

# Shanghai Pharmaceutical (Group) Co., Ltd.

## Articles of Association

*Note:* In the main text of these Articles of Association and the footnotes thereof: the “PRC” refers to the People’s Republic of China; “Company Law” refers to the “Company Law of the People’s Republic of China”; “Securities Law” refers to the “Securities Law of the People’s Republic of China”; “Mandatory Provision” refers to the “Mandatory Provisions for Articles of Association of Companies to be Listed Overseas” (Zheng Wei Fa [1994] No. 21) jointly promulgated by the former Securities Committee of the State Council and the former State Economic System Restructuring Commission (hereinafter as State Economic Restructuring Commission) ; the “Zheng Jian Hai Han” refers to the “Circular Regarding Comments on the Amendments to Articles of Association of Companies Listed in Hong Kong” (Zheng Jian Hai Han [1995] No.1) jointly issued by the Overseas Listing Department of the China Securities Regulatory Commission and the Production System Department of the former State Economic Restructuring Commission; the “Opinions” refers to the “Opinions on Further Standardising Operations and Intensifying Reforms of Companies Listed Overseas” (Guo Jing Mao Qi Gai [1999] No. 230) jointly issued by the State Economic and Trade Commission and the China Securities Regulatory Commission; “Listing Rules” refers to “The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” issued by The Stock Exchange of Hong Kong Limited (hereinafter as “SEHK”); “Opinions of HKEx” refers to the opinions given by the Hong Kong Exchanges and Clearing Limited.

## CHAPTER 1 GENERAL PROVISIONS

**A t c e 1** Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (hereinafter as “the Company”) was established as a joint stock limited company according to the Company Law, the Securities Law, the Special Regulations of the State Council on the Overseas Offer and Listing of Shares by Joint Stock Limited Companies and other relevant laws, administrative legislation, rules and regulations.

Upon approval by the municipal government of Shanghai in accordance with Hu Fu [1998] Document No.23, the five shareholders of the former Shanghai Fosun Industries Co., Ltd., in their capacities as promoters of a joint stock company, transformed Shanghai Fosun Industries Co., Ltd. into a joint stock limited company legally by issuing shares to the public. The Company was registered with the Shanghai Administration for Industry and Commerce on 10 July, 1998 and obtained the Business License, the promoters of the Company are: Shanghai Fosun High Technology (Group) Company Limited, Shanghai Guangxin Technology Development Company, Shanghai Yingfu Information Development Company Limited, Shanghai Shenxin Industry (Group) Limited Company and Shanghai Xidatang Science and Technological Investment Company Limited.

The Company shall establish an organization of the Communist Party to carry out the activities of the party in accordance with the charter of the Communist Party of China. The Company shall provide the necessary conditions for the activities of the party organization.

**A t c e 2** As approved by the China Securities Regulatory Commission (hereinafter as the “CSRC”) on 25 June, 1998, the Company initially issued 50,000,000 Renminbi ordinary shares to the public, and listed such shares on the Shanghai Stock Exchange on 7 August, 1998.

**A t c e 3** Registered Name of the Company

Name in Chinese: 上海復星醫藥(集團)股份有限公司

Name in English: Shanghai Fosun Pharmaceutical (Group) Co., Ltd.

**A t c e 4** Address: 9th Floor, No. 510 Caoyang Road, Shanghai

Postcode: 200063

**A t c e 5** The Chairman is the legal representative of the Company.

**A t c e 6** The Company is a joint stock limited company with perpetual existence.

**A t c e 7** All of the Company's assets are divided by equal shares. Shareholders shall be liable to the Company to the extent of the shares held by them, whereas the Company is liable to the liabilities thereof with all assets of the Company.

**A t c e 8** These Articles of Association was adopted by special resolutions at the shareholders' general meeting of the Company and approved by the competent examination authorities.

Since the effective date of these Articles of Association, the original Articles of Association of the Company and its amendments were lapsed automatically.

Commencing from the effective date of these Articles of Association, it will become a legally binding document regulating the organization and behavior of the Company, as well as the rights and obligations between the Company and its shareholders and among the Company's shareholders.

**A t c e 9** These Articles of Association shall also be legally binding on the Company and its shareholders, directors, supervisors and senior management members. All of the aforesaid persons shall have the right, according to these Articles of Association, to propose claims relating to the affairs of the Company.

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

The aforementioned actions shall include instituting legal proceedings with a court or filing for arbitration with a designated arbitration institution pursuant to the provision of these Articles of Association.

**A t c e 10** The senior management members mentioned herein refer to the chief executive officer, president, vice-president, Secretary to the Board, financial controller of the Company, or other personnel employed by the Board whose duties are the same as or similar to the aforementioned members.

**A t c e 11** The Company may invest in other limited liability companies and joint stock limited companies, to which the Company shall be liable to the extent of such amount of its capital contribution.

Save as otherwise specified in the laws, the Company shall not be an investor bearing joint liability for the debts of the enterprises it invested in.

With the approval of the department for examination and approval of companies as authorized by the State Council, the Company may, base on its operation and management needs, conduct investment operations in accordance with the Company Law.

**A t c e 12**

Subject to the relevant laws, administrative regulations and the Listing Rules, the Company has the financing and borrowing rights, including (but not limited to) issuing Company bonds and has the right to mortgage or pledge its properties; the Company also has the right to act as a guarantor for any third party. However, the Company shall not prejudice or abolish the rights of shareholders of any type when exercising the above rights.

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

**A t c e 13** The objective of business of the Company are: fully utilize the competitive strengths of legal person shareholders to tap idle capital of the society with a view to adjusting and balancing industrial structure, supporting the national pillar industries, accumulating capital for the nation and increasing the rewards of shareholders.

**A t c e 14** As approved by the company registration authorities, the business scope of the Company is biochemical products, reagents, biological four technical services, manufacturing and sales of self-developed products, instruments and meters, electronic products, computer, chemical raw materials (except dangerous goods), advisory services; export of self-produced products and related technologies of the Group; import of raw and supplementary materials, machinery facilities, instruments and meters, spare parts and related technologies for the Group's production and scientific research.

## CHAPTER 3 SHARES AND REGISTERED CAPITAL

### Section 1 of Share

- Article 15** The Company shall have common shares at any times; with the approval of the department for examination and approval of companies as authorized by the State Council, the Company may also create other types of shares when needed.
- Article 16** All shares issued by the Company shall have nominal values, with each share having a nominal value of RMB One (1) Yuan.
- The RMB aforementioned refers to the statutory currency of the People's Republic of China.
- Article 17** The Company may offer its shares to both domestic and overseas investors with the approval of the securities regulatory authority of the State Council.
- The “overseas investors” referred to above shall mean the investors from a foreign country, Hong Kong, Macao or Taiwan who subscribe to the shares issued by the Company, while “domestic investors” shall mean the investors in the PRC, other than in the aforementioned regions, who subscribe to the shares issued by the Company.
- Article 18** Shares issued to domestic investors and subscribed in RMB shall be called “domestic-invested shares”. Shares issued to overseas investors and subscribed in a foreign currency shall be called “foreign-invested shares”. Foreign-invested shares listed overseas shall be called “overseas-listed foreign-invested shares”.
- Both shareholders of domestic and overseas-listed foreign-invested shares are shareholders of ordinary shares, and shall have the same rights and obligations.
- With the approval of the securities regulatory authority of the PRC, the holders of domestic-invested shares of the Company may transfer such shares they held to overseas investors, and list and trade such shares overseas. Listing of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, regulations and requirements of the said overseas stock exchange.
- Article 19** Foreign-invested shares issued by the Company and listed on SEHK shall be called “H shares”. H shares was approved for listing by SEHK, with nominal values denominated in RMB, and subscribed and traded in HKD.

The aforementioned “foreign currency” shall refer to the statutory currency, other than RMB, of another country or region, which is recognized by the competent foreign exchange authority of the State and can be used for payment of the Company’s shares.

**A t c e 20** Before issuing the H shares, the total number of shares of the Company was one billion nine hundred and four million three hundred and ninety two thousand three hundred and sixty four (1,904,392,364) shares, all of which were domestic-invested shares.

**A t c e 21** On 5 April 2012, with the approval of the China Securities Regulatory Commission Document No. 2012[444], the Company issued the overseas-listed foreign-invested shares (H shares) and obtained the approval from SEHK. The H shares of the Company are listed on SEHK on 30 October 2012.

The capital structure of the Company is: two billion and one hundred and twenty million and four hundred and fifty-eight thousand and two hundred and eleven (2,120,458,211) domestic shares and five hundred and fifty-one million and nine hundred and forty thousand and five hundred (551,940,500) overseas listed foreign shares.

**A t c e 22** The Board of the Company may make implementation arrangements for separately issuing overseas-listed foreign-invested shares and domestic-invested shares by the Company according to the issue scheme approved by the securities regulatory authority under the State Council.

According to the aforesaid scheme for the separate issuance of overseas-listed foreign-invested shares and domestic-invested shares respectively, the Company may implement respectively within fifteen (15) months from the approval of the securities regulatory authority under the State Council.

**A t c e 23** If the Company separately issues overseas-listed foreign-invested shares and domestic-invested shares within the total number determined by the issue scheme, the said shares shall be issued at one time; if for special reasons that it cannot be issued at one time, the shares may be issued several times upon approval by the securities regulatory authority under the State Council.

**A t c e 24** The registered capital of the Company is Renminbi two billion and six hundred and seventy-two million and three hundred and ninety-eight thousand and seven hundred and eleven (2,672,398,711) Yuan.

Changes in registered capital of the Company shall be registered with the competent authority for market regulation.

**Article 25**

The Company may approve the increase in capital in accordance with its business and development needs and subject to the relevant provisions of these Articles of Association.

The Company can increase its capital by the following ways:

- (1) offering shares to the public;
- (2) privately offering shares;
- (3) placing new shares to the existing shareholders;
- (4) issuing new shares to existing shareholders;
- (5) conversion of common reserve fund into capital;
- (6) other means that are allowed by laws and administrative regulations.

Issues of new shares by the Company shall be subject to approval as prescribed by these Articles of Association of the Company and shall follow the procedures specified in the relevant laws and administrative regulations of the State.

**Article 26**

Unless otherwise specified in the laws and administrative regulations, the Company's stock can be transferred freely without any lien.

**Section 2 Reduction of Capital and Repurchase of Shares**

**Article 27**

The Company may reduce its registered capital pursuant to the procedures stipulated in the Company Law, other relevant provisions and these Articles of Association.

**Article 28**

When the Company has to reduce its registered capital, it shall prepare a balance sheet and a list of assets.

The Company shall notify the creditors within ten (10) days upon adoption of the resolution to reduce the registered capital and shall within thirty (30) days make announcements on China Securities Journal, Shanghai Securities News or Securities Times. The creditors shall have the right to require the Company to settle the debts or provide corresponding security within thirty (30) days after receipt of the notice thereof or, if the creditors have not received the said notice, within forty five (45) days from the date of the announcement.

The Company's registered capital after capital reduction shall not be lower than the statutory minimal amount.



