid information of otherwise for a term of not less than 10 years.

**Article 88** The convener shall ensure that the general meeting is held continuously until final resolutions have been reached. In the event that the general meeting is suspended or the shareholders fail to reach any resolution due to force majeure or for other special reasons, necessary measures shall be taken to resume the meeting as soon as possible or the meeting shall be terminated directly.

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

**Article 89** Resolutions of shareholders' general meetings are classified as ordinary resolutions and special resolutions.

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

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

**Article 90** The following matters shall be resolved by way of ordinary resolutions at a shareholders' general meeting:

- (I) Work reports of the Board of Directors and the Supervisory Committee;
- (II) Plans for profit distribution and recovery of losses drafted by the Board of Directors;
- (III) Appointment or removal of members of the Board of Directors and the Supervisory Committee (except for staff representative supervisors), and their remuneration and method of payment thereof;
- (IV) The Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements; and
- (V) Any matters other than those required by the laws, administrative regulations, the listing rules of the place where the shares of the Company are listed or the Articles of Association to be approved by special resolution.

**Article 91** The following matters shall be approved by special resolutions at a shareholders' general meeting:

- (I) Increase or reduction of the share capital, and issue of any class of shares, warrants and other similar securities of the Company;
- (II) Issuance of debentures of the Company;
- (III) Demerger, merger, dissolution, liquidation or change in the form of the Company;
- (IV) Amendments to the Articles of Association;
- (V) Any other matters approved by ordinary resolution at a shareholders' general meeting as having a material impact on the Company and are required to be approved by a special resolution;
- (VI) Any other matters required by the laws, administrative regulations, the Articles of Association and the listing rules of the place where the shares of the Company are listed to be approved by special resolution.

**Article 92** Shareholders (including proxies) shall exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share entitles the shareholder one voting right at the shareholders' general meeting. However, the shares of the Company held by the Company shall not be entitled to vote and such shares shall not be counted as part of the total number of shares entitled to vote at the shareholders' general meeting.

Where any shareholder is, under applicable laws and regulations and the listing rules of the place where the shares of the Company are listed, required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any vote cast by or on behalf of such shareholder in violation of such requirement or restriction shall not be counted in the results.

Shares of the Company held by the Company that carry no voting rights and such shares shall not be counted toward the total number of shares with voting rights held by shareholders attending the shareholders' general meeting.

**Article 93** When a related party transaction (as defined under the Hong Kong Listing Rules) is considered at a shareholders' general meeting, related shareholders and their close associates (as defined under the Hong Kong Listing Rules) shall not vote, and the voting shares held by them shall not be counted in the total number of shares with voting rights. The announcement of the resolutions of the shareholders' general meeting shall fully disclose the voting of non-related persons.

Before any related party transaction is considered at a shareholders' general meeting, the Company shall determine the scope of related shareholders in accordance with relevant laws, regulations and normative documents. Related persons or their authorized representatives may attend the shareholders' general meeting, and may clarify their points of view to the attending shareholders in accordance with procedures of the meeting, but they shall take the initiative to abstain from voting.

When relevant related party transactions are considered at a shareholders' general meeting, related shareholders shall take the initiative to abstain from voting; if the related shareholders don't take the initiative to abstain from voting, other shareholders present at the meeting shall have the right to require them to abstain from voting. After related persons have abstained from voting, other shareholders shall vote according to their voting rights and pass the corresponding resolutions in accordance with the provisions of the Articles of Association. The chairman of the meeting shall announce the number of shareholders and proxies other than related persons present at the general meeting and the total number of their voting shares.

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

If a related person or its close associates violates the provisions of this article and participates in voting, the voting on the relevant related party transaction shall be invalid.

**Article 94** The Company shall facilitate the participation of shareholders in the shareholders' general meeting through various methods and ways, provided that the shareholders' general meeting is lawful and effective.

**Article 95** The list of candidates for director and supervisor shall be proposed to the shareholders' general meeting for voting.

The Board of Directors shall provide shareholders with biographical details and basic information about the candidates for directors and supervisors.

Candidates for directors and non-employee representative supervisors shall be proposed by the Board, the Supervisory Committee or shareholders individually or jointly holding more than 3% of the shares of the Company and submitted to the shareholders' general meeting for election.

Candidates for non-employee representative supervisors shall be proposed by the labor unions of the Company and be elected at general meeting of employees.

**Article 96** A resolution shall be decided on a show of hands at any shareholders' general meeting, unless, before or after a vote is carried out by a show of hands, a poll demanded by the following persons or required by relevant regulations of the securities regulatory authority of the place where the shares of the Company are listed:

- (I) the chairman of the meeting;
- (II) at least two shareholders with voting rights or their proxies; or
- (III) one or more shareholders (including their proxies) individually or collectively holding over ten percent (including ten percent) of voting shares at the meeting.

Unless a poll is demanded pursuant to the preceding provision, the chairman shall declare whether the resolution has been passed based on the results of showing of hands, and record the same in the minutes of meeting as conclusive evidence. There is no need to provide evidence of the number or proportion of votes in favor of or against such resolution.

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

If a poll is demanded in accordance with the relevant regulations of the securities regulatory authority at the place where the shares of the Company are listed, the chairman of the meeting may make a decision in good faith to permit the resolution relating merely to procedures or administrative matters to be passed by show of hands.

In the event of vote by casting a poll, the Company shall appoint the scrutineer for vote counting in accordance with the listing rules of the place where the shares of the Company are listed, and disclose the number of relevant votes to the extent required by laws, administrative regulations, requirements of relevant regulatory authorities or the listing rules of the place where the shares of the Company are listed.

**Article 97** A poll demanded on such matters as the election of chairman or the adjournment of the meeting shall be taken immediately. A poll demanded on any other matter shall be taken at such time as the chairman decided, and the meeting may proceed to discuss other matters. The results of the poll shall still be deemed to be a resolution passed at that meeting.

**Article 98** Regarding proposals submitted for resolution, shareholders attending the shareholders' general meeting shall present: agreement, disagreement or abstaining, except that securities registration and settlement institutions, being the nominal holders of shares subject to the Mainland-Hong Kong stock connect, may express opinions according to the intentions of actual holders. If a ballot is blank, marked erroneously or illegible or has not been cast, the voter shall be deemed to have waived his/her right to vote and the voting results for the number of shares that he/she holds shall be recorded as "abstained".

**Article 99** On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way.

When a shareholders' general meeting holds a vote, it shall vote on resolutions on one-by-one basis.

**Article 100** In the case of an equality of votes, whether the vote is taken by show of hands or by poll, the chairman of the meeting shall have a casting vote.

**Article 101** The chairman of meeting shall determine whether a resolution at a shareholders' general meeting has been passed. His decision, which is final and conclusive, shall be announced at the meeting and recorded in the minutes of the meeting.

**Article 102** If the chairman of meeting has any doubt as to the result of any resolution put to the vote, he/she may have the votes counted. If the chairman of meeting does not count the votes, any attending shareholder or proxy who objects to the result announced by the chairman of meeting may demand that the votes be counted immediately after the declaration of the voting result, and the chairman of meeting shall have the votes counted immediately.

**Article 103** If votes are counted at the shareholders' general meeting, the counting result shall be recorded in the minutes of the meeting.

The minutes of the meeting together with the attendance records signed by the attending shareholders and proxy forms shall be kept at the address of the Company.

**Article 104** Copies of the minutes of the meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. Any shareholders demand from the Company a copy of such minutes, the Company shall send a copy to him within 7 days following the receipt of reasonable fees.

## **Section 7 Special Voting Procedures for Class Shareholders**

**Article 105** Shareholders holding different classes of shares are referred to as class shareholders.

A class shareholder shall enjoy rights and assume obligations in accordance with the laws, administrative regulations and the Articles of Association.

Where the share capital of the Company includes shares that do not carry voting rights, the words "non-voting" must appear on the name of such shares. Where the share capital includes shares with different voting rights, the name of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting".

**Article 106** Rights conferred to class shareholders may not be varied or abrogated by the Company unless approved by way of a special resolution at a shareholders' general meeting and by the affected class shareholders at a separate shareholders' meeting convened in accordance with Articles 108 to 112 hereof.

Subject to the approval of the securities regulatory authorities of the State Council, where shareholders of the Company transfer all or part of the unlisted shares they hold to foreign investors and list and trade the unlisted shares on an overseas stock exchange, and convert all or part of the unlisted shares they hold into overseas listed shares and arrange for the listing and trading of these shares on an overseas stock exchange, it shall not be regarded as the Company's proposed modification or termination of the rights of a class of shareholders.

**Article 107** The following circumstances shall be deemed to be a variation or abrogation of the rights of shareholders of a particular class:

- (I) To increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to the shares of such class;
- (II) To effect a change of all or part of the shares of such class into those of another class or to effect an exchange or grant a right of exchange of all or part of the shares of another class into those of such class;
- (III) To remove or reduce the rights in respect to accrued dividends or the cumulative dividends attached to shares of such class;
- (IV) To reduce or remove the preferential rights attached to shares of such class to receive dividends or to the distribution of properties in the event that the Company is liquidated;
- (V) To add, remove or reduce the share conversion rights, options, voting rights, transfer rights, pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;



- (VI) To remove or reduce the rights to receive payables from the Company in a particular currency attached to shares of such class;
- (VII) To create a new class of shares with voting right, distribution right or other privileges equal or superior to those of the shares of such class;
- (VIII) To restrict the transfer or ownership of shares of such class or to impose additional restrictions thereto;
- (IX) To grant the right to subscribe for, or convert into, shares of such or another class;
- (X) To increase the rights and privileges of shares of another class;
- (XI) The restructuring scheme of the Company will result in the holders of different classes of shares bearing a disproportionate burden of obligations under such restructuring; and
- (XII) To vary or abrogate the provision of this Chapter.

**Article 108** Shareholders of the affected class, whether or not otherwise entitled to vote at the shareholders' general meetings, shall nevertheless be entitled to vote at class meetings in respect to matters concerning sub-paragraphs (II) to (VIII), (XI) and (XII) of Article 107 hereof, but the interested shareholder(s) shall not be entitled to vote at class meetings.

“Interested shareholder(s)”, as such term is mentioned in the preceding paragraph, means:

- (I) In the case of a repurchase of shares by the Company by pro rata offers to all shareholders or by way of on-market dealing on stock exchange(s) under Article 27 hereof, an “interested shareholder” is a controlling shareholder as defined in Article 57 hereof;
- (II) In the case of a repurchase of shares by the Company outside stock exchange by way of agreement under Article 27 hereof, an “interested shareholder” refers to a shareholder who is related to such agreement; or
- (III) In the case of a restructuring scheme of the Company, an “interested shareholder” refers to a shareholder within a class who bears less than a proportionate liability than other shareholders of such class or who has an interest different from those of other shareholders of such class.

**Article 109** Resolutions of a class meeting shall be passed by shareholders present at the class meeting representing two-thirds or more of the voting rights in accordance with Article 108 hereof.

**Article 110** In the event that the Company convenes a class meeting, a written notice shall be issued, according to Article 70 of the Articles of Association, to all the shareholders whose names appear on the register of members of such class, specifying the matters proposed to be considered, the date and place of the meeting. If the listing rules of the place where the Securities of the Company are listed have specific provisions, such provisions shall be complied with.

**Article 111** The notice of the class meeting shall only be served to shareholders entitled to vote thereat.



A class meeting shall be held under procedures as similar as possible to a shareholders' general meeting. The provisions of the Articles of Associations which relate to the procedures of convening shareholders' general meetings shall apply to class meetings.

**Article 112** In addition to holders of other classes of shares, holders of domestic shares and overseas-listed foreign shares are deemed to be different classes of shareholders.

The special voting procedures for class meetings shall not apply to the following circumstances:

- (I) Where the Company issues, upon approval by a special resolution at a shareholders' general meeting, either separately or concurrently every 12 months, not more than 20% of each of the existing outstanding issued domestic shares and overseas-listed foreign shares;
- (II) Where the Company's plan to issue domestic shares and overseas-listed foreign shares at the time of its establishment is implemented within 15 months from the date of approval by the securities regulatory authority of the State Council;
- (III) Where holders of domestic shares of the Company transfer the shares held by them to overseas investors or convert the shares into overseas-listed foreign shares, and such shares are listed or traded on an overseas stock exchange, upon the approval by the securities regulatory authority of the State Council.

## **CHAPTER 5 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 113** Directors shall be elected at the shareholders' general meetings for a term of 3 years. Upon maturity of the term of office, a director shall be eligible to offer himself for re-election and re-appointment.

Written notice of the intention to nominate a candidate for directorship and the candidate's indication of his or her willingness to accept the nomination shall be sent to the Company seven days prior to the shareholders' general meeting.

The election and removal of the chairman shall be approved by more than half of all directors. The chairman shall serve for a term of three years and may be re-elected.

Subject to the relevant laws and administrative regulations, a director (including an executive director) may be removed by an ordinary resolution in a shareholders' general meeting, before the expiration of his term of office; but such removal shall not have prejudice to any damage claim made by that director under any contract.

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

**Article 114** The term of office of a director shall start from the date on which the said director assumes office to the expiry of the current term of the Board of Directors. If the term of office of a director expires but re-election is not made in a timely manner, the said director shall continue to perform the duties as director pursuant to the laws, administrative regulations, normative documents and the Articles of Association until the elected director assumes his office.

**Article 115** Directors shall comply with laws, regulations and normative documents, the listing rules of the place where the shares of the Company are listed and the Articles of Association, and carry out their duties of loyalty as the following:

- (I) Not to exploit his position to accept bribes or to obtain other illegal income or expropriate the Company's property;
- (II) Not to misappropriate company funds;
- (III) Not to open any account in his own name or in any other name for the deposit of the Company's assets or funds;
- (IV) Not to lend the Company's funds to others or use the Company's properties to provide guarantee to others without the consent of the shareholders given at a general meeting or the consent of the Board of Directors in violation of the Articles of Association;
- (V) Not to enter into contracts or transactions with the Company in violation of the Articles of Association or without approval of the shareholders' general meeting;
- (VI) Not to exploit inside information or their position to procure business opportunities for themselves or others that should have otherwise been available to the Company or operating businesses similar to that of the Company for their own benefits or on behalf of others without approval of the shareholders' general meeting;
- (VII) Not to accept commissions in connection with the Company's transactions for their own benefit;
- (VIII) Not to disclose the confidential information of the Company without authority;
- (IX) Not to use their affiliation to jeopardize the interests of the Company;
- (X) Not to disclose the material information that has not yet been made public, not to use inside information to obtain unlawful benefits;
- (XI) Safeguard the interests of the Company and all shareholders, and shall not prejudice the interests of the Company for the interest of beneficial controllers, shareholders, employees, himself or other third parties;
- (XII) Perform the non-competition obligation after resignation as agreed with the Company;
- (XIII) Other faithful discharge of obligations as prescribed in the laws, regulations, normative documents and the Articles of Association.

Any gain arising from the breach of this Article by directors shall belong to the Company. Such directors shall be liable for compensation for any loss of the Company arising therefrom.

**Article 116** Directors shall comply with laws, regulations and normative documents, the listing rules of the place where the shares of the Company are listed, the Articles of Association, and carry out their duties of diligence as the following:

- (I) To prudently, earnestly and diligently exercise the rights conferred by the Company so as to ensure that the Company's business activities meet the requirements of laws, administrative rules, normative documents and the various State economic policies and that the business activities shall not exceed the business scope specified in the business license;
- (II) To treat all the shareholders fairly;
- (III) To carefully read the relevant business and financial reports of the Company and keep informed of the operation and management conditions of the Company in a timely manner;
- (IV) To provide the relevant information and materials to the board of supervisors faithfully, and not impeding the board of supervisors or supervisors in exercising their functions and powers;
- (V) To ensure that they have reserved sufficient time and effort for participating in the Company's affairs and cautiously judging the risks and gains arising from the resolutions proposed; the directors, in principle, shall attend the meeting of the Board in person. Any director who fails to attend the meeting due to some reasons and authorises another director to attend on his/her behalf shall cautiously select a proxy, with specific and clear authorised matters and intent of decision-making, and shall not give carte blanche to his/her proxy;
- (VI) To focus on matters such as the operating condition of the Company and timely report relevant issues and risks to the Board, and shall not claim exemption from liability on the grounds that they are not familiar with the Company's business or do not understand the relevant matters;
- (VII) To actively promote the regulated operation of the Company, timely rectify and report the irregularities of the Company and support the Company to fulfil its social responsibilities;
- (VIII) Other obligations of diligence as prescribed in the laws, regulations, normative documents and the Articles of Association.

**Article 117** A director may resign before expiration of his term of office. The resigning director shall submit a written resignation to the Board of Directors.

In the event that the resignation of any director results in the number of members of the Board of Directors to be less than the statutory minimum requirement, the said director shall perform duties as director pursuant to the laws, administrative regulations, normative documents and the Articles of Association until an elected director assumes his/her office.

Save for the circumstances referenced in the preceding paragraph, the resignation of a director shall become effective upon submission of his resignation to the Board of Directors.

**Article 118** Any Director who leave without authorization before his term expires shall be liable for compensation to any loss caused to the Company.

If any director fails to attend in person or appoint other directors to attend meetings of the Board of Directors for two consecutive times without proper reason, such director shall be deemed to have failed to perform his duties, and the Board of Directors may propose to replace such director at the shareholders' general meeting.

## **Section 2 Independent Non-executive Directors**

**Article 119** Independent non-executive Directors refer to Directors who do not hold any other position in the Company other than Director, member or chairman of the special committees of the Board of Directors, and have no relationship with the Company and substantial shareholders that may affect their independent and objective judgments. Independent non-executive Directors shall account for at least one third of the Board members and not less than three. At least one of the independent non-executive Directors of the Company shall have appropriate professional qualification or accounting or relevant financial management expertise, and at least one of them shall normally reside in Hong Kong.