**A t c e 29**

The Company may not repurchase its own shares except pursuant to laws, administrative regulations, departmental regulations, these Articles of Association and the relevant rules of securities regulatory authorities of the location where the Company's shares are listed under one of the following circumstances:

- (1) reduction of the registered capital of the Company;
- (2) merging with another company holding shares of the Company;
- (3) utilizing its shares for the employee share ownership scheme or equity incentive scheme;
- (4) shareholders requiring the Company to acquire their shares for the reason of objecting to the resolutions at the general meeting concerning the merger or division of the Company;
- (5) utilizing its shares for conversion of corporate bonds which are convertible into shares issued by the Company;
- (6) the share repurchase is necessary to preserve the value of the Company and the interests of its shareholders.
- (7) such other circumstances stipulated in laws, administrative regulations, departmental rules and by the relevant rules of securities regulatory authorities of the location where the Company's shares are listed.

Repurchase of the Company's shares in accordance with the reasons set out in items (1) to (2) above shall be subject to a resolution passed at a shareholders' general meeting. Repurchase of the Company's shares in accordance with the reasons set out in items (3), (5) and (6) above shall be considered and approved at the Board meeting with the attendance of more than two-thirds (2/3)

6.9(s.3(es)-s3.1(eeti.5(n)26-4.90TAomy)--437.7

If the aforesaid matters involving repurchase of the Company's shares are otherwise stipulated by the laws, administrative regulations, departmental rules, regulatory documents, the Articles of Association and the relevant laws, regulations and regulatory documents of securities regulatory authorities of the location where the Company's shares are listed, such provisions shall be complied with.

**A t c e 30**

Upon the approval from the competent authorities of the state, the Company may choose any of the following ways to repurchase its shares:

- (1) by way of a pro rata general offer of repurchase to all of its shareholders;
- (2) through open transaction in a stock exchange;
- (3) through entering into an off-market agreement;
- (4) such other means approved by laws, administrative regulations and relevant competent authorities.

Repurchase of the Company's shares in accordance with the reasons set out in Clause (3), (5) or (6) of Article 29 shall be conducted through open and centralized bidding transaction or other ways permitted by other laws, administrative regulations, departmental regulations, regulatory documents, the Articles of Association and relevant laws and regulations and regulatory documents of securities regulatory authorities at the location where the Company's shares are listed.

Repurchase of the Company's shares by way of offer shall be conducted in accordance with the requirements in connection with offer to acquisition as set out in the Measures for the Administration of the Takeover of Listed Companies issued by CSRC and The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong.

**A t c e 31**

Repurchasing shares by an off-market agreement shall seek prior approval at a shareholders' general meeting in accordance with these Articles of Association. With prior approval at the shareholders' general meeting in the same manner, the Company may cancel or change the contract already concluded in the aforesaid manner or waive any right under the contract.

The share repurchase contracts mentioned in the preceding paragraph shall include (but not be limited to) agreements for undertaking share repurchase obligations and obtaining share repurchase rights.

The Company shall not transfer a share repurchase contract or any right thereunder.

Where the Company has the right to repurchase the redeemable shares:

- (1) the price of shares which it buys back shall not exceed a specific price limit if the said shares are not bought back through the market or by tender; and
- (2) to repurchase the shares by tender, relevant tenders shall be available to all shareholders alike.

**A t c e 32**

Upon the repurchase of the shares by the Company in accordance with laws, the Company shall transfer or cancel such part of the shares within the time limit as stipulated in laws and administrative regulations. In the event of cancellation, the Company shall register the change of registered capital with the original company registration authority after the cancellation of the portion of shares concerned.

The total par value of the cancelled shares shall be deducted from the registered capital of the Company.

**A t c e 33**

Unless the Company is under liquidation, the Company shall observe the following regulations when repurchasing its outstanding shares:

- (1) If the Company repurchases shares at par value, the payment shall be deducted from the book balance of distributable profit of the Company and the proceeds from the issue of new shares for repurchasing old shares;

- (2) If the Company repurchases shares above par value, the portion equivalent to the par value shall be deducted from the book balance of distributable profit of the Company and the proceeds from issues of new shares for repurchasing old shares; the portion exceeding the par value shall be processed as follows;
  1. Deducted from the book balance of distributable profit of the Company if the shares repurchased are issued at par value;
  2. Deducted from the book balance of distributable profit of the Company and the proceeds from issue of new shares for repurchasing old shares if the shares repurchased are issued exceeding par value; however, the amount deducted from the proceeds from an issue of new shares shall not exceed the total premium obtained at the time of issue of the shares repurchased and shall not exceed the amount (including a premium from the issue of new shares) in the premium account (or capital reserve account) of the Company at the time of repurchase;
- (3) Sums that are paid by the Company for the following purposes should be paid out from the Company's distributable profit:
  1. Acquiring the repurchase right to repurchase its shares;
  2. Changing the contract of repurchase its shares;
  3. Discharging from its obligations under the repurchase contract;
- (4) After the par value of the shares deregistered is deducted from the registered capital of the Company pursuant to the relevant regulations, the amount deducted from the distributable profit for paying the par value of the shares repurchased shall be accounted in the premium account (or capital reserve account) of the Company.

### Section 3 Transfer of Share

**Article 34** The Company shall not accept objects pledged with shares of the Company.

**Article 35** The shares of the Company may be transferred, given, inherited and pledged in accordance with the provisions of relevant laws, administrative regulations and these Articles of Association.

All the transfer documents and other relevant documents relating to or affecting the ownership of any H share or other registered securities shall be registered.

**A t c e 36**

The shares of the Company held by the promoters shall not be transferred within one (1) year after the incorporation of the Company. Shares already issued by the Company before its public offering shall not be transferred within one (1) year after the shares of the Company are listed on the stock exchange.

The directors, supervisors and senior management members shall report to the Company about their shareholdings in the Company and changes thereof and shall not transfer more than twenty five percent (25%) of the shares of the Company held thereby per annum during their terms of office; the shares they hold in the Company shall not be transferred within one (1) year after the shares of the Company are listed. The aforesaid persons shall not transfer the shares of the Company they hold or newly added within half year after they have terminated service with the Company.

**A t c e 37**

If the directors, supervisors, senior management members and shareholders holding more than five percent (5%) of the total shares of the Company sell the shares or other securities of equity nature held thereby within six (6) months after buying the same or buy shares or other equity securities within 6 months after selling the same, the earnings arising therefrom shall belong to the Company and the Board of the Company will take back the said earnings. However, the provisions herein shall not apply to a securities company which comes to hold more than five percent (5%) of the shares by buying the shares remaining after an exclusive sale, and the selling otherwise required by the securities regulatory authorities of the State Council.

Shares or other securities of equity nature held by the directors, supervisors, senior management members and natural person shareholders referred to in the preceding paragraph include the shares or other securities of equity nature held by their spouses, parents, children and held by them using others' accounts.

If the Board of the Company fails to comply with the provision in the first paragraph, the shareholders shall have the right to require the Board to execute the provision within thirty (30) days. If the Board fails to execute the provision within the aforesaid period, the shareholders shall have the right to directly institute legal proceedings in their own names for the interest of the Company at the People's court.

If the Board fails to comply with the provision in the first paragraph, the responsible directors shall bear joint liability according to law.

Sect 4 F a c a A t a c e f t h e P h a e f C a y S h a e

A t c e 38

**A t c e 40**

Under the circumstances not in violation of laws, regulations and normative documents, the following acts shall not be deemed as prohibited under Article 38:

- (1) The provision of financial assistance by the Company in good faith in the interest of the Company, and the principal purpose of such financial assistance is not for the acquisition of shares of the Company, or such financial assistance is an incidental part of a master plan of the Company;
- (2) The Company distributes its property as dividends according to the law;
- (3) The Company distributes shares as dividends;
- (4) The Company reduces the registered capital, repurchases its shares and adjusts the equity structure in accordance with these Articles of Association;
- (5) The Company provides loans for its normal business activities within its business scope (but shall not result in a decrease in the net assets of the Company, or, even if a decrease occurs, such financial support is paid out from the Company's distributable profit);
- (6) The Company provides fund for the staff option scheme (but such financial assistance shall not result in a decrease in the net assets of the Company, or, even if a decrease occurs, such financial assistance shall be deducted from the distributable profit of the Company).

**Sect 5 Share and Shareholders' Reg te**

**A t c e 41**

A share certificate is the proof issued by the Company which proves the holding of shares by a shareholder. The Company's shares shall all be registered shares.

Matters specified in the share certificates of the Company shall include matters required by the stock exchange on which the Company's shares are listed, besides those specified in Company Law.

**A t c e 42** Share certificates shall be signed by the Chairman. Where senior management members of the Company are required to sign the shares by the stock exchange on which the Company's shares are listed, the share certificates shall be signed by the relevant senior management personnel, and shall come into effect after affixing the seal or printing the seal of the Company on the share certificates. Affixing the seal of the Company on the share certificates shall be authorized by the Board. The signature of the Chairman or relevant senior management members of the Company may also be printed on the share certificates.

**A t c e 43** In accordance with the two Articles of these Articles of Association preceding this Article, the trading of the shares of the Company in a non-paper form shall otherwise comply with the regulations of the securities regulatory authority of the location where the Company's shares are listed.

**A t c e 44** The Company shall keep a shareholders' register for domestic shares according to the vouchers provided by the domestic securities registration authority. The Company shall keep a shareholder's register for H shares and register the following matters:

- (1) Names (titles), addresses (domiciles), occupation or nature of the shareholders;
- (2) Type and quantity of the shares held by the shareholders;
- (3) Amounts paid or payable for the shares held by the shareholders;
- (4) The numbers of the shares held by the shareholders;
- (5) The respective dates on which the shareholders are registered as such;
- (6) The dates on which the shareholders' acting as such is terminated.

The register shall bear adequate evidence of the shareholders holding shares in the Company unless there is evidence to the contrary.



**A t c e 45**

The Company may, in accordance with the mutual understanding and

**A t c e 48**

All fully paid-up overseas-listed foreign-invested shares which are listed on the SEHK are freely transferable pursuant to these Articles of Association. However, the Board may refuse to recognize any instrument of transfer without giving any reason unless such transfer fulfills the following conditions:

- (1) transfer documents or other documents relating to the ownership or which may affect the ownership of any shares shall be registered, and the Company shall pay a fee pursuant to the provisions of the Listing Rules for such registration;
- (2) the instrument of transfer involves only H shares;
- (3) the stamp duty payable on the instrument of transfer as requested by the laws of Hong Kong has been paid;
- (4) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares have been provided;
- (5) if the shares are to be transferred to joint holders, the number of shareholders jointly registered shall not exceed four (4) person;
- (6) the relevant shares does not have any lien over them;

Any shareholders of H shares may transfer all or part of the shares in the Company owned thereby by the written transfer instruments commonly used in Hong Kong, or the instruments of transfers signed or with signature printed. The aforesaid transfer of shares may be effected via standard transfer forms stipulated by the SEHK. The instrument of transfer maybe signed by hand, or signed by hand or with signatures printed if the transferor or transferee is a recognized clearing house or its nominee as defined by the Hong Kong Securities and Futures Ordinance.

All instruments of transfer must be maintained at the legal address of the Company, address of the clearing agency or such places as the Board may specify from time to time.