The terms of office of the independent non-executive Directors are the same as that of other Directors of the Company. Upon expiration of their term, the independent non-executive Directors can be re-elected.

**Article 120** An independent non-executive Director shall have the qualification and independence to hold office as stipulated by laws and regulations, and the listing rules of the place where the shares of the Company are listed.

**Article 121** An independent non-executive Director may resign before his/her term of office expires.

**Article 122** An independent non-executive Director shall perform his/her duties in accordance with laws and regulations, and the listing rules of the place where the shares of the Company are listed.

**Article 123** The Company shall formulate a working system for independent non-executive Directors, specifying the qualification, nomination, election and replacement, and rights and obligations of independent non-executive Directors, subject to approval of the shareholders' general meeting.

**Article 124** Where it is not expressly provided for in this section in relation to independent non-executive Directors, the relevant laws and regulations, the listing rules of the place where the shares of the Company are listed and the Articles of Association concerning the Directors of the Company shall apply.

## **Section 3 Board of Directors**

**Article 125** The Company shall establish a Board of Directors, which consists of 10 Directors, with a chairman, including four independent non-executive Directors with at least one accounting professional.

**Article 126** The Board of Directors shall be responsible to the shareholders' general meetings and exercise the following functions and powers:

- (I) to convene Shareholders' general meeting and report on its work to the Shareholders' general meeting;
- (II) to implement the resolutions of the Shareholders' general meeting;
- (III) to decide on the business plans and investment plans of the Company;
- (IV) to formulate proposals for the Company's annual financial budget and final accounts;
- (V) to formulate the Company's profit distribution proposal and loss recovery proposal;
- (VI) to formulate proposals for the increase or reduction of the Company's registered capital and the issue of corporate bonds;
- (VII) to formulate proposals for the merger, division or dissolution of the Company or change of corporate form;
- (VIII) to decide on the internal management setup of the Company;
- (IX) to appoint or dismiss the general manager of the Company; to appoint or dismiss senior vice general manager, vice general manager, chief financial officer and other senior management personnel of the Company based on the nominations of the general manager, and to determine their emoluments;
- (X) to formulate the Company's basic management system;
- (XI) to formulate plans for amendment of the Articles of Association;
- (XII) other duties and powers provided in laws and regulations, listing rules of the place where the securities of the Company are listed and granted by the shareholders' general meeting, and specified in the Articles of Association.

Resolutions by the Board of Directors on matters referred to in the preceding paragraph, except for sub-paragraphs (VI), (VII) and (XI), may be passed by the affirmative vote of more than half of the Directors. The Board of Directors shall perform its duties in accordance with national laws, administrative regulations, the listing rules of the place where the securities of the Company are listed, the Articles of Association and resolutions approved by the shareholders' general meeting.

**Article 127** The Board of Directors shall not, without the approval of shareholders in a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of fixed assets proposed for disposal and the value of fixed assets disposed of within 4 months before the proposed disposal exceeds 33% of the value of the Company's fixed assets as shown in the balance sheet considered in the shareholders' general meeting.

For the purposes of this Article, the term "disposal of fixed assets" includes the transfer of an interest in certain assets, but does not include the provision of guarantees with fixed assets.

The validity of a transaction for disposal of fixed assets by the Company shall not be affected by a breach of the first paragraph of this Article.

**Article 128** The chairman of the Board of Directors shall exercise the following functions and powers:

- (I) to preside over the shareholders' general meetings and to convene and preside over Board meetings;
- (II) to inspect the implementation of resolutions of the Board of Directors;
- (III) to sign the securities issued by the Company;
- (IV) to exercise other functions and powers granted by the Board of Directors or the listing rules of the place where the securities of the Company are listed.

Where the chairman is incapable of performing or is not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

**Article 129** Board meetings include regular meetings and extraordinary meetings. Board meetings shall be convened at least four times a year and be called for by the chairman. The notice of the regular meeting of the Board of Directors shall be given not less than 14 days in advance, and the notice of the extraordinary meeting shall be given not less than 5 days in advance. With the consent of the Directors of the Company, the time limit of the above notices may be exempted. However, in the event of emergency for which an extraordinary meeting of the Board of Directors needs to be held as soon as possible, the notice may be given by telephone or other oral means at any time, provided that the convener shall give an explanation at the meeting therefor.

An extraordinary board meeting may be held of the occurrence of any of the following:

- (I) When proposed by more than one tenth of the Shareholders with voting rights;
- (II) When jointly proposed by more than one third of the Directors;
- (III) When proposed by the Board of Supervisors;
- (IV) When the chairman of the Board of Directors deems it necessary;
- (V) When proposed by more than half of the independent non-executive Directors;
- (VI) When proposed by the general manager.

The chairman shall convene and preside over the board meeting within 10 days of receiving such proposal.

**Article 130** The notice of regular meetings or extraordinary meetings convened by the Board of Directors may be given by hand, mail, fax, or telephone.

The notice of meeting shall be deemed to have been issued to a Director if he is present at the meeting and does not raise an objection to the non-receipt of such notice prior to or at the meeting.

Regular meetings or extraordinary meetings of the Board of Directors may be held by way of teleconference, video conference or similar communication equipment. The Directors attending a meeting by such means shall be deemed to be present at the meeting in person provided all Directors present at the meeting can hear and communicate with each other.

Unless otherwise specified by laws and regulations or the listing rules of the place where the shares of the Company are listed, the Board of Directors may adopt a written resolution to replace the Board meeting. A written resolution shall be deemed to be passed upon signature of Directors of proper proportion and quorum for a Board of Directors stipulated by laws and regulations and the Articles of Association. Such written resolutions shall be filed together with Board meeting minutes and other archives of the Company, and shall have the same binding force and validity as the resolutions made by Directors attending Board meetings in person.

**Article 131** Meetings of the Board of Directors shall be held only if more than half of the Directors (including directors in proxy in according with Article 133 in the Articles of Association) attend.

Voting of resolutions of the Board of Directors shall proceed by voting by a show of hands or voting by poll. Extraordinary meetings of the Board of Directors may be conducted by way of fax or circulation and resolutions may be passed thereat provided that the Directors shall have fully expressed their views and the directors attending the meeting shall sign accordingly.

**Article 132** The Board of Directors shall formulate the rules of procedures for the Board of Directors and specify the formats of discussion and voting procedures for meetings of the Board of Directors to ensure work efficiency and scientific decision-making of the Board of Directors.

Each director shall have one vote. The resolution proposed by the Board of Directors shall be passed by more than half of all Directors, unless otherwise stated in the Articles of Association. When the negative votes and the affirmative votes are the same, the chairman has one more vote.

**Article 133** The Directors shall attend the Board meeting by themselves. If a Director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization.

The Director attending the meeting on other's behalf shall only exercise the rights of a Director within the scope of authorization. If a Director fails to attend a board meeting or appoint a representative to attend on his behalf, such Director shall be deemed to have waived his right to vote at such meeting.

**Article 134** The Board of Directors and any committee thereof shall record the decisions on the matters discussed at the meeting as minutes. Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed. Draft and final versions of minutes should be sent to all directors for their comment and records respectively, within a reasonable time after the board meeting is held.



The Directors and recorder attending the meeting shall sign the minutes. The minutes of meetings shall be kept for at least 10 years. Directors shall be liable for the resolutions of the Board of Directors. If the resolutions of the Board of Directors violate the laws, administrative regulations or the Articles of Association, and the Company suffers a material loss as a result thereof, the Directors participating in the resolutions are liable to the Company for the losses. However, Directors may be exempted from such liability if it is verified that such Director has stated his objection when voting and the same was recorded in the minutes at the Board meeting.

Any opinion stated by the independent non-executive Directors shall be recorded in the Board resolutions.

#### **Section 4 Special Committees of the Board of Directors**

**Article 135** The Board of Directors may set up special committees such as Audit Committee, Remuneration and Assessment Committee, Nomination Committee and Strategy Committee, and formulate corresponding implementation rules to stipulate the main responsibilities, decision-making procedures and rules of procedures of each special committee. The Board of Directors shall be responsible for amendment and interpretation of the implementation rules of each special committee.

**Article 136** Special committees shall be accountable to the Board of Directors. Special committees shall submit their proposals to the Board of Directors for their review and decision. Special committees may engage an intermediary to seek professional advice at the Company's expense.

#### **Section 5 Secretary to the Board of Directors**

**Article 137** There shall be a secretary of the Board. The secretary of the Board of Directors is a member of senior management of the Company.