**A t c e 49**

If there are provisions in the PRC laws and regulations and the laws and regulations of the location where the Company's shares are listed stipulating the closure of the register of members prior to the shareholders' general meeting or the record date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

**A t c e 50** When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate and engage in other activities that shall involve equity determination, the Board shall designate a day to be the equity registration date. Shareholders whose names appear in the register of shareholders at the end of the registration date shall be shareholders of the Company.

**A t c e 51** Any person who objects to the register of shareholders and requests to have his/her name entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for making correction in the register.

**A t c e 52** If any shareholder recorded in the register of shareholders, or anybody requesting his/her name to be recorded in such register, has lost his/her share certificates (namely the

- (3) Where the Company decides upon the reissuance of new share certificates to the applicant, it shall publish an announcement thereon in the newspapers and publications designated by the Board, which shall be repeated at least once every thirty (30) days for a period of ninety (90) days.
- (4) Before publishing an announcement of the reissue of new share certificates, the Company shall submit a copy of the announcement to the stock exchange on which its shares are listed, and may publish the announcement only after receiving a reply from the said stock exchange confirming that the said announcement has been displayed in the stock exchange. The duration of the display of the said announcement in the stock exchange shall be ninety (90) days.

If the application for the reissuance of share certificates has not been agreed upon by the shareholder of the related stock recorded in the register, the Company shall mail to the shareholder a photocopy of the announcement to be published.

- (5) If the Company has not received an objection from anybody regarding the reissuance of share certificates upon expiration of the ninety (90) day period for the display of the announcement as specified in Items (3) and (4) above, it may reissue the new share certificates for which the applicant has applied.
- (6) On reissuance of new share certificates pursuant to this Article, the Company shall cancel the original share certificates immediately, and record such cancellation and reissuance in the register of shareholders.
- (7) All expenses of the Company arising from the cancellation of the original share certificates and the reissuance of new ones shall be borne by the applicant. Until the applicant provides a reasonable guarantee, the Company shall be entitled to refuse to take any action.

**A t c e 53**

Bona fide purchasers who obtain the said new share certificates or the shareholders who are thereafter recorded as owners of the relevant stock (if they are bona fide purchasers), shall not have their names deleted from the register of shareholders after the Company has

## CHAPTER 4 SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING

### Sect 4.1 Shareholders

**Article 55** Company's shareholders are those who hold the Company's stock and have their names recorded in the register of shareholders.

Shareholders shall enjoy their rights and assume their responsibilities according to the type of stock held by them. Shareholders holding the same type of stock shall enjoy equal rights and assume equal responsibilities.

All classes of shareholders of the Company shall have equal rights in any profit distribution in the form of dividends or any other form.

**Article 56** Shareholders of company's ordinary shares shall enjoy the following rights to:

- (1) Receive dividends and profit distribution in other forms depending on the shares held;
- (2) Request for, convene, preside over or attend shareholders' general meetings and exercise voting rights either in person or by proxy in accordance with the relevant laws;
- (3) Supervise, manage, present suggestions on or make inquiries about the business operation activities of the Company;
- (4) Transfer, give or pledge the shares they held in accordance with laws, administrative regulations and these Articles of Association;
- (5) Obtain relevant information according to the stipulations of these Articles of Association, including:
  1. Obtaining these Articles of Association after paying the cost;
  2. Having the right to inspect and copy relevant information after paying reasonable expenses:
    - (1) All parts of the register of shareholders;

- (2) Personal data of directors, supervisors and senior management personnel of the Company, including:
  - a. Present and previous names and aliases;
  - b. Main addresses (domiciles);
  - c. Nationality;
  - d. Full-time and all part-time occupations and positions;
  - e. Personal identity credentials and the numbers thereof.
3. Status of the equity of the Company;
4. The total face value, amount, ceiling price and bottom price of each category of stock repurchased by the Company since the previous accounting year, as well as the report on all payments made by the Company therefor;
5. Minutes of shareholders' meetings, resolutions of Board meetings, resolutions of Supervisory Committee meetings;
- (6) Object to resolutions of the shareholders' general meeting concerning merger or division of the Company, and require the Company to acquire their shares;
- (7) On termination or liquidation of the Company, participate in distribution of the Company's remaining assets according to its stock share;
- (8) Other circumstances stipulated in laws, administrative regulations and these Articles of Association.

The Company shall not utilize any of its powers to freeze or otherwise impair the rights attached to any shares directly or indirectly held by any person only on the ground that the said person did not disclosed his/her equity to the Company.

**A t c e 57**

If any shareholder requests for the access of the relevant information as set out in the preceding Article or obtaining information, the said shareholder shall provide the Company with written documents as evidence of the type and number of shares held by the said shareholder, and the Company shall provide the said information as required by the said shareholder upon authentication of the capacity thereof.

**A t c e 58**

If any resolution of a shareholder's general meeting or Board meeting is in violation of the laws and administrative regulations, the shareholders shall have the right to request the People's court to invalidate the said resolution (Article 275 hereof for Settlement of Disputes shall be applicable if holders of foreign-invested shares are involved).

The controlling shareholder(s) and actual controller(s) should not restrict or obstruct small and medium investors to exercise their voting rights in accordance with laws and should not infringe the legal rights of the Company and small and medium investors.

If the meeting convening procedures and voting method of the shareholders' general meetings or Board meetings are in violation of the laws and administrative regulations or these Articles of Association or if the contents of any resolution are in breach of these Articles of Association, the shareholders shall have the right to request the People's court to cancel the said procedures, method or resolution within sixty (60) days after the resolution has been made (Article 275 hereof for Settlement of Disputes shall be applicable if holders of foreign-invested shares are involved).

**A t c e 59**

If any director or senior management member violates laws and administrative regulations or these Articles of Association in fulfilling his/her duties, thereby causing any loss to the Company, the shareholder(s) severally or jointly holding one percent (1%) or more shares of the Company for more than one hundred and eighty (180) consecutive days shall have the right to request the Supervisory Committee in writing to institute legal proceedings at the People's



If any director, supervisor or senior management member violates laws, administrative regulations or the provisions of these Articles of Association in the performance of corporate duties and causes the Company to suffer losses, or if any controlling shareholder or actual controller of the Company infringes upon the Company's legitimate rights and interests and causes the Company to suffer losses, the Board, independent non-executive directors, shareholders holding more than one percent (1%) of the voting shares or investor protection organization established pursuant to laws, administrative regulations or the provisions of the securities regulatory authority of the State Council that hold shares in the Company (hereinafter as the "Investor Protection Organization"), may file a lawsuit with the People's Court in their own names for the interest of the Company, and the shareholding ratio and shareholding period shall not be subject to the provisions of the first two paragraphs of this article (Article 275 hereof for Settlement of Disputes shall be applicable if holders of foreign-invested shares are involved).

If any other person infringes upon the legitimate rights and interests of the Company, thereby causing any loss to the Company, the shareholders specified in Paragraph 1 of this Article may institute legal proceedings at the People's court pursuant to the preceding two paragraphs (Article 275 hereof for Settlement of Disputes shall be applicable if holders of foreign-invested shares are involved).

If any director or senior management member violates the laws and administrative regulations or these Articles of Association, thereby causing any loss to the shareholders, the shareholders may institute legal proceedings at the People's court (Article 275 hereof for Settlement of Disputes shall be applicable if holders of foreign-invested shares are involved).

**A t c e 60**

Shareholders of the Company's ordinary shares shall assume the following responsibilities:

- (1) Observing laws, administrative regulations and these Articles of Association;
- (2) Paying in share capital according to the subscribed shares and manner of participation;
- (3) Not to withdraw the shares except under the circumstances stipulated in laws and regulations;

- (4) Not abusing shareholder rights to damage the interests of the Company or other shareholders; not abusing the independent status of legal persons or limited liability of shareholders to damage the interests of the Company's creditors;

If any shareholder of the Company abuses shareholder's rights, thereby causing any loss to the Company or other shareholders, the said shareholder shall be liable for compensation according to law.

If any shareholder abuses the independent status of a legal person or limited liability of shareholder or evades debts, thereby seriously damaging the interests of the creditors of the Company, the said shareholder shall bear joint liability for the Company's debts.

- (5) Fulfilling other obligations stipulated in laws, administrative regulations and these Articles of Association.

Shareholders do not have the obligation to increase any equity capital except under the conditions accepted by the subscribers of shares at the time of subscription.

**A t c e 61**

If any shareholder holding more than five percent (5%) of the voting shares of the Company pledges the said voting shares, the said shareholder shall submit a written report to the Company on the date on which the said pledge is executed.

**A t c e 62**

The controlling shareholders and de facto controllers of the Company shall not use connected relations thereof to damage the interests of the Company; otherwise they shall be liable to make compensation for the loss incurred by the Company.

The controlling shareholders and de facto controllers of the Company shall bear fiduciary duty to the Company and the holders of Company's public shares. The controlling shareholders shall exercise contributors' rights according to law in a serious manner, shall not damage the legitimate rights and interests of the Company and the holders of public shares by such means as profit distribution, asset reorganization, external investment, fund appropriations and loan guarantees and shall not abuse its controlling status to damage the interests of the Company and the holders of public shares.

**A t c e 63**

Except for their obligations under the relevant laws, administrative regulations or the listing rules of the stock exchange where the Company's shares are listed, the controlling shareholders, in

exercising their rights as shareholders, shall not make any decision detrimental to the benefits of all or some shareholders in connection with the following issues:

- (1) Discharging the directors or supervisors of their responsibility to act in good faith in the interest of the most benefits of the Company;
- (2) Approving the directors or supervisors to deprive in any way the Company of its property (for their own interest or for the interest of others), including (but not limited to) any favorable opportunity of the Company;
- (3) Approving the directors or supervisors to deprive other shareholders of their personal rights and interests (for their own interest or the interest of others), including (but not limited to) any right to distribution and right to vote, but excluding company reorganization as submitted to the general meeting for approval according to these Articles of Association.

**A t c e 64**

The term “controlling shareholder” referred to in the preceding Article shall mean a person who satisfies any one of the following conditions:

- (1) Such person acting individually, or in concerted with other parties, has the power to elect more than half of the Board members;
- (2) Such person acting individually, or in concerted with other parties, can exercise thirty percent (30%) or more (including thirty percent (30%)) of the voting rights of the Company, or control the exercise of thirty percent (30%) or more (including thirty percent (30%)) of the voting rights of the Company;
- (3) Such person acting individually, or in concerted with other parties, the said person holds thirty percent (30%) or more (including thirty percent (30%)) of the outstanding shares of the Company;
- (4) Such person has de facto control of the Company in other ways when acting individually or in concerted with other parties.