**Article 138** The secretary to the Board of Directors shall be a natural person with the necessary professional knowledge and experience and shall be appointed or dismissed by the Board of Directors. Its principal responsibilities include:

- (I) ensure that the Company has complete organizational documents and records;
- (II) ensure that reports and documents requested by the competent authorities are prepared and submitted by the Company in accordance with the law and be responsible for accepting, organizing, and completing related tasks assigned by supervisory authorities;
- (III) ensure that the register of members of the Company is properly established, and ensure that the person that has the right to receive relevant records and documents from the Company will receive such records and documents timely;
- (IV) be responsible for the information disclosure matters of the Company, and ensure that the information disclosed by the Company is timely, accurate, legal, true, and complete; and
- (V) exercise other functions and powers as conferred by the Board, as well as other functions and powers as required by the stock exchanges on which the Company's shares are listed.

**Article 139** Directors or other senior management of the Company may concurrently hold the office of the secretary to the Board of Directors. No accountant of an accounting firm engaged by the Company may concurrently hold the office of the secretary to the Board of Directors.

Where a Director concurrently serves as the secretary to the Board of Directors, if any action needs to be taken separately by a Director and the secretary to the Board of Directors, the person concurrently serving as Director and the secretary to the Board of Directors shall not take such action in both capacities.

## **CHAPTER 6 GENERAL MANAGER OF THE COMPANY**

**Article 140** The Company shall have one general manager to be appointed or dismissed by the Board of Directors.

The Company shall have several deputy general managers to be appointed or dismissed by the Board of Directors.

The Board of Directors shall have the right to appoint members of the Board of Directors to serve concurrently as general manager.

The term of office of the general manager shall be 3 years and the general manager may be reappointed upon the expiration of his/her term.

**Article 141** The general manager, who is responsible for the Board of Directors, may exercise the following functions and powers:

- (I) to lead the Company's operation and management, to organize the implementation of the resolutions of the Board and to report to the Board;
- (II) to organise the implementation of the Company's annual business plans and investment plans;
- (III) to formulate plans for establishment of internal management of the Company;
- (IV) To draft the Company's basic management system;
- (V) to formulate the basic rules and regulations of the Company;
- (VI) to propose the appointment or dismissal of the Company's vice general manager(s) and the chief financial officer;
- (VII) to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the Board of Directors);
- (VIII) to exercise other duties and powers conferred by the Articles of Association and the Board.

**Article 142** The general manager shall attend the Board meetings, but he/she has no voting rights at the Board meetings if he/she is not a director.

**Article 143** The general manager of the Company shall exercise the functions and powers in accordance with laws, administrative regulations, rules, normative documents, relevant provisions of the securities regulatory authorities of the place(s) where the Shares of the Company are listed and the Articles of Association and performs the obligations of honesty and diligence.

## **CHAPTER 7 SUPERVISORY COMMITTEE**

**Article 144** The Company shall establish a Supervisory Committee.

**Article 145** The Supervisory Committee shall comprise three supervisors, including one chairman. Each term of office of a supervisor is three years and he may be re-elected.

The appointment and dismissal of the chairman of the Supervisory Committee shall be passed by the votes of more than two-thirds of the members of the Supervisory Committee.

**Article 146** The Supervisory Committee consists of two representatives of the Shareholders and one employee representative of the Company. Shareholder representatives shall be elected and removed by Shareholders' general meetings, and employee representative shall be elected and removed democratically by the employees of the Company.

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

**Article 147** Directors, general manager and other senior management members of the Company may not serve as Supervisors concurrently.

**Article 148** The meetings of the Supervisory Committee consist of regular meetings and extraordinary meetings. Regular meetings of the Supervisory Committee shall be convened at least once every six months and be convened and presided by its chairman. Supervisors may propose to convene an extraordinary meeting of the Supervisory Committee. A Supervisor shall be jointly elected by more than half of the Supervisors to convene and preside over the meetings of Supervisory Committee when the chairman fails or refuses to perform his/her duties.

**Article 149** The Supervisory Committee shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers in accordance with the law:

- (I) to review the Company's financial position;
- (II) to supervise the Directors, the general manager and other senior management in their performance of their duties of the Company and to propose the removal of Directors and senior management who have violated laws, administrative regulations, listing rules of the place(s) where the Shares of the Company are listed and the Articles of Association or resolutions of general meetings;
- (III) when the acts of a Director, general manager and other senior management are detrimental to the Company's interests, to require him/her to correct such acts;

- (IV) to verify financial information such as financial reports, business reports, profit distribution plans that the Board of Directors intends to submit to the shareholders' general meeting and, if in doubt, a registered accountant or practicing auditor shall be appointed in the name of the Company to assist in reviewing such information;
- (V) to propose the convening of extraordinary Shareholders' general meetings and to convene and preside over Shareholders' general meetings when the Board fails to perform the duty of convening and presiding over Shareholders' general meetings;
- (VI) to make proposals to the shareholders' general meeting;
- (VII) to negotiate with Directors on behalf of the Company or to initiate litigation against Directors, the general manager, and other senior management members in accordance with the law and the Articles of Association of the Company; and
- (VIII) to exercise other functions and powers stipulated in the Articles of Association.

Supervisors may attend board meetings and make enquiries or proposals in respect of Board resolutions.

Supervisors shall ensure the truthfulness, accuracy and completeness of the information disclosed by the Company.

**Article 150** The meeting of the Supervisory Committee shall only be held when more than two-thirds of the Supervisors are present. The voting at meetings of the Supervisory Committee shall be conducted in the form of open ballot. Each Supervisor shall have one vote. Supervisors shall attend meetings of the Supervisory Committee in person. If a supervisor is unable to attend for any reason, he/she may appoint another supervisor to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization.

The resolutions of Supervisory Committee shall be passed by the votes of more than two-thirds of the members of the Supervisory Committee.

**Article 151** The Supervisory Committee shall formulate the rules of procedures for the Supervisory Committee and specify the formats of discussion and voting procedures for meetings of the Supervisory Committee to ensure work efficiency and scientific decision-making of the Supervisory Committee.

**Article 152** The meeting of the Supervisory Committee shall be recorded. The supervisors and recorder attending the meeting shall sign on the minutes. The meeting minutes of the Supervisory Committee shall be kept as archives of the Company by a person designated by the chairman of the Supervisory Committee. The minutes of meetings shall be kept for at least 10 years.

**Article 153** The Company shall be responsible for the reasonable expenses incurred in hiring professionals such as lawyers, certified public accountants, and practicing auditors when the Supervisory Committee exercises its functions and powers.

**Article 154** Supervisors shall faithfully perform their supervisory duties in accordance with laws, administrative regulations, and the provisions of the Articles of Association.

## **CHAPTER 8 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, GENERAL MANAGERS AND OTHER SENIOR MANAGEMENT OF THE COMPANY**

**Article 155** No one shall be a director, supervisor, general manager, or other senior management officer of the Company under any of the following circumstances:

- (I) A person without or with limited capacity for civil conduct;
- (II) A person who has been sentenced for corruption, bribery, infringement of property, misappropriation of property or damaging the social economic order, where less than 5 years have elapsed since the sentence was served, or who has been deprived of his political rights due to criminal offense, where less than 5 years have elapsed since the sentence was served;
- (III) A person who is a Director, factory Director or manager of a bankrupt and liquidated company or enterprise due to poor operation and management whereby such person is personally liable for the insolvency of such company or enterprise, and where less than 3 years have elapsed since the date of completion of the insolvency and liquidation of such company or enterprise;
- (IV) A person who is a former legal representative of a company or enterprise the business license of which was revoked and ordered to close down due to violation of law and who is personally liable for such violation, where less than 3 years have elapsed since the date of the revocation of business license of such company or enterprise;
- (V) A person who has a relatively large amount of debts which have become overdue;
- (VI) A person who is currently under investigation by the judicial authorities for violation of criminal law, and the legal procedures are pending;
- (VII) A person who, according to law and administrative regulations, is not permitted to be the leader of an enterprise;
- (VIII) A person who is not a natural person;
- (IX) A person who has been convicted by the relevant competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than 5 years have elapsed since the date of such conviction;
- (X) Other persons stipulated in the laws, administrative regulations and the listing rules or the relevant laws and regulations of the place where the Securities of the Company are listed.

In the case of the election, appointment of directors and supervisors or employment of senior management which violates the above provisions, the election, appointment or employment shall be null and void.

Any director, supervisor or senior management officer who falls under the circumstances as set out in Paragraph (I) of this Article during his/her term of office shall be removed by the Company.

**Article 156** The validity of an act carried out by the Company's Director, general manager and other senior management officer on behalf of the Company as against a bona fide third party shall not be affected by any irregularity in his employment, election or qualification.

**Article 157** In addition to the obligations imposed by law, administrative regulations or the listing rules of the place where the Securities of the Company are listed, each of the Company's directors, supervisors, general manager and other senior management officers owes the following obligations to each shareholder, in the exercise of the functions and powers granted to them by the Company:

- (I) Not to exceed the Company's scope of business specified in its business license;
- (II) To act bona fide in the best interests of the Company;
- (III) Not to expropriate the Company's property in any way, including (but not limited to) opportunities beneficial to the Company;
- (IV) Not to expropriate the personal rights and interests of shareholders, including (but not limited to) rights to distribution and voting rights, except in a restructuring of the Company which has been submitted to the shareholders' general meeting for approval in accordance with the Articles of Association.

**Article 158** Each of the Company's directors, supervisors, general managers and other senior management officers owes the duty that in the exercise of his powers or discharge of his obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise under similar circumstances.

**Article 159** Each of the Company's directors, supervisors, general manager and other senior management officers shall perform his duties on the principle of fiduciary responsibility, and shall not put himself in a position where his interests and his duties may conflict. This principle includes (but is not limited to) discharging the following obligations:

- (I) To act bona fide in the best interests of the Company;
- (II) To exercise his powers within his terms of reference and not to act ultra vires;
- (III) To exercise the discretion vested in him personally and not to allow himself to act under the control of any other party; and unless permitted by laws, administrative regulations and listing rules of the place where the Securities of the Company are listed or with the informed consent of the shareholders given in a general meeting, not to delegate the exercise of his/her discretion to another party;
- (IV) To treat shareholders of the same class equally and to treat shareholders of different classes fairly;



- (V) Unless otherwise provided in the Articles of Association or listing rules of the place where the Securities of the Company are listed or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) Not to use the Company's property in any way for his own benefit without the informed consent of the shareholders given in a general meeting;
- (VII) Not to exploit his position to accept bribes or to obtain other illegal income, expropriate the Company's property in any way, including (but not limited to) opportunities beneficial to the Company;
- (VIII) Not to accept commissions in connection with the Company's transactions without the informed consent of the shareholders given in a general meeting;
- (IX) To comply with the Articles of Association, perform his duties faithfully, protect the Company's interests and not to exploit his position and power in the Company for his own benefit;
- (X) Not to compete with the Company in any way without the informed consent of the shareholders given in a general meeting;
- (XI) Not to misappropriate the Company's funds or lend the Company's funds to other persons, not to open any account in his own name or in any other name for the deposit of the Company's assets, and not to use the Company's assets to provide guarantee for the debts of shareholders of the Company or other individuals; and
- (XII) Not to disclose any confidential information in relation to the Company which he has obtained during his term of office without the informed consent of the shareholders given at a general meeting; nor shall he use such information other than for the Company's benefit, save that disclosure of such information to the court or other governmental authorities is permitted if:
  1. provided by law;
  2. required in the public interest;
  3. required in the own interest of such Director, Supervisor, general manager and other senior management staff.

**Article 160** Director, Supervisor, general manager and other senior management of the Company shall not direct the following persons or institutions (referred to as "related parties") to do anything that is not permitted:

- (I) The spouse or minor child of the Company's Director, Supervisor, general manager and other senior management;
- (II) The trustee of the Company's Director, Supervisor, general manager and other senior management or any person referred to in sub-paragraph (I) of this Article;



- (III) The partner of the Company's Director, Supervisor, general manager and other senior management or any person referred to in sub-paragraphs (I) and (II) of this Article;
- (IV) A company in which the Company's Director, Supervisor, general manager and other senior management, whether alone or jointly with the persons referred to in sub-paragraphs (I), (II) or (III) of this Article or other Directors, Supervisors, general managers and other senior management of the Company, has de facto control; and
- (V) The directors, supervisors, general managers and other senior management of the controlled company referred to in sub-paragraph (IV) of this Article.

**Article 161** The fiduciary duty of a Director, Supervisor, general manager and other senior management of the Company does not necessarily cease with the termination of his/her term of office, and their confidentiality obligation to the Company in respect of commercial secrets shall continue after expiry of his/her term of office. The term for continuance of other obligations shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the occurrence of the matter and the termination as well as the circumstances and conditions under which the relationship with the Company terminates.

**Article 162** Except in circumstances otherwise stipulated in the Article 56 of this Articles of Association, liabilities of a Director, Supervisor, general manager and other senior management arising from the violation of a specified duty may be released by informed Shareholders in general meeting.

**Article 163** Where a director, supervisor, general manager and other senior management member of the Company is, directly or indirectly, holding a material interest in a contract, transaction or arrangement that the Company has concluded or plans to conclude (excluding any employment contract of the Company with such director, supervisor, general manager and other senior management member), such director, supervisor, general manager and other senior management member shall, as soon as practicable, disclose to the Board of Directors the nature and extent of his/her interest, regardless of whether the issue concerned is subject to the approval of the Board of Directors in normal circumstances.

A director who is connected with an enterprise involved in the resolution made at a Board meeting shall not vote on the said resolution for himself or on behalf of another director and shall abstain from voting. The Board meeting may be held with the quorum of more than half of non-connected directors and resolutions at the Board meeting shall be passed by more than half of non-connected directors. Where the number of non-connected directors present at the Board meeting is less than three, the matter shall be submitted to the shareholders' general meeting of the Company for deliberation.

Unless under the exceptional circumstances specified in the Note 1, Appendix 3 of Hong Kong Listing Rules or otherwise approved by the Hong Kong Stock Exchange, a Director shall not vote on any resolution of the Board approving contract, transaction, arrangement or any other proposal in which he/she or any of his/her close associates (as defined in the applicable Listing Rules which come into effect from time to time) has a material interest nor shall he/she be counted in the quorum of the meeting. If the relevant contract, transaction, arrangement or proposal involves the connected transaction specified in the Hong Kong Listing Rules, the "close associates" herein shall be changed to "associates" (as defined in the applicable Hong Kong Listing Rules which come into effect from time to time).

Unless the interested Director, Supervisor, general manager and other senior management of the Company has disclosed his/her interest to the Board of Directors as required by the first paragraph of this Article and relevant matters have been approved by the Board of Directors at a meeting in which he/she was not counted in the quorum and has abstained from voting, the contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide party thereto who does not have notice of the breach of duty by the interested Director, Supervisor, general manager and other senior management.

A director, supervisor, general manager and other senior management member of the Company shall be deemed to have interests in a contract, transaction or arrangement where his/her connected persons or associates have interests.

**Article 164** Where a Director, Supervisor, general manager and other senior management of the Company gives the Board of Directors a notice in writing stating that, by reason of the facts specified in the notice, he/she is interested in the contract, transaction or arrangement which may subsequently be made by the Company, such notice shall be deemed to be a disclosure for the purpose of the preceding Article of this Chapter, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the relevant contract conclusion, transaction or arrangement is first taken into consideration by the Company.

**Article 165** The Company shall not in any manner pay taxes for its directors, supervisors, general manager or other senior management.

**Article 166** The Company shall not, directly or indirectly, provide loans or loan guarantees to the Directors, Supervisors, general manager and other senior management members of the Company and its parent Company, nor shall the Company provide the same to connected persons of the above-mentioned persons.

The preceding provisions shall not apply to the following circumstances:

- (I) loans or loan guarantees provided by the Company to its subsidiaries;
- (II) loans, loan guarantees or other funds provided by the Company to the Directors, Supervisors, general manager and other senior management members of the Company pursuant to their employment contracts which were adopted by the Shareholders' general meeting, to cover expenditure incurred for the Company or for performing their duties and responsibilities for the Company; and
- (III) if the normal business activities of the Company include provision of loans and loan guarantees, the Company may provide loans and loan guarantees to the relevant Directors, Supervisors, general manager and other senior management members and their connected persons, provided that the loans and loan guarantees are provided on normal commercial terms.

**Article 167** If the Company provides a loan in breach of the provisions above, regardless of the terms of the loan, the person who has received the loan shall repay it immediately.

**Article 168** The Company shall not be forced to perform the loan guarantee it provided in breach of sub-paragraph (I) of Article 166, except in the following circumstances:

- (I) the loan provider was not informed at the time that the loan was provided to the connected persons of the Directors, Supervisors, general manager and other senior management members of the Company or its parent company;
- (II) the guarantee provided by the Company has been sold by the loan provider lawfully to a goodwill buyer.

**Article 169** For the purposes of the foregoing provisions of this Chapter, a guarantee includes an act of undertaking or property provided by the guarantor to secure the performance of obligations by the obligor.

**Article 170** If a Director, a Supervisor, general manager and other senior management of the Company breaches his/her obligations to the Company, the Company shall, in addition to various rights and remedies provided by laws, administrative regulations, listing rules of the place where the Securities of the Company are listed, have a right to:

- (I) require the relevant Director, Supervisor, general manager and other senior management to compensate for the losses sustained by the Company as a consequence of his/her dereliction of duty;
- (II) rescind any contract or transaction concluded by the Company with the relevant Director, Supervisor, general manager and other senior management, as well as any contract or transaction concluded by the Company with a third party (where such third party is aware or should be aware that the Director, Supervisor, general manager and other senior management representing the Company was in breach of his/her obligations to the Company);
- (III) require the relevant Director, Supervisor, general manager and other senior management to surrender the gains derived from the breach of his/her obligations;
- (IV) recover any funds received by the relevant Director, Supervisor, general manager and other senior management that should have been received by the Company, including (but not limited to) commissions;
- (V) require the relevant Director, Supervisor, general manager and other senior management to repay the interest earned or possibly earned on the funds that should have been given to the Company.