**Sect 2 General Provisions of Shareholders' General Meeting**

**Article 65**

The shareholders' general meeting is the governing body of the Company and performs the following functions:

- (1) Determining on the business guidelines and investment plans of the Company;
- (2) Electing and changing directors, and the supervisors who are not employees' representatives, and making decisions on the remuneration of the relevant directors and supervisors;
- (3) Considering and approving the reports of the Board;
- (4) Considering and approving the reports of the Supervisory Committee;
- (5) Considering and approving the Company's annual financial budget plan and final accounting plan;
- (6) Considering and approving the Company's profit distribution plan and loss compensation plan;
- (7) To resolve on the increases/decreases in the registered capital of the Company;
- (8) To resolve on the issuance of the Company's bonds;
- (9) To resolve on the merger, division, dissolution, liquidation or transformation of the Company;
- (10) Revising these Articles of Association;
- (11) To resolve on the appointment, dismissal or non-reappointment of the Company's public accountants' firm;
- (12) Considering and approving matters relating to the external guarantees stipulated in Article 66 of these Articles of Association;
- (13) Considering the Company's purchase or disposal of major assets within one year with a transaction amount exceeding thirty percent (30%) of the latest audited total assets of the Company (other than asset disposals between the Company and its holding subsidiaries, and among the holding subsidiaries);
- (14) Considering and approving matters related to changes in the use of proceeds from share offerings;

- (15) Considering equity incentive plans and employee share ownership schemes;
- (16) Considering the Company's connected transaction with associates, of which the transaction amount is over thirty million (\$30,000,000) and accounts for over five percent (5%) of the Company's latest audited absolute value of net assets (relevant regulations regarding examination and approval of connected transactions of the location where the Company's shares are listed shall be applicable);
- (17) Considering the motions from shareholders representing more than three percent (3%) of the total number of voting shares of the Company;
- (18) Other matters which, in accordance with the laws, administrative regulations, departmental rules, and the relevant rules of securities regulatory authorities at the location where the Company's shares are listed or these Articles of Association, shall be decided at a shareholders' general meeting.

Matters of which, in accordance with the laws, administrative regulations and these Articles of Association, shall be decided by a shareholders' general meeting, shall be considered by a general meeting in order to protect the decision-making power of the Company's shareholders for the matters. Under necessary and reasonable circumstances, regarding particular issues related to matters being resolved which are unable to be immediately decided upon in the general meeting, the board can be authorized by the general meeting, to the extent permitted by law, regulations and these Articles of Association, to make decision within the scope authorized by the general meeting.

**A t c e 66**

The following guarantees to be given by the Company and its controlled subsidiaries to external parties shall be considered and approved by the shareholders' general meeting:

- (1) A guarantee in a single amount in excess of ten percent (10%) of the Company's latest audited net assets;
- (2) A guarantee to be provided in favour of a party with an asset-liability ratio in excess of seventy percent (70%);
- (3) Any guarantee provided after the total amount of external guarantee provided by the Company and its holding subsidiaries has exceeded thirty percent (30%) of the Company's latest audited total assets;

- (4) Any guarantee provided after the total amount of external guarantee provided by the Company and its holding subsidiaries has exceeded fifty (50%) of the Company's latest audited net assets;
- (5) The guarantees in respect of the amount of external guarantee provided by the Company and its holding subsidiaries, according to the twelve (12) consecutive months accumulative calculation principle for the amount of guarantee, has exceeded thirty percent (30%) of the Company's latest audited total assets;
- (6) The guarantees to be provided in favour of shareholders, de facto controllers and the affiliated parties thereof (other than the guarantees between the Company and its holding subsidiaries, or among the Company's holding subsidiaries);
- (7) other guarantee which, as required by the laws, regulations, listing rules of relevant stock exchange or by the Company's Articles of Association, must be approved by the shareholders' general meeting.

Where the shareholders' general meeting is reviewing a resolution on guarantees to be provided to shareholders, de facto controllers and its related parties, such shareholders, or shareholders under the control of such de facto controllers, shall abstain from voting. Such resolution is subject to the approval of not less than half of the voting rights held by the other shareholders present at the meeting.

**A t c e 67**

Unless approved at the shareholders' general meeting by way of special resolution, the Company may not enter into any contract with anyone other than a direct or senior management members to leave all or a significant part of the Company's business under his/her management.

**A t c e 68**

Shareholders' general meetings shall be classified as annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once (1) per year within six (6) months from the end of the previous accounting year.

Under any of the following circumstances, the Company shall convene an extraordinary general meeting within two (2) months from the date on which the circumstance in question occurs:

- (1) The number of directors falls short of the minimum number required by the Company Law or is less than two-thirds (2/3) of the number required by these Articles of Association;

- (2) The un-recovered losses of the Company amount to one third (1/3) of the total amount of its paid-up share capital;
- (3) It is required by the shareholder(s) individually or jointly holding ten percent (10%) or more (including 10%) equity of the Company;
- (4) The Board deems such extraordinary general meeting necessary;
- (5) The Supervisory Committee proposes such extraordinary general meeting;
- (6) Such other circumstances stipulated in laws, administrative regulations, departmental rules, relevant rules of securities regulatory authorities of the location where the Company's stocks are listed or other circumstances stipulated in these Articles of Association.

### **Section 3.13.10 Right of Shareholder to Convene a Meeting**

#### **Article 69**

Independent Non-Executive Directors may propose to the Board the convening of an extraordinary general meeting. Regarding the proposal of the Independent Non-Executive Directors to convene an extraordinary general meeting, the Board shall, pursuant to relevant laws, administrative regulations and these Articles of Association, give a written reply on whether or not agreeing to convene the extraordinary general meeting within ten (10) days after receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five (5) days after the resolution has been made by the Board. If the Board does not agree to hold the extraordinary general meeting, it shall give its reasons and make an announcement in respect thereof.

#### **Article 70**

The Supervisory Committee shall have the right to propose to the Board the convening of an extraordinary general meeting, and shall put forward its proposal to the Board in writing. The Board shall, pursuant to the relevant laws, administrative regulations and these Articles of Association, give a written reply on whether or not agreeing to convene the extraordinary general meeting within ten (10) days after receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five (5) days after the resolution has been made by the Board. In the event of any change to the original proposal set forth in the notice, the consent of the Supervisory Committee shall be required.

If the Board does not agree to hold the extraordinary general meeting or fails to give a written reply within ten (10) days after receipt of the proposal, it shall be deemed as being unable to perform or having failed to perform the duty of convening the extraordinary general meeting, and the Supervisory Committee may convene and preside over the meeting by itself.

**A t c e 71**

If shareholders require the convening of an extraordinary general meeting or a class general meeting, the following procedures shall be followed:

Shareholders individually or jointly holding more than ten percent (10%) of the Company's shares shall have the right to make a request to the Board for the holding of an extraordinary general meeting, which request shall be in writing. The Board shall, in accordance with the laws, administrative regulations and these Articles of Association, make a written response as to whether or not it agrees that an extraordinary general meeting should be held within ten (10) days after receipt of such request.

If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such general meeting within five (5) days after the resolution has been made by the Board. Any change to the original proposal set forth in the notice shall be subject to approval by the relevant shareholder(s).

If the Board does not agree to convene the extraordinary general meeting or fails to give a written reply within ten (10) days after receipt of the request, the shareholders individually or jointly holding more than ten percent (10%) of shares of the Company shall have the right to request the Supervisory Committee to convene an extraordinary general meeting, and shall put forward such request to the Supervisory Committee in writing.

If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such general meeting within five (5) days after receipt of the said request. In the event of any change to the original request set forth in the notice, the consent of the relevant shareholder(s) shall be obtained.

If the Supervisory Committee fails to serve the notice of such general meeting within the prescribed period, it shall be deemed as having failed to convene and preside over the general meeting, and the shareholder(s) individually or jointly holding ten percent (10%) or more shares of the Company for ninety (90) consecutive days may



convene and preside over the meeting on their own, the procedures for convening such meeting shall follow those for convening a general meeting of shareholders by the Board as closely as practicable.

When the shareholders convene a general meeting as the Board has failed to convene the meeting pursuant to the aforesaid provision, the reasonable expenses incurred shall be borne by the Company and shall be deducted from the outstanding amounts payable by the Company to the defaulting Directors.

**A t c e 72**

When the Supervisory Committee decides to convene a general meeting on its own, it shall notify the Board in writing and file the same in accordance with the requirements of stock exchanges at the location where the Company's shares are listed.

For general meetings convened and presided over by shareholders, prior to the announcement of the resolution of the general meeting, the shareholding of the shareholders who convene the meeting shall not be less than ten percent (10%).

For general meetings convened and presided over by the Supervisory Committee or shareholders, the Supervisory Committee or the convening shareholders shall, upon issuing a notice of the general meeting and announcing the resolutions thereof, submit the relevant evidential documentation in accordance with the requirements of stock exchanges at the location where the Company's shares are listed.

**A t c e 73**

With regard to a general meeting convened by the Supervisory Committee or shareholders on its/their own initiative, the Board and its secretary will cooperate accordingly. The Board shall provide a shareholders' register as of the equity registration date.

**A t c e 74**

The Company shall bear the necessary expenses related to general meetings convened by the Supervisory Committee or shareholders on its/their own initiative.

**Sect 4 P a a d N t c e f G e e a Meet g**

**A t c e 75**

A written notice of an annual general meeting to be held by the Company shall be given to all shareholders, whose names appear in the register of members, twenty (20) working days before the meeting is held, specifying the matters to be considered at and the date and place of the meeting.

A written notice of an extraordinary general meeting to be held by the Company shall be given to all shareholders, whose names appear in the register of members, fifteen (15) days or ten (10) working days (whichever is longer) before the meeting is held, specifying the matters to be considered at and the date and place of the meeting.

The date of holding the meeting shall not be counted for the purpose of determining any time limit hereunder.

Once the notice of the shareholder's general meeting is given, the venue of onsite general meeting shall not be changed without justifiable reasons. Where a change is necessary, the convener shall, at least two (2) working days prior to the date on which the meeting was originally scheduled, publish an announcement and state the reason.

**A t c e 76**

When the Company convenes a general meeting, the Board, the Supervisory Committee and shareholder(s) individually or jointly holding more than three percent (3%) of the equity of the Company shall have the right to propose motions to the Company, and the Company shall include in the agenda for the said general meeting the matters of the said motions falling within the functions and powers of general meetings.

The contents of the motions shall be within the functions and powers of the general meeting, feature definite topics and specific issues for resolution, and shall comply with the relevant provisions of the laws, administrative regulations and these Articles of Association.

Shareholder(s) individually or jointly holding more than three percent (3%) of the equity of the Company may submit written provisional motion(s) to the convener ten (10) days before a general meeting is convened. The convener shall serve a supplementary notice of general meeting within two (2) days after receipt of the motion(s) and announce the contents thereof.

Except as specified in the preceding paragraph, the convener shall not amend the motion(s) set out in the notice of the general meeting or add any new motion after the said notice has been issued.

Motions not set out in the notice of general meeting or not complying with the preceding article of these Articles of Association shall not be voted on or resolved at the general meeting.

**A t c e 77**

A general meeting shall not decide on matters not specified in such announcements.

**A t c e 78**

Notice of the general meeting and shall include the following contents:

- (1) Shall be issued in writing;
- (2) Specification of the equity registration date of shareholders entitled to attend the general meeting;

- (3) The time, venue and deadline for the meeting;
- (4) Matters and proposals submitted for consideration at the meeting;
- (5) Providing 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, and 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;
- (6) Disclosing the nature and extent of the material interests of any director, supervisor or senior management members in the transaction to be discussed; and if the effects of the transaction to be discussed on such director, supervisor or senior management member as shareholders insofar as it differs from the effects on the shareholders of the same class, such differences shall be stated;
- (7) The full text of any special resolution to be proposed at the meeting;
- (8) An obvious statement that all shareholders that are entitled to attend and vote at the general meeting shall be entitled to appoint one or more proxies to attend and vote at such meeting and that such proxies need not be shareholders of the Company;
- (9) State the date and place for delivery of the proxy forms for the meeting;
- (10) Specification of the name and telephone number of the coordinator of the meeting;
- (11) the time and procedures for voting via internet or by other ways.