**Article 171** The Company shall enter into written contracts with each of its Director, Supervisor and senior management, of which shall include the following provisions at least:

- (I) An undertaking by the director, supervisor and senior management to the Company to observe Company Law, the Articles of Association, the Codes on Takeover and Mergers reviewed by the Securities and Futures Commission of Hong Kong, which is amended from time to time, the Codes on Share Repurchases and other rules of the Hong Kong Stock Exchange, and an agreement that the Company shall have the remedies provided in the Articles of Association, and that neither the contract nor his office is capable of assignment;

- (II) An undertaking by the director, supervisor or senior management to the Company on behalf of each shareholder to observe and perform his/her obligations for its shareholders required by the Articles of Association;
- (III) An arbitration clause as provided in Article 214 hereof.

**Article 172** The Company shall enter into written contracts with the Directors and the Supervisors of the Company regarding remuneration which are subject to the prior approval from the Shareholders' general meeting. The aforesaid remuneration includes:

- (I) remuneration in respect to his service as Director, Supervisor or senior management of the Company;
- (II) remuneration in respect to his service as Director, Supervisor or senior management of any subsidiary of the Company;
- (III) remuneration in respect to the provision of other services in connection with the management of the Company and its subsidiaries; and
- (IV) payment to the Director or Supervisor as compensation for loss of office or as consideration in connection with his/her retirement.

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

**Article 173** The contracts entered into between the Company and its Directors or Supervisors concerning emoluments shall prescribe that in the event that the Company is being acquired, the Company's directors and supervisors shall, subject to the prior approval of shareholders in a general meeting, have the right to receive compensation or other payment in respect to his loss of office or retirement.

For the purposes of the preceding paragraph, the acquisition of the Company includes any of the following:

- (I) An offer made by any person to all shareholders; or
- (II) An offer made by any person such that the offeror will become the controlling shareholder. The term "controlling shareholder" has the same meaning as defined in the Article 57 of this Articles of Association.

If the relevant Director or Supervisor does not comply with this Article, any sum received by him/her shall belong to those persons who have sold their shares as a result of the acceptance of such offer, and the expenses incurred in distributing that sum on a pro rata basis among those persons shall be borne by the relevant Director or Supervisor and shall not be deducted from the distributed sum.

## CHAPTER 9 FINANCIAL ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION

**Article 174** The Company shall formulate its financial accounting system in accordance with the laws, administrative regulations, and PRC accounting standards formulated by the competent financial authority under the State Council.

**Article 175** At the end of each accounting year, the Company shall prepare a financial report which shall be audited by an accounting firm according to law.

**Article 176** The Company's Board of Directors shall submit the financial reports prepared by the Company in accordance with the relevant laws, administrative regulations, regulatory documents promulgated by the local government and the competent authorities and the listing rules of the place where the securities of the Company are listed to the shareholders at every annual general meeting.

**Article 177** The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days prior to the date of the annual general meeting. Each shareholder of the Company has the right to receive the financial reports mentioned in this Chapter.

Unless otherwise required in the Articles of Association, the Company shall, at least 21 days before convening of the annual general meeting, send by prepaid mail to all holders of overseas-listed foreign shares the aforesaid reports or directors' reports, accompanied by the balance sheet (including each document required by laws and regulations to be attached to the balance sheet) and income statement or income and expenditure statement or abstract of financial reports; and the addresses of addressees shall be those recorded in the shareholders' register. The Company can proceed by way of announcements, including announcement via the Company's website and/or newspapers, on condition that such announcements are in compliance with the laws, administrative regulations, departmental rules, regulatory documents and the relevant requirements of the securities regulatory authorities of the place where the securities of the Company are listed.

**Article 178** The financial statements of the Company shall be prepared in accordance with China's accounting standards, laws and regulations.

**Article 179** Interim results or financial information published or disclosed by the Company shall be prepared in accordance with China's accounting standards, laws and regulations.

**Article 180** The Company shall publish its financial reports twice in each accounting year. An interim financial report shall be published within 60 days after the end of the first six months of each accounting year, while an annual financial report shall be published within 120 days after the end of each accounting year.

Where the securities regulatory authorities at, and listing rules of, the place where the shares of the Company are listed provide otherwise, such provisions shall prevail.

**Article 181** The Company shall have no other accounting books except the statutory accounting books. The Company's assets shall not be deposited in any account opened in the name of any individual.

**Article 182** Capital reserve shall include the following items:

- (I) premium obtained from the issue of shares in excess of the par value;
- (II) other revenues required by the competent financial authority under the State Council to be included in the capital reserve.

**Article 183** The common reserve funds of the Company shall be used for making up for the losses of the Company, expanding the Company's business operations or being converted to the Company's capital. The common reserve of the Company shall be only applied for the following purposes:

- (I) making up for the losses. The capital reserve shall not be used to recover the losses.
- (II) conversion into capital. Where the statutory reserve fund is converted into capital by way of capitalization, the balance of the fund shall not be less than 25% of the registered capital of the Company before such conversion.
- (III) expanding the Company's business operations.

**Article 184** Taking the interests of shareholders into full consideration, the Company will implement a reasonable dividend distribution policy based on the Company's business situation and market environment annually. The Company may distribute dividends in cash or by Shares.

**Article 185** When the Company distributes each year's profit after tax, the Company shall allocate 10% of the after-tax profits as the statutory reserve fund of the Company. Such allocations may be stopped when the statutory reserve fund of the Company has accumulated to above 50% of the registered capital of the Company.

If the statutory reserve fund of the Company is insufficient to make up for the losses of the preceding year, the profits of the current year shall first be used to make up for the said losses before any statutory reserve fund is allocated as per above.

After the Company has made allocations to the statutory reserve fund from its after-tax profits, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its after-tax profits to the discretionary reserve fund.

If the shareholder's general meeting or the Board of Directors has, in violation of the provisions in the preceding paragraphs, distributed profits to shareholders before the Company recovered the losses and allocated statutory reserve fund, the profits thus distributed shall be returned to the Company.

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



**Article 186** The Company shall appoint one or more receiving agent(s) for holders of overseas-listed foreign shares. Receiving agent(s) shall receive dividends distributed and other amounts payable on overseas-listed foreign shares by the Company on behalf of relevant shareholders and shall hold such amounts in trust for holders of overseas-listed foreign shares, pending payment to them.

The receiving agent(s) appointed by the Company shall meet the requirements of the laws of the place(s) or the relevant regulations of the securities exchange(s) where the shares are listed.

The receiving agent(s) appointed by the Company for holders of overseas-listed foreign shares listed on the Hong Kong Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

The Company has the power to cease sending dividend warrants by post to a holder of overseas-listed foreign shares, but the Company shall exercise such power until such warrants have been so left uncashed on two consecutive occasions. However, the Company may also exercise such power when the dividend warrants are returned after they are sent to the addressee for the first time.

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

Subject to compliance with applicable laws and regulations, the Company has the right to sell, by means considered appropriate by the Board of Directors, the shares of a holder of the overseas-listed foreign shares who is untraceable under the following circumstances:

- (I) During a period of 12 years at least 3 dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
- (II) Upon expiry of the 12-years period, the Company gives notice of its intention to sell the shares by way of an announcement published in one or more newspapers in the place where the Securities of the Company are listed and notifies the securities exchange(s) where the shares are listed of such intention.

Subject to the relevant laws, regulations, rules, normative documents and relevant regulations of the securities regulatory authorities of places where the Securities of the Company are listed, the Company may exercise the right to forfeit any unclaimed dividends, but the said right shall not be exercised before expiry of the applicable validity period and such right may only be exercised six years or more after the date of dividends declaration.

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



## CHAPTER 10 APPOINTMENT OF INTERNAL AUDIT AND ACCOUNTING FIRM

**Article 187** The Company shall appoint an independent PRC qualified accounting firm to audit the Company's annual financial report and to review other financial reports.

The first accounting firm of the Company may be appointed by the inaugural meeting prior to the first annual general meeting and the accounting firm so appointed shall hold office until the conclusion of the first annual general meeting.

The Board of Directors shall exercise such powers while the inaugural meeting fails to exercise the powers prescribed in the preceding paragraph.

**Article 188** The term of appointment of an accounting firm appointed by the Company shall be between the conclusion of the annual general meeting of the Company and the conclusion of the next annual general meeting and the term of appointment may be renewable upon expiry of the term of appointment.

**Article 189** An accounting firm appointed by the Company shall have the following rights:

- (I) the right to the access to the accounts books, records or vouchers of the Company at any time and the right to require directors, general manager or other senior management of the Company to provide the relevant information and explanations;
- (II) the right to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties; and
- (III) the right to attend shareholders' general meeting, to receive a notice or other information concerning any meetings which shareholders have a right to receive, and to be heard at any shareholders' general meetings on any matter which relates to it as the accounting firm of the Company.