**A t c e 79**

The notice of a general meeting shall be sent to shareholders (regardless of whether or not they are entitled to vote at the general meeting) by hand or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of members.

For holders of domestic-invested shares, such notice of the general meeting may also be given by way of 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 within the notice period of the shareholder' general meeting specified in Article 75 of these Articles of Association. Once such announcement is made, all holders of the domestic-invested shares shall be deemed to have received the notice of the general meeting. The announcement of general meeting for overseas-listed foreign-invested shareholders may be issued on the website of the SEHK and the Company, or published in one or more newspapers designated thereby. Once such an announcement is made, all holders of the overseas-listed foreign-invested shares shall be deemed to have received the notice of the relevant general meeting.

**A t c e 80**

The accidental omission to give notice of meeting to, or the failure of receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions adopted at the meeting.

Any shareholder entitled to attend and vote at a general meeting shall have the right to appoint one or several persons (who may not be shareholders) to act as his/her proxy(ies) to attend and vote at the meeting on his/her behalf. Such proxy(ies) may, pursuant to the instructions of the shareholder, exercise the following rights:

- (1) the right of the shareholder to speak at the meeting;
- (2) the right to demand, alone or jointly with others, for a poll;
- (3) the right to exercise voting rights on a show of hands or on a poll, provided that where more than one (1) proxy is appointed, the proxies may only exercise such voting rights on a poll.

**A t c e 81**

The instrument appointing a proxy shall be in writing under the hand of the appointing shareholder or his/her attorney duly authorized in writing; where the appointing shareholder is a legal person, such instrument shall be under its seal or under the hand of its director or attorney or personnel duly authorized. The form of proxy should state the number of shares represented by the proxy. If multiple proxies are appointed, the form of proxy shall state the number of shares each proxy represents respectively.

**A t c e 82**

If the election of directors or supervisors is proposed to be discussed at a general meeting, the notice of meeting will adequately disclose the detailed information on the director or supervisor candidates, which shall at least include:

- (1) Personal particulars, including academic qualifications, working experience, and concurrent positions;
- (2) Whether or not such candidate has any affiliated relationship with the Company, its controlling shareholders and de facto controllers;
- (3) The number of shares of the Company held by such candidate;
- (4) Whether or not such candidate has been punished by the CSRC or any other relevant department or reprimanded by the stock exchange.

Unless a director or supervisor is elected via the cumulative voting system, each candidate for a director or a supervisor shall be proposed via a single proposal.

**A t c e 83**

After the notice of general meeting is issued, such meeting shall not be postponed or cancelled and the proposals set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefor at least two (2) working days prior to the date on which the meeting was originally scheduled.

**Sect 5 C e f G e a Meet g**

**A t c e 84**

The Board of the Company or any other convener shall take necessary measures to ensure the proper order of the general meeting. The Board or any other convener shall take measures to stop any act disturbing the general meeting, seeking troubles or infringing upon the legitimate rights and interests of shareholders, and shall report such act(s) to the relevant authorities for investigation and handling.

**A t c e 85**

All the shareholders and proxies thereof in the shareholders' register on the equity registration date shall have the right to attend the general meeting and exercise their voting rights according to the relevant laws, regulations and these Articles of Association.

Shareholders may attend general meetings in personal, or appoint a proxy to attend and vote on his/her behalf.

**A t c e 86**

Individual shareholders attending the meeting in person shall present their identity cards or other valid credentials or proof of their identities or their stock account cards; in the case of attendance by proxies, the proxies shall present their valid credential proof and the letter of authorization from shareholders.

Where a shareholder is a legal person, its legal representative or a proxy authorized by its legal representative shall attend the meeting on behalf of such legal person. In case of attendance by legal representatives, they shall present their identity cards, valid certificates of their capacities of legal representatives and; in the case of attendance by proxies, the proxies shall present their identity cards and the letter of authorization duly issued by the legal representatives of the legal person.

**A t c e 87**

Proxy forms shall be lodged at the domicile of the Company or other places specified in the notice of meeting 24 hours before convening the meeting for voting relating to the proxy forms, or 24 hours before the designated time of voting. Where a proxy form is signed by a person under a power of attorney on behalf of the appointer, the power of attorney or other authorization documents authorizing the signing of the proxy form shall be notarized. A notarially certified copy of that power of attorney or other authorization documents, together with the proxy form, shall be deposited at the domicile of the Company or other places specified in the notice of meeting.

Where the appointer is a legal person, its legal representative or other persons authorized by the resolutions of the Board or other decision-making organizations to act as its representatives may attend the general meeting of the Company as a representative of the appointer.

Where such shareholder is a recognized clearing house determined by relevant regulations formulated time to time in Hong Kong (hereinafter referred to as “recognized clearing house”) (or its nominee), such shareholder shall be entitled to appoint one or more persons as it deems fit to act on its behalf at any general meetings or any other class meetings; where more than one person are authorized, the letter of authorization shall specify the number and class of shares represented by each person so authorized. Such persons so authorized shall be entitled to exercise the rights on behalf of the recognized clearing house (or its nominee) as if they were individual shareholders of the Company.

**A t c e 88**

The proxy form issued by a shareholder appointing another person to attend a general meeting on his/her behalf shall specify the following:

- (1) The name of the proxy;

- (2) Whether or not the proxy is entitled to vote;
- (3) The instructions as to whether the proxy should vote for or against or abstain from voting on each item to be considered at the general meeting;
- (4) The date and period of validity of the proxy form;
- (5) The signature (or seal) of the appointing party.

**A t c e 89** Any form issued to a shareholder by the Board for use by him for appointing a proxy shall allow the shareholder to freely instruct the proxy to vote in favour of or against each resolution relating to each matter to be considered and resolved at the relevant meeting. Such form shall contain a statement that in the absence of instructions by the shareholder, his/her proxy may vote as he thinks fit.

**A t c e 90** Where the appointer has deceased, disability to withdraw the appointment or the power of attorney to sign an appointment, or where the relevant shares have been transferred, a vote given in accordance with the letter of authorization 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.

**A t c e 91** A register of attendance of the general meeting shall be prepared by the Company. The register shall set forth, among others, the names of attendees (or the attending units), the identity card numbers, residential address, number of voting shares held or represented, and names of the appointer (or the appointing unit) thereof.

**A t c e 92** The convener and the lawyers engaged by the Company shall jointly verify the validity of the shareholders' qualifications based on the register of members provided by the securities registration and clearing authority, and shall register the names of the shareholders as well as the number of the voting shares held thereby.

The registration for a meeting shall end before the chairman of the meeting announces the number of shareholders and proxies attending the meeting in person and the total number of the voting shares held thereby.

**A t c e 93** Save as in special circumstances, all Directors, supervisors and the Secretary to the Board shall be present at the general meeting, and other senior management members shall be in attendance at the meeting.

**A t c e 94**

A general meeting shall be convened by the Board and chaired and presided over by the chairman of the Board. If the chairman is unable to attend the meeting, the chairman shall appoint one (1) deputy chairman (co-chairman) to preside over and take the chair of the meeting. If the chairman is unable to appoint a deputy chairman (co-chairman), one (1) deputy chairman (co-chairman) of the Board elected by more than one half of the Directors present shall chair and preside over the meeting. If both the chairman and deputy chairman (co-chairman) of the Board are unable to attend the meeting, or the chairman of the Board are unable to attend the meeting and the deputy chairman (co-chairman) of the Board has not been designated, one (1) Director designated by more than one half of the Directors present shall preside over the meeting. If the chairman of the general meeting has not been designated, a majority of the shareholders attending the meeting may elect a member to act as the chairman of the meeting; if for any reason, the shareholders are unable to elect a chairman, the shareholder (or his/her proxy) holding the largest number of voting rights attending the meeting shall act as chairman of the meeting.

For a general meeting convened by the Supervisory Committee, such meeting shall be presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable to perform or fails to perform his/her duties, a supervisor jointly elected by more than one half of all supervisors shall preside over the meeting.

For a general meeting convened by the shareholders themselves, such meeting shall be presided over by a representative elected by the convener.

During the course of a general meeting, if the chairman of the meeting is in breach of the rules of proceedings and renders it impossible for the meeting to continue, with the consent of shareholders present at the meeting and representing more than one half of the total voting rights held by such shareholders, the general meeting may elect one individual to be the chairman of the meeting and the meeting shall continue.

**A t c e 95**

The rules of proceedings for shareholders' general meetings shall be formulated by the Company, which shall stipulate, in details, the procedures for convening the shareholders' general meeting and voting procedures, including notice, registration, consideration and approval of motions, voting, vote counting, announcement of voting results, formation of resolutions of the meeting, minutes of the meeting and its signing, announcements, and the principles for the shareholders' general meeting authorizing the Board. The contents of the authorization shall be clear and specific. The rules of proceedings



of shareholders' general meetings shall constitute an appendix to these Article of Association, which shall be proposed by the Board and approved by the shareholders' general meeting.

**A t c e 96** During the annual general meeting of shareholders, the Board and the Supervisory Committee shall respectively report on their work in the previous year to the general meeting, and each Independent Non-Executive Director shall also make his/her duty report correspondingly.

**A t c e 97** The Directors, supervisors and senior management members shall give explanations and statements on the inquiries and suggestions made by shareholders.

**A t c e 98** The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting in person as well as the total number of voting shares held thereby, which numbers as recorded in the meeting's registration record shall prevail.

**A t c e 99** Minutes of general meetings shall be kept by the Secretary to the Board. The minutes shall contain the following items:

- (1) the date and time, place and agenda of the meeting, and the name of the convener;
- (2) the name of the chairman of the meeting, and the names of Directors, supervisors and senior management members of the Company present or in attendance at the meeting;
- (3) the number of shareholders (including proxies) attending the meeting, the total number of voting shares they represent and the percentage of the total number of shares of the Company they represent;
- (4) the discussions in respect of each motion, highlights of the opinions given at the meeting and the results of voting;
- (5) details of the queries or recommendations of the shareholders, and the corresponding answers or explanations;
- (6) the name of lawyers, vote counting officers and scrutinizers;
- (7) other matters which shall be recorded in the minutes of the meeting in accordance with the provisions of these Articles of Association.

**A t c e 100** The convener shall ensure the truthfulness, accuracy and completeness of the minutes of the meeting. The Directors and supervisors attending the meeting, the Secretary to the Board, the convener or his/her representative, and the chairman of the meeting shall sign the minutes of the meeting. The minutes of the meeting and the signed attendance record of the shareholders who attended in person, the proxy forms for the proxies present at the meeting and the valid information relating to voting online and by other means shall be kept together for a term of ten (10) years.

**A t c e 101** The convener shall ensure that a general meeting is held continuously until final resolutions have been passed. In the event that the general meeting is suspended or the shareholders fail to pass any resolution due to force majeure or other special reasons, necessary measures shall be taken to resume the general meeting as soon as possible or the meeting shall be terminated directly and an announcement of such termination shall be made promptly. At the same time, the convener shall report to the agency of the CSRC in the locality of the Company and the stock exchange.

**Sect 6 Voting and Return of General Meeting**

**A t c e 102** There shall be two types of resolutions of shareholders' general meetings, namely ordinary resolutions and special resolutions.

An ordinary resolution shall be passed by votes representing more than half of the voting rights represented by the shareholders (including proxies) present at the meeting in favour of the resolution.

A special resolution shall be passed by votes representing more than two-thirds (2/3) of the voting rights represented by the shareholders (including proxies) present at the meeting in favour of the resolution.

**A t c e 103** When a shareholder (including proxy) votes at a shareholder's general meeting by exercising his/her voting rights in accordance with the number of shares carrying the right to vote, each share shall have one vote.

The shares held by the Company have no voting rights, and such part of the shareholding shall not be counted as the total number of shares with voting rights held by shareholders attending the meeting.

If a shareholder buys shares with voting rights of the Company in violation of paragraph 1 and paragraph 2 of Article 63 of the Securities Law, the voting rights of such shares in excess of the prescribed proportion may not be exercised for a period of thirty-six (36) months after the buying, and shall not be counted as the total number of shares with voting rights held by shareholders attending the meeting.

The Board, Independent Non-Executive Director(s), shareholder(s) who hold more than one percent (1%) of voting shares or Investor Protection Organization(s) established pursuant to laws, administrative regulations or the provisions of the CSRC may canvass shareholders for votes.

Information including the specific voting preference shall be fully provided to the shareholders for whom voting rights are being solicited. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. Except for statutory conditions, the Company shall not impose any minimum shareholding limitation for soliciting voting rights.

If the relevant laws or regulations or Listing Rules stipulates that any shareholder shall waive his/her voting right on a certain matter or limits any shareholder to cast affirmative or negative votes on certain matter, and in case of any violation of such relevant stipulation or limitations, votes casted by such shareholders or proxies thereof shall not be adopted.

**A t c e 104**

Unless a poll is (before or after any voting by a show of hands) demanded by the following persons, voting at a general meeting shall be conducted by a show of hands:

- (1) The chairman of the meeting;
- (2) at least two shareholders entitled to vote or their proxies;
- (3) one or more shareholders (including proxies) individually or jointly holding more than ten percent (10%) of all voting shares represented by the shareholders present at the meeting.

Unless a poll is so demanded, a declaration by the chairman of the meeting that a resolution has, on a show of hands, been carried, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of such result without proof of the number or proportion of the votes recorded in favour of or against such resolution at the meeting.

The demand for a poll may be withdrawn by the person who makes such demand.

**A t c e 105** A poll demanded on such matters as the election of chairman or the adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman may decide, and the meeting may proceed to discuss other matters, while the results of the poll shall still be deemed to be a resolution passed at that meeting.

**A t c e 106** On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his/her votes for or against in the same way.

**A t c e 107** In the event of an equality of votes, regardless of shown by hands or votes, the person presiding the meeting shall be entitled to an additional vote.

**A t c e 108** The following matters shall be approved by ordinary resolutions of a general meeting:

- (1) the work reports of the Board and the Supervisory Committee;
- (2) the plans formulated by the Board for profit distribution and making up losses;
- (3) the appointment and removal of members of the Board and the Supervisory Committee and their remuneration and the payment methods thereof;
- (4) the Company's annual financial budgets and final accounts;
- (5) the Company's balance sheets, income statements and other financial statements, annual reports;
- (6) such other matters other than those required by laws, administrative regulations or these Articles of Association to be approved by special resolutions.

**A t c e 109** The following matters shall be approved by special resolutions of a general meeting:

- (1) the increase or reduction of the Company's registered capital;
- (2) the Company repurchases the Company's shares and issues any class of shares, warrants and other similar securities of the Company;

- (3) the spin-off, demerger, merger, dissolution and liquidation of the Company;
- (4) amendments to these Articles of Association;
- (5) any asset disposals other than daily operations of the Company and its controlled subsidiaries with the total asset or transaction amount exceeding thirty percent (30%) of the Company's latest audited total assets, calculated according to the twelve (12) consecutive months accumulative principle, regardless the subject matter of the transaction is connected in nature or not (except asset disposals incurred between the Company and its controlled subsidiaries, among the Company's controlled subsidiaries);
- (6) any guarantee provided after the amount of external guarantees provided by the Company and its controlled subsidiaries, calculated according to the twelve (12) consecutive months accumulative principle for the amount of guarantees, has exceeded thirty percent (30%) of the Company's latest total audited assets;
- (7) equity incentive plans;
- (8) adjustments in profit distribution policies;
- (9) such other matters as may be required by laws, administrative regulations or these Articles of Association or which, pursuant to ordinary resolutions passed at general meetings, are considered to have material effects on the Company and require approval by special resolutions.

**A t c e 110**

When connected transactions are being considered at a general meeting, the related shareholders shall abstain from voting, and the number of voting shares held by them shall not be counted toward the total number of valid votes. An announcement of the resolutions of the general meeting shall fully disclose the results of voting by shareholders who are not related to such transactions.

The abstention and voting procedures for connected transactions shall be as follows:

- (1) when a connected transaction is considered at a general meeting, the chairman of the meeting shall announce the list of the related shareholders, and the total number of voting shares held by shareholders not related to such transaction and present at the meeting, and the percentage of such voting shares in the total number of shares in the Company.

- (2) the related shareholders shall, on their own initiative, propose to the Board to abstain from voting, and the chairman of the meeting shall demand the proxies of related shareholders to abstain from voting.
- (3) if the Chairman of the Board attends the meeting as the proxies of the related shareholders, the chairman of the Board shall delegate one (1) deputy chairman (co-chairman) of the Board or another Director to preside over the meeting when such connected transaction is being considered and voted upon.
- (4) if the related shareholders disagree with the decision of the convener, they shall have the right to report the same to the relevant securities regulatory authorities and may obtain a decision from a People's court as to whether or not they are related to and entitled to vote upon the connected transaction (Article 275 of these Articles of Association for Settlement of Disputes shall be applicable if holders of foreign-invested shares are involved), but before a final and valid decision is made by the relevant securities regulatory authority or the People's court or other competent authorities, such shareholders shall abstain from voting, and the number of voting shares they

**A t c e 112**

The lists of candidates for election of Directors and supervisors shall be submitted to the relevant general meetings in the form of motion for voting. Methods of and procedures for nominating a candidate for Director or supervisor shall be:

- (1) The Board and Supervisory Committee may submit a resolution to the Board for the nomination of candidates for Director and supervisors (not being staff representatives) respectively. One or more shareholders individually or jointly hold more than three percent (3%) of the outstanding shares issued by the Company may nominate candidates for Director or supervisor (not being staff representatives). Candidates for Independent Non-Executive Director can be nominated by the Board, Supervisory Committee or shareholders individually or jointly holds one percent (1%) of shares issued by the Company.
- (2) The staff representative in the Supervisory Committee shall be elected by employees of the Company in staff representative meetings, employee meetings or any other form of democratic election.
- (3) The manner and procedure for the nomination of Independent Non-Executive Director shall be executed in compliance to the relevant requirements of the law, administrative regulations and departmental rules.

For voting at a general meeting in relation to the election of Directors and supervisors, the cumulative voting system may be adopted in accordance with the provisions of these Articles of Association or a resolution of the general meeting. The cumulative voting system shall be adopted when a single shareholder of the Company and the persons acting in concert are interested in thirty percent (30%) or above of the shares.

The cumulative voting system referred to in the preceding paragraph shall mean a system used in the election of Directors or supervisors at a general meeting where the holder of each share shall have such number of votes as is equivalent to the number of Directors or supervisors to be elected, which votes may be casted for a single candidate. The board of Directors shall make an announcement to shareholders concerning the biographies and basic information of the candidates for election as Directors and supervisors.

**A t c e 113** Save where the cumulative voting system is adopted, all motions shall be voted upon at a general meeting separately. Where there are different motions for the same matter, such motions shall be voted upon according to the order in which they are proposed. Unless a general meeting is adjourned or no resolution can be adopted thereat due to force majeure or other special reasons, no proposed resolution shall be set aside or rejected for voting at the general meeting.

**A t c e 114** When considering a motion at the general meeting, no change will be made thereto. Otherwise, such related change shall be treated as a new motion which shall not be processed for voting at the general meeting.

**A t c e 115** Before a resolution is voted on at the general meeting, two representatives of the shareholders shall be elected as counting officers and scrutinizers. In case any shareholder who is related to the matter under consideration, their proxies shall not participate in vote counting or scrutinizing.

When the shareholders are voting on the motions, an auditor or registrars or an external accountant qualified for being the Company's auditor (either one of the three) and the lawyer, shareholders' representative and supervisors' representative shall count and scrutinize the votes jointly, and the voting result shall be announced forthwith. Voting results for the resolutions shall be recorded in the minutes of the meeting.

Shareholders of the Company or their proxies that vote online or by other means shall have the right to check and inspect their voting results through the corresponding voting system.

**A t c e 116** The ending time of the on-site general meeting shall not be earlier than that of online voting or voting by other means. The chairman of the meeting shall announce the voting status and results of each motion, and whether or not the motions have been passed accordingly.

Prior to the formal announcement of voting results, the Company, counting officers, scrutinizers, major shareholders, internet voting service provider and other relevant parties in relation to voting on-site at the general meeting, online or by other means shall be obliged to keep the voting results confidential.

**A t c e 117** Shareholders attending the general meeting shall express opinions on the motions for voting in the following ways: "for", "against" or "abstain". Being the nominal holders of shares subject to the Stock Connect, the securities registration and settlement institutions may express opinions according to the intentions of actual holders.



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.

Ballot papers that are left in blank, unduly completed or illegible or

**A t c e 122** The resolutions of a general meeting shall be announced promptly, and shall indicate the number of shareholders and proxies attended the meeting, the total number of voting shares held by them, the percentage of such voting shares in the total number of voting shares in the Company, the voting method, the voting results in respect of each motion and the details of each resolution passed, and the information as required by stock exchanges at the location where the Company's shares are listed.

Where material issues affecting the interests of small and medium investors are being considered in the shareholders' general meeting, the votes by small and medium investors shall be counted individually. The individual counting results shall be publicly disclosed in a timely manner.

**A t c e 123** Where a motion has not been adopted or a resolution of a previous general meeting has been modified in the current general meeting, the same shall be highlighted in the announcement of the resolutions of the general meeting.

**A t c e 124** Where a motion in relation to the election of Directors or supervisors has been adopted at a general meeting, the appointment of the new Directors or supervisors shall take effect on the day the said resolution has been considered and approved in the general meeting.

**A t c e 125** Where a motion in relation to the payment of cash dividends, the giving of bonus shares or the capitalisation of capital reserves has been adopted at a general meeting, the Company shall implement the specific plans within two (2) months after the conclusion of the general meeting.

**Sect 7 Section of Voting of Class Shareholders**

**A t c e 126** Shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall enjoy rights and assume obligations pursuant to the provisions of laws, administrative regulations and these Articles of Association.

**A t c e 127** Any variation or abrogation of the rights of class shareholders proposed by the Company shall be approved by a special resolution of a general meeting and by the shareholders of the affected class at a separate class meeting convened in accordance with Articles 129 to 133.