**Article 190** If there is a vacancy in the position of accounting firm, the Board of Directors may appoint an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accounting firm which has been appointed by the Company may continue to act in this capacity during the period in which a vacancy exists.

**Article 191** The shareholders' general meeting may, by means of an ordinary resolution, dismiss such accounting firm prior to the expiration of its term of appointment, notwithstanding the terms in the contract between the accounting firm and the Company but without prejudice to such accounting firm's right, if any, to claim damages from the Company in respect of such dismissal.

**Article 192** The remuneration or method of determining the remuneration of an accounting firm shall be decided by the shareholders' general meeting, which may authorize the Board of Directors to determine the relevant remuneration. The remuneration of an accounting firm appointed by the Board of Directors shall be determined by the Board of Directors.

**Article 193** The appointment, dismissal or discontinuation of the appointment of an accounting firm of the Company shall be decided by the shareholders' general meeting and be reported to the State Council's securities regulatory authority for the record.

Where a resolution at a shareholders' general meeting is passed to appoint an accounting firm other than the incumbent accounting firm to fill a casual vacancy in the office of the accounting firm, to re-appoint an accounting firm that was appointed by the Board of Directors to fill a casual vacancy, or to remove an accounting firm before the expiration of its term of office, the following provisions shall apply:

- (I) Before notice of shareholders' general meeting is given to the shareholders, a copy of the appointment or removal proposal shall be sent to the accounting firm proposed to be appointed or proposed to leave its post or the accounting firm which has left its post in the relevant accounting year.

Leaving includes leaving by removal, resignation and retirement.

- (II) If the accounting firm leaving its post makes representations in writing and requests the Company to notify its shareholders of such representations, the Company shall (unless the written representations were received too late) take the following measures:

1. In any notice of meeting held for making the resolution, state the fact that the departing accounting firm has made such representations; and
2. Attach a copy of the representations to the notice and send it to every shareholder entitled to notice of general meeting in the manner stipulated in the Articles of Association.

- (III) If the Company fails to send out the accounting firm's representations in the manner set out in sub-paragraph (II) of this Article, such accounting firm may require that the representations be read out at the shareholders' general meeting and may make further representations.

- (VI) An accounting firm that is leaving its post shall be entitled to attend:

1. The shareholders' general meeting at which its term of office would otherwise have expired;
2. The shareholders' general meeting at that it is proposed to fill the vacancy caused by its removal; and
3. The shareholders' general meeting that is convened as a result of its resignation.

The accounting firm shall be entitled to receive all notices of, and other communications relating to, such meetings, and to speak at such meetings in relation to matters concerning its role as the former accounting firm of the Company.

**Article 194** If the Company proposes to remove the accounting firm or not to renew the appointment thereof, it should notify the accounting firm 30 days in advance, and the latter has the right to state its opinions to the shareholders' general meeting. If the accounting firm resigns, it shall make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company.

The accounting firm may resign from its office by depositing the written notice of resignation at the legal address of the Company. The notice shall become effective on the date when it is placed at the Company's legal address or on such later date as may be stated in the notice. The notice shall contain the following statements:

- (I) A statement to the effect that there are no circumstances connected with its resignation that it considers must be brought to the attention of the shareholders or creditors of the Company; or
- (II) A statement of any such circumstances that should be explained.

The Company shall, within 14 days of the receipt of the written notice referred to in preceding paragraph, send a copy of the notice to the relevant competent authority. If the notice contains a statement under sub-paragraph (II) of the preceding paragraph, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement to every shareholder that is entitled to receive the financial report of the Company at the address recorded in the register of members.

If the accounting firm's notice of resignation contains a statement under sub-paragraph (II) of the second paragraph of this Article, the accounting firm may request the Board of Directors to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances in connection with its resignation.

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

**Article 195** In the event of the merger or division of the Company, the Company's Board of Directors shall put forward a proposal and shall be approved in accordance with the procedures stipulated in the Company's Articles of Association. The Company shall then go through the relevant approval formalities pursuant to the law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request the Company or the shareholders who consent to such plan to purchase their shares at a fair price. The content of the resolution of on the merger or division of the Company shall be contained in special documents which shall be available for inspection by the shareholders.

The aforesaid documents shall be sent to each holder of overseas-listed foreign shares by post at the address recorded in the register of members.

**Article 196** The merger of the Company may take the form of either merger by absorption or merger by establishment of a new company.

Merger by absorption shall mean that one company absorbs other companies and the absorbed companies are dissolved. Merger by establishment of a new company shall refer to the establishment of a new company as a result of merger of two or more companies and dissolution of the parties being merged.

**Article 197** In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare balance sheets and asset list. The Company shall notify its creditors within 10 days from the date of on which the resolution in favour of the merger is adopted and shall publish an announcement in a newspaper within 30 days from the date of such resolution. A creditor has the right to require the Company to repay its debts or to provide a corresponding guarantee for such debts within 30 days from the date it receives the relevant notice or, in the case of a creditor who did not receive such notice, within 45 days from the date of the relevant announcement.

Upon the merger, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

In the event of a division of the Company, its properties shall be divided up accordingly.

In the event of a division, the parties to the division shall enter into a division agreement, and prepare balance sheets and asset list. The Company shall notify its creditors within 10 days from the date on which a resolution is adopted in favour of the division and shall publish an announcement in a newspaper within 30 days from the date of such resolution.

Debts incurred by the Company before its division shall be borne by the companies after the division according to the agreement reached.

**Article 198** The Company must prepare a balance sheet and an asset list when it reduces its registered capital.

The Company shall notify its creditors within 10 days from the date of the Company's resolution to reduce registered capital and shall publish an announcement in a newspaper within 30 days. A creditor has the right to require the Company to repay its debts or to provide a corresponding guarantee for such debts within 30 days from the date it receives the relevant notice or, in the case of a creditor who did not receive such notice, within 45 days from the date of the relevant announcement.

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

**Article 199** Where the merger or division of the Company involves changes in its registered particulars, such changes shall be filed with company registration authorities pursuant to the law. Where the Company is dissolved, it shall cancel its registration pursuant to the law. Where a new company is incorporated, its incorporation shall be registered pursuant to the law.

If the Company increases or reduces its registered capital, it shall file for change registration formalities with company registration authorities pursuant to the law.

**Article 200** The Company shall be dissolved and liquidated according to law in any of the following circumstances:

- (I) upon expiry of term of business stipulated in the Articles of Association or occurrence of other circumstances of dissolution stipulated in the Articles of Association;
- (II) the shareholders' general meeting by special resolution dissolves the Company;

- (III) dissolution is necessary due to a merger or division of the Company;
- (IV) the Company is declared bankrupt according to law as it is unable to repay its debts upon maturity;
- (V) the business license is revoked, the Company is ordered to close, or is wound up according to law; and
- (VI) The Company has experienced material difficulties in operation and management, and the continuous operation would lead to substantial losses to the interests of its shareholders and there are no other solutions to resolve the matters. Shareholders holding more than 10% of the total voting rights of the Company may appeal to the people's court for dissolution of the Company.

**Article 201** In the circumstance of sub-paragraph (I) of the preceding Article, the Articles of Association may be amended so that the Company can continue to exist. Where the Company is dissolved pursuant to sub-paragraphs (I), (II) and (VI) of the preceding Article, a liquidation committee shall be set up within 15 days and the composition of the liquidation committee shall be determined by an ordinary resolution of the shareholders' general meeting.

If the Company is dissolved pursuant to sub-paragraph (IV) of the preceding Article, the people's court shall, according to the relevant laws, organize shareholders, relevant institutions and professionals to establish liquidation committee and carry out liquidation.

If the Company is dissolved pursuant to sub-paragraph (V) of the preceding Article, the relevant competent authorities shall organize shareholders, relevant institutions and professionals to establish liquidation committee and carry out liquidation.

In case no such committee is established to timely proceed with liquidation, the creditors may make an application to a people's court for appointing relevant persons to form the liquidation committee for liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

**Article 202** Where the Board of Directors decides to liquidate the Company for any reason other than the Company's declaration of its own bankruptcy, the Board of Directors shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that the Board of Directors has conducted a comprehensive investigation into the affairs of the Company and is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders' general meeting for the liquidation of the Company, all functions and powers of the Board of Directors shall cease immediately.

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting and report at least once every year to the shareholders' general meeting on the committee's income and expenses, the business of the Company and the progress of the liquidation; and to present a final report to the shareholders' general meeting on completion of the liquidation.

**Article 203** The liquidation committee shall notify creditors within 10 days from the date of its establishment and publish announcements in newspapers within 60 days. The creditors may declare their claims to the liquidation committee within 30 days from the date it receives the above notice or within 45 days from the date of announcement if no such notice is received.

When declaring the claims, the creditors shall specify the relevant matters about the claims and provide corresponding evidence. The liquidation committee shall register such claims according to the laws and regulations.

During the period of declaration of claims, the liquidation committee shall not make repayment to the creditors.