**A t c e 128**

The following circumstances shall be deemed to be circumstances where the variation or abrogation of the rights of shareholders of a certain class is involved:

- (1) increasing or decreasing the number of shares of that class, or increasing or decreasing the number of shares of another class having the same or more rights of voting, distribution or other privileges as compared with shares of such class;
- (2) converting all or part of the shares of such class into shares of other classes, or converting all or part of the shares of other classes into shares of such class or granting rights to effect such conversions;
- (3) removing or reducing rights to receive accrued dividends or cumulative dividends attached to the shares of such class;
- (4) reducing or removing the right, attached to shares of such class, to receive priority dividends or, in the event of the liquidation of the Company, to receive priority distribution of property;
- (5) increasing, removing or reducing the right of conversion, options, voting rights, the right to transfer, priority in placement and the right to acquire securities of the Company attached to shares of such class;
- (6) removing or reducing the right, attached to shares of such class, to receive sums payable by the Company in particular currencies;
- (7) creating a new class of shares having the same or more rights of voting, distribution or other privileges when compared with the shares of such class;
- (8) imposing restrictions on the transfer or ownership of the shares of such class or increasing such restrictions;
- (9) issuing subscription rights or share conversion rights in respect of shares of such class or another class;
- (10) increasing the rights and privileges of the shares of another classes;
- (11) a restructuring proposal of the Company will result in different classes of shareholders having to assume disproportionate liabilities in such restructuring;

(12) varying or repealing the terms provided in these Articles of Association.

**A t c e 129**

Shareholders of the affected class, whether or not originally having the right to vote at general meetings, shall have the right to vote at the

The procedures for class meetings shall be as similar as possible to those of general meetings, and the terms of these Articles of Association relating to the procedures for general meetings shall apply to class meetings.

**A t c e 133**

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

The special procedures for voting by class shareholders shall not apply in the following circumstances:

- (1) where the Company issues, subject to approval by a special resolution of a general meeting, domestic-invested shares and overseas listed foreign-invested shares once every twelve (12) months, either separately or concurrently, and the numbers of domestic-invested shares and overseas listed foreign-invested shares proposed to be issued do not exceed twenty percent (20%) of its outstanding domestic-invested shares and overseas listed foreign-invested shares respectively;
- (2) where the Company's plan to issue domestic-invested shares and overseas listed foreign-invested shares at the time of establishment is completed within fifteen (15) months from the date of approval by the securities regulatory authorities of the State Council;
- (3) After the approval by the securities regulatory authority under the State Council or other approving authorities (if applicable), the conversion of the Company's domestic-invested share into foreign-invested share, and listing and trading of such shares in an overseas stock exchange.

## CHAPTER 5 BOARD OF DIRECTORS

### A t c e 134

Directors of the Company shall be natural persons. A person may not serve as a Director of the Company in case of any of the following circumstances:

- (1) a person without civil or with restricted civil capacity;
- (2) a person who has committed an offence of corruption, bribery, conversion of property, misappropriation of property or sabotaging the market economic order of socialism and has been punished therefor; or who has been deprived of his/her political rights, in each case where less than five (5) years have elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) a person who is a former director, factory manager or president of a company or enterprise (has the same meaning of “manager” under the Company Law) which is insolvent and under liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of the completion of such insolvency and liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business license revoked and was ordered to shut down due to a violation of the law and who incurred personal liability, where less than three (3) years have elapsed since the date of such revocation of the business license;
- (5) a person who has a relatively large amount of personal debts due and outstanding;
- (6) a person who has been prohibited from entering the securities market due to the measures taken by the CSRC, and the term of such prohibition has not expired;
- (7) a person publicly deemed by a stock exchange as unsuitable to serve as a director, supervisor and senior management of a listed company, and the relevant limitation period has not expired;
- (8) a non-natural person;
- (9) Such other circumstances prescribed by laws, administrative regulations and departmental rules

In case of an election or appointment of Directors in violation of the stipulations set out herein, such election, appointment or engagement shall be null and void. In case of the above circumstances on any Director during his/her tenure, the Company shall remove him/her from office.

**A t c e 135**

Directors shall be elected or replaced at the shareholders' general meeting, and may be removed by the shareholders' general meeting before the expiration of their term of office. The term of office of the Directors shall be three years. Upon maturity of the current term of office, a Director shall be eligible to offer himself/herself for re-election and reappointment.

The term of office of Directors shall commence from the date of appointment up to the maturity of the current term of office of the Board. In the event that the terms of Directors fall upon maturity whereas new members of the Board are not re-elected in time, the existing Directors shall continue to perform Directors' duties in accordance with the laws, administrative regulations, departmental rules and these Articles of Association until the re-elected Directors assume their office.

Senior management members may concurrently serve as a Director, provided that the aggregate number of the Directors who concurrently serve as senior management members shall not exceed one third (1/3) of all Directors of the Company.

Written notices of the intention to nominate candidates for election as Directors and of the candidates' acceptance of such nominations shall be sent to the Company, after the notice of general meeting relating to the election of such Directors was issued at least seven (7) days before the date of the relevant general meeting.

The number of Directors elected for each tenure shall not be less than the one prescribed by these Articles of Association, nor exceed the maximum number of Directors determined by the general meeting through an ordinary resolution; when the number of Directors approved through voting exceeds the maximum number of Directors intended to be elected, the Directors shall be determined in the descending order from the candidate of the highest vote according to the maximum number of Directors intended.

Any person appointed by the Board to be a Director for the purpose of filling a temporary vacancy or to increase the number of members in the Board, shall only remain in office until the next annual general meeting of the Company, and shall be eligible to offer himself for re-election and reappointment at such time.

The external Directors shall have sufficient time and necessary knowledge and abilities in performing his/her duties. When external Directors perform his/her duties, the Company shall provide necessary information. Among them, Independent Non-Executive Directors may directly report to the general meeting, securities regulatory authorities of the State Council or other relevant departments.

The general meeting may, subject to compliance with the provisions of relevant laws and administrative regulations, dismiss a Director whose tenure has not matured through an ordinary resolution (compensation that may be requested for according to any agreements shall not be affected thereby).

The Directors shall not be required to hold shares of the Company.

**A t c e 136**

Directors shall comply with the law, administrative regulations and these Articles of Association, and perform their fiduciary obligations to the Company as follows:

- (1) not to exploit his/her position to accept bribes or other illegal income or expropriate the Company's property;
- (2) not to misappropriate the Company's funds;
- (3) not to open accounts in his/her own name or others' names for the deposit of the Company's assets or funds;
- (4) not to violate these Articles of Association in lending the Company's funds to others or provide a guarantee for other individual(s) with the Company's assets without approval of the shareholders' general meeting or the Board;
- (5) not to violate these Articles of Association or enter into agreements or transactions with the Company without approval of the general meeting;
- (6) not to exploit his/her position in the Company to procure business opportunities for himself/herself or others that shall have otherwise been available to the Company, or operate for his/her own benefit or manage on behalf of others businesses similar to those of the Company without approval of the general meeting;
- (7) not to accept commissions from transactions with the Company's for his/her own benefits;



- (8) not to disclose confidential information of the Company without permission;
- (9) not to exploit his connected relationship to prejudice the interests of the Company;
- (10) to perform other fiduciary duties specified by laws, administrative regulations, departmental rules and these Articles of Association.

Income generated by any Directors in violation of this Article shall be returned to the Company; and such person(s) shall be liable for indemnification for any loss so caused to the Company.

**A t c e 137**

Directors shall comply with the law, administrative regulations and these Articles of Association, and perform their diligence obligations to the Company as follows:

- (1) to exercise the rights accredited by the Company in cautious, serious and due diligent manners so as to ensure that the commercial behaviours of the Company be in compliance with the PRC laws, administrative regulations and economic policies, and the commercial activities not exceeding the scope of business stipulated in the business license;
- (2) to treat all shareholders in a fair and equitable manner;
- (3) to acquire the knowledge of the business operation and management of the Company on a timely basis;
- (4) to sign the written confirmation of securities issuance documents and regular reports of the Company, ensure that the Company discloses information in a timely and fair manner, and ensure the truthfulness, accuracy and completeness of the information disclosed by the Company;
- (5) to provide the relevant true details and data to the Supervisory Committee, and not to interfere with the Supervisory Committee or supervisors in their exercise of powers;
- (6) to perform other due diligence obligations imposed by laws, administrative regulations, departmental rules and these Articles of Association.

**A t c e 138**

**A t c e 142** Any Director who violates any laws, administrative regulations, departmental rules or these Articles of Association in performing his/her duties and thereby incurring losses to the Company shall be liable for indemnification for such losses.

**A t c e 143** Independent Non-Executive Directors shall act in compliance with the relevant provisions of the law, administrative regulations and the rules of securities regulatory authorities and stock exchanges at the location where the Company's shares are listed.

## **Sect 2 B a d f D e c t**

**A t c e 144** The Company shall establish a Board which shall report to the shareholders' general meeting.

**A t c e 145** The Board shall consist of twelve (12) Directors, of which: external Directors (referring to Directors which are not employed by the Company) shall account for one-half (1/2) or more of the number of Directors in the Board, Independent Non-Executive Directors (referring to Directors which are independent from the Company's shareholders and not employed within the Company) shall account for one-third (1/3) or more of the number of Directors in the Board, and at least one Independent Non-Executive Director shall be an accounting professional.

**A t c e 146** The Board shall exercise the following functions and powers:

- (1) to convene and report its work to shareholders' general meetings ;
- (2) to implement the resolutions of shareholders' general meetings;
- (3) to decide on the Company's business and investment plans;
- (4) to formulate the Company's plans on annual financial budgets and final accounts;
- (5) to formulate the Company's profit distribution plans and plans on making up losses;
- (6) to formulate the proposals for increase or decrease of the registered capital of the Company, issuance of bonds or other securities of the Company and listing plans;

- (7) to formulate plans for substantial acquisition, acquisition of shares of the Company or merger, division, dissolution and alteration of corporate form of the Company;
- (8) except it is otherwise stipulated by the laws, administrative regulations, departmental rules, relevant regulations of the securities regulatory authorities of the location where the Company's shares are listed and these Articles of Association, to decide upon the asset disposal of the Company and its controlled subsidiaries (except those reviewed by the general meeting), decide upon the asset disposals between the Company and its controlled subsidiaries, among its controlled subsidiaries, and decide upon the merger or division of its controlled subsidiaries;
- (9) to determine the establishment of the Company's internal management organization;
- (10) to appoint or dismiss senior management members of the Company, and to determine the remunerations, incentives and punishments of such members;
- (11) to formulate the basic management system of the Company;
- (12) to formulate proposals for amendments to these Articles of Association;
- (13) to manage information disclosure of the Company;
- (14) to propose at shareholders' general meetings for the appointment or change of the accounting' firm conducting auditing for the Company;
- (15) to hear the work report and inspect the work of the chief executive officer of the Company;
- (16) to exercise any other duties and powers specified in the relevant laws, administrative regulations, departmental rules and conferred by these Articles of Association and the shareholders' general meetings.

Matters which are out of the scope of authorization by the general meeting, shall be submitted to the general meeting for review.

Except for the Board resolutions in respect of the matters specified in

**A t c e 149** The Board shall establish audit committee, nomination committee, remuneration and appraisal committee and strategic committee, and may establish other specialized committees pursuant to relevant applicable laws and regulations, regulatory documents and provisions of the securities regulatory authority of the location where the Company's shares are listed. The Board shall be responsible for formulating the terms of reference of the special committees and regulating their operations. All members of specialized committees shall be Directors, of which auditing committee, nomination committee, remuneration and appraisal committee shall have Independent Non-Executive Directors accounting for the majority of the members and acting as the convener, and the convener of audit committee shall be an accounting professional.

**A t c e 150** Specialized committees may engage intermediaries for professional advices and the relevant expenses shall be borne by the Company.

**A t c e 151** Each of the specialized committee shall be responsible to the Board and shall report to the Board the results of examination within its scope of duty. The proposals of each specialized committee shall be submitted to the Board for consideration and approval.

**A t c e 152** In cases where the expected value of fixed assets proposed for disposal by the Board, when aggregated with value of fixed assets disposed within four (4) month preceding such proposed disposal, exceeds thirty three percent (33%) of the fixed assets value set out in the latest balance sheet reviewed by the shareholders' general meeting, the Board shall not dispose of or consent to dispose of such fixed assets without prior approval by the shareholders' general meeting.

The term "fixed assets disposal" referred to in this Article includes (among other things) transferring certain interests in assets, but excluding provision of guarantees with fixed assets.

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

**A t c e 153** The Board shall review and determine the act of asset disposals of the Company and its controlled subsidiaries, except assets disposals which shall be considered by shareholders' general meeting. Material asset disposals shall be submitted to shareholders' general meeting for consideration upon consideration and approval by the Board.

Connected transactions between the Company and controlled subsidiaries (except those between the Company and its controlled subsidiaries, or among its controlled subsidiaries), except for those which shall be considered by the shareholders' general meeting, shall be reviewed by the Board. The Board may, within its scope of its authority, authorize the chief executive officer and/or the President to approve the relevant connected transactions.

Material asset disposals and connected transactions which are required to be submitted to the shareholders' general meeting for consideration shall be deemed as material matters. The Board shall organize an review of the same performed by experts and professionals, and submit the same to the shareholders' general meeting for approval.

External guarantees of the Company and its controlled subsidiaries, except for those which shall be considered by the shareholders' general meeting, must be reviewed by the Board. External guarantees which shall be reviewed by the Board, shall be reviewed, agreed and resolved upon by more than two-thirds (2/3) of the Directors present at the Board meeting. In the event of violation of the approval authorization or review procedure of external guarantees by a general meeting and a Board meeting as prescribed in these Articles of Association, the responsible person shall be held responsible for the corresponding legal responsibility and economic responsibility.

If the aforesaid matters concern with provisions stipulated in other laws, administrative regulations, departmental rules, regulatory documents or are otherwise prescribed by these Articles of Association, such provisions shall be complied with.

**A t c e 154**

The Board consists of one (1) chairman of the Board, and may consist of deputy chairman(s) (co-chairman(s)) of the Board. The chairman and deputy chairman(s) (co-chairman(s)) shall be elected by the Board with the approval of more than half of the total number of Directors of the Board.

**A t c e 155**

The Chairman of the Board shall exercise the following functions and powers:

- (1) to preside over shareholders' general meetings and to convene and preside over Board meetings;
- (2) to supervise and check on the implementation of resolutions of the Board;
- (3) to sign the shares, bonds of the company and other marketable securities;
- (4) to sign important documents of the Board and other documents which shall be signed by the Company's legal representative;
- (5) to exercise the duties and powers of a legal representative;
- (6) in emergency situations of force majeure such as extraordinarily serious natural disasters, to exercise special disposal rights with respect to the Company's business in compliance with laws, regulations and for the Company's benefits, and report to the Company's Board and shareholders' general meetings afterwards;
- (7) to exercise such other duties and powers conferred by the Board.

If the aforesaid matters are related to the provisions of other laws, rules and regulations, departmental rules, regulatory documents or otherwise stipulated in these Articles of Association, such provisions shall be complied with.

**A t c e 156**

The deputy chairman(s) (co-chairman(s)) of the Company shall assist the Chairman in performing his/her duties. If the Chairman is unable or fails to perform his/her duties, such duties shall be performed by one (1) deputy chairman (co-chairman) designated by the Chairman of the Board. If the Chairman of the Board is unable to designate a deputy chairman (co-chairman), one (1) deputy chairman (co-chairman) elected jointly by more than half of the Directors shall perform such duties. If the deputy chairman (co-chairman) is unable or fails to perform his duties, or there is no current deputy chairman (co-chairman), one (1) Director shall be elected jointly by more than half of the Directors to perform such duties.



**A t c e 157**

At least four (4) regular meetings of the Board shall be held in each year, which shall be held approximately once (1) each quarter and convened by the Chairman of the Board. Notice of meeting shall be served on all of the Directors and supervisors fourteen (14) days before the date of a regular meeting of the Board. Regular meetings of the Board shall not be approved by the Board by circulation of a written resolution.

The convening of an extraordinary meeting of the Board may be proposed by the shareholders representing more than one-tenth (1/10) of the voting rights, or more than one-third (1/3) of the Directors or the Supervisory Committee. The Chairman of the Board shall convene and preside over the meeting within ten (10) days upon the receipt of such proposal.

**A t c e 158**

Notices of extraordinary Board meetings shall be served by phone, facsimile or other verbal means; the time limit for notice: three (3) days prior to the date of the meeting of the Board.

**A t c e 159**

Matters which shall be voted and agreed upon by more than two-thirds (2/3) of the members of the Board, shall be notified to all Directors within the time stipulated in these Articles of Association, and sufficient information shall be provided simultaneously. Such matters shall be handled by the procedures which are strictly in compliance with the relevant requirements. Where more than a quarter (1/4) of the Directors or more than two (2) external Directors consider that the materials are insufficient or the arguments are unclear, such Directors may jointly request that the relevant meeting of the Board or the consideration of the relevant matters to be considered at such meeting be adjourned, and the Board shall duly accept and disclose the relevant information in a timely manner.

All the agenda and relevant meeting materials of the regular meetings of the Board shall be promptly delivered to all Directors, and shall be sent at least three (3) days (or within another agreed time limit) before the time when the meeting of the Board or its subordinated committee is scheduled to be held.

Notice of the meeting shall be deemed to have been sent to a Director who has attended the said meeting, and has not raised an objection concerning not receiving the notice before or at the attendance of the meeting.

Regular meetings or extraordinary meetings of the Board may be held by means of telephone conference or similar means of audio and visual transmission methods, so long as the Directors attending can

clearly hear the speeches of other Directors and communicate with each other. All Directors attending by the aforesaid means shall be deemed as present in person at the meeting.

**A t c e 160**

A notice of Board meeting shall contain the following details:

- (1) the date and place of the meeting;
- (2) the duration of the meeting;
- (3) the purpose and the matters to be considered;
- (4) the date of the notice.

**A t c e 161**

Unless otherwise stipulated in the Articles of Association, the Board meeting may not be held unless more than half of the Directors are present. Excepts matters which, according to the provisions of laws, regulations, rules, regulatory documents or these Articles of Association, shall be passed by more than two-thirds (2/3) of the Directors, resolutions proposed by the Board shall be passed by more than half of all the Directors.

One (1) Director shall receive one (1) vote in the voting of a resolution of the Board.

In the event of an equality of votes, the Chairman of the Board shall be entitled to one (1) additional vote.

**A t c e 162 a3te tte 1**

Board in person and fails to authorize any proxy to attend the meeting, shall be deemed to have waived the voting right in such meeting.

Directors who participates in a Board meeting by means of, among others, telephone, video conference, facsimile, electronic mail or letters, shall be deemed to have attended the meeting in person.

**A t c e 164**

The Board shall keep minutes of the decisions on matters discussed at meetings. The minutes shall be signed by the Directors present at the meeting. Opinions expressed by Independent Non-Executive Directors shall be set forth in the resolutions of the Board. The minutes of Board meetings shall be kept in corporate archives for a period of ten (10) years.

The first draft of the minutes of each Board meeting or meeting of its subordinated committee shall be provided to all Directors for review within a reasonable period of time after the end of such meetings, the Directors who wish to propose amendments or supplements to the minutes should submit a written report for amendments to the Chairman of the Board within one (1) week upon receipt of the minutes. After the minutes have been finalized, it shall be signed by the attending Directors and the person responsible for recording. The Secretary to the Board shall organize the records and matters considered at the meeting in a serious manner, and sign on the resolutions to hold responsibility of accurate record. The minutes of the Board and its subordinated committee shall be maintained at the domicile of the Company in the PRC for record purpose, and a complete copy thereof shall be sent to each Director as soon as possible. Written resolutions which have not been signed by Directors pursuant to legal procedures, despite each Director has expressed his/her opinion by various means, shall not be deemed to be a legally valid resolution of the Board.

Directors shall be liable for the resolutions of the Board. If a resolution of the Board violates the laws, administrative regulations, these Articles of Association or resolutions of shareholders' meeting, thereby incurring serious losses to the Company, the Directors participating in the resolution shall be liable to indemnify the Company. However, if it can be proved that a Director expressly objected to the resolution in the voting of the resolution, and that such objection is recorded in the minutes of the meeting, such Director may be released from such liability. Directors who, abstained from voting, or did not attend and did not appoint a proxy to attend such meeting

shall not be released from such liability; Directors who expressly objected but did not vote against the proposed resolution shall also not be released from such liability.

Secretary of the meeting duly appointed shall maintain the minutes of Board meetings and meetings of its subordinated committee, and shall disclose relevant minutes for reviewing within a reasonable period of time if any Director issues a reasonable notice for the same.

**A t c e 165**

The minutes of Board meetings shall include the following details:

- (1) the date, location and convener's name of the meeting;
- (2) the names of the attending Directors and the Directors appointed as proxies to attend the meeting;
- (3) the agenda;
- (4) the major comments of the Directors;
- (5) the voting method and results of each resolution (the number of votes for, against the resolution and of abstention shall be specifically indicated).

## **CHAPTER 6 SENIOR MANAGEMENT MEMBERS**

### **A t c e 166**

The Company shall have one (1) chief executive officer. According to business needs, the Company may set up co-chief executive officer(s) to assist the chief executive officer to assume relevant management responsibilities. The chief executive officer and the co-chief executive officer(s) shall be nominated by the Chairman of the Board, and appointed or dismissed by the Board.

The President, Vice President(s) and the Chief Financial Officer shall be nominated by the chief executive officer, and appointed or dismissed by the Board. According to business needs, the Company may set up co-president(s) (executive president(s)) to assist the President to assume relevant management responsibilities. The co-president(s) (executive president(s)) shall be nominated by the chief executive officer, and appointed or dismissed by the Board.

The appointment of senior management members is determined by the



The chief executive officer shall attend Board meetings. The chief executive officer who is not a Director shall not be entitled to vote at Board meetings.

**A t c e 171** The chief executive officer shall formulate the detailed working rules of the chief executive officer, which shall be submitted to the Board for approval before implementation.

**A t c e 172** Senior management members may resign prior to the expiration of his/her term of office. The specific procedures and formalities for such resignation shall be provided for in the employment contract executed between him/her and the Company.

**A t c e 173** The Company's co-president(s), Vice President(s) shall be nominated by the chief executive