**Article 204** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (I) to liquidate the Company's assets and prepare a balance sheet and an asset list respectively;
- (II) to notify creditors by sending notice and making public announcement;
- (III) to deal with and settle any outstanding businesses of the Company;
- (IV) to pay outstanding taxes as well as taxes arising in the course of liquidation;
- (V) to settle claims and debts;
- (VI) to dispose of the remaining assets of the Company after the repayment of debts; and
- (VII) to represent the Company in any civil proceedings.

**Article 205** After sorting out the Company's assets and preparing a balance sheet and an asset list, the liquidation committee shall formulate a liquidation plan and submit to the shareholders' general meeting or to the relevant competent authorities for confirmation.

The assets of the Company shall be submitted for liquidation in the following order: payment of liquidation expenses, staff wages and social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the Company's debts.

The remaining assets of the Company after liquidation in accordance with the preceding provision shall be distributed to the shareholders of the Company based on the class and proportion of the shares held by them.

The Company continues to exist during the liquidation period, but it shall not engage in any operating activities irrelevant to the liquidation.

The Company's assets shall not be distributed to shareholders before repayments are made in accordance with the provision described above.



**Article 206** If, after sorting out the Company's assets and preparing a balance sheet and an asset list in connection with the liquidation of the Company due to its dissolution, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, it shall immediately apply to a people's court for declaration of bankruptcy.

After the Company is declared bankrupt by a ruling from a people's court, the liquidation committee shall handover the liquidation matters to the people's court.

**Article 207** Following the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, a statement of the income and expenses during the liquidation period and financial accounts, which shall be verified by a certified public accountant of the People's Republic of China, and then submitted to the shareholders' general meeting or a people's court for confirmation.

Within 30 days from the date of confirmation by the shareholders' general meeting or the relevant competent authorities, the liquidation committee shall submit the aforesaid documents to company registration authorities and apply for deregistration and make an announcement on termination of the Company.

**Article 208** Members of the liquidation committee are required to discharge their duties in good faith and perform their obligation of the liquidation in compliance with laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation committee shall assume compensation liability if the Company or creditors incur losses as a result of the deliberate or gross default of the said members.

**Article 209** Where the Company is declared bankrupt according to law, bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

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

**Article 210** The Company may amend the Articles of Association according to the provisions of laws, administrative regulations and the Articles of Association.

The Company shall amend the Articles of Association under any of the following circumstances:

- (I) anything as contained in the Articles of Association is inconsistent with the amended laws and administrative regulations after the Company Law or the relevant laws and administrative regulations are revised;
- (II) the Company's situation has changed and is inconsistent with that set forth under the Articles of Association;
- (III) the shareholders' general meeting has decided on making amendments to the Articles of Association.



**Article 211** The Board of Directors shall amend the Articles of Association pursuant to the resolution to amend the Articles of Association passed at the Shareholders' general meeting and examination and approval opinions from relevant competent authorities.

Where the amendments to the Articles of Association constitute information that shall be disclosed under the laws and regulations, the Company shall disclose such amendments in accordance with the requirements.

### **CHAPTER 13 NOTICES AND ANNOUNCEMENTS**

**Article 212** A notice of the Company may be given in the following ways:

- (I) by hand;
- (II) by mail;
- (III) by fax or email;
- (IV) by posting on the websites designated by the Company and the Hong Kong Stock Exchange, subject to the laws, administrative regulations and listing rules of the place where the Securities of the Company are listed;
- (V) by announcement;
- (VI) by other means agreed by the Company or the recipient of the notice in advance or as accepted by the recipient of the notice upon receiving such notice; or
- (VII) by other means approved by the relevant regulatory authorities of the place where the Securities of the Company are listed or as specified in the Articles of Association.

Unless the context otherwise required, the "announcement" referred to in the Articles of Association means, as to the announcements made to the holders of domestic shares or the announcements required to be made in the PRC in accordance with the relevant provisions and the Articles of Association, an announcement published on any newspaper in the PRC which shall be specified by the PRC laws and regulations, or as designated, agreed or permitted by the securities regulatory authority of the State Council; or as to the announcements made to holders of H shares of the Company or the announcements required to be made in Hong Kong in accordance with the relevant regulations and the Articles of Association, such announcement must be published in a newspaper and/or other designated media (including a website) in accordance with the requirements of the relevant listing rules.

Unless otherwise provided in the Articles of Association, where a notice delivered by the Company to the holders of H shares is delivered by way of an announcement, the Company shall submit an electronic version to the Hong Kong Stock Exchange through the electronic publication system of Hong Kong Stock Exchange on the same day for publication on the website of the Hong Kong Stock Exchange in real-time in accordance with Hong Kong Listing Rules, or publish an announcement on the newspapers (including an advertisement on the newspapers) as required under the Hong Kong Listing Rules. The announcement shall be published on the Company's website at the same time. In addition, unless otherwise provided in the Articles of Association, service must be made by hand or by prepaid mail at the address of each holder of overseas listed foreign shares registered in the register of members, so as to ensure that each shareholder is well informed and has sufficient time to exercise his/her rights or act in accordance with the terms of the notice.

The holders of overseas listed foreign shares of the Company may choose in writing to receive corporate communications to be dispatched to the shareholders from the Company by electronic means or by mail, and may choose to receive only the Chinese version or English version, or both. The shareholders may also notify the Company in writing in advance within a reasonable time to change the way to receive the foresaid information and in which language on appropriate procedures.

If a shareholder or director intends to prove that any notice, document, information or written statement has been served to the Company, evidences showing that such notice, document, information or written statement has been served in an ordinary manner or by prepaid mail to the correct address within the specified time shall be provided.

Notwithstanding the aforesaid provision explicitly stipulating to provide and/or distribute corporate communications to shareholders in writing, in respect of the manner in which the Company provides and/or distributes corporate communications to shareholders in accordance with Hong Kong Listing Rules, if the Company obtained the prior written or implied consent of such shareholder in accordance with the relevant provisions of the relevant laws and regulations as well as the Hong Kong Listing Rules as amended from time to time, the Company may send or provide corporate communications to the shareholder by electronic means or by publication on the Company's website. Corporate communications include but are not limited to the below: circulars, annual reports, interim reports, notices of shareholders' general meetings and other corporate communications listed in the Hong Kong Listing Rules.

## **CHAPTER 14 SETTLEMENT OF DISPUTES**

**Article 213** The Company shall abide by the following principles for settlement of disputes:

- (I) Whenever any disputes or claims of rights arise between holders of overseas-listed foreign shares and the Company, holders of overseas-listed foreign shares and the Company's directors, supervisors or senior management officers, or holders of overseas-listed foreign shares and holders of domestic shares, in respect to any rights or obligations arising from the Articles of Association, Company Law and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims of rights shall be referred by the relevant parties to arbitration.

Where the aforesaid disputes or claims of rights are referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the disputes or claims or whose participation is necessary for the resolution of such disputes or claims, shall, where such person is the Company or the Company's shareholders, directors, supervisors or senior management officers, comply with the decisions made through arbitration.

Disputes with respect to the definition of shareholders and disputes concerning the register of members need not be resolved by arbitration.

- (II) A claimant may choose arbitration either at the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or at the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once the claimant submits a dispute or claim of rights to arbitration, the other party must carry out the arbitration at the arbitral body elected by the claimant.

If the claimant elects arbitration to be carried out at the Hong Kong International Arbitration Centre, either party may request for the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (III) If any disputes or claims of rights arising from the sub-paragraph (I) above are settled by way of arbitration, the laws of the People's Republic of China shall apply, unless otherwise provided in the laws and administrative regulations.

- (IV) The award of an arbitral body shall be final and conclusive and binding on all parties.

## CHAPTER 15 SUPPLEMENTARY PROVISIONS

**Article 214** The terms "more than" and "less than" referred to in the Articles of Association shall include the numeral referred thereto, while the terms "exceed", "beyond" and "over" shall exclude the numeral referred thereto.

The meaning of the accounting firm as used herein shall be the same as the "auditor".

The term "related party relationship" means the relationship between the Company and the related party as defined in the listing rules of the place where the securities of the Company are listed.

**Article 215** All notices or other documents to be submitted by the Company to the Hong Kong Stock Exchange shall be written in English or accompanied by a signed certified English translation.

The Articles of Association are written in Chinese. In case of any discrepancy between the version in other languages and the Chinese version, the Chinese version shall prevail.

If there is any discrepancy between the provisions concerning such matter of the Articles of Association and relevant laws and regulations, rules, regulatory documents and the listing rules of the place where the securities of the Company are listed, the latter shall prevail.

The matters not covered herein shall be governed by the relevant laws and regulations, rules, regulatory documents and the listing rules of the place where the securities of the Company are listed.

**Article 216** The Board of Directors of the Company shall be responsible for interpretation of the Articles of Association which become effective after being approved at the shareholders' general meeting and on the date on which the Securities of the Company are listed and traded on the Hong Kong Stock Exchange.

(If there is any inconsistency between the English and Chinese version of this document, the Chinese version shall prevail.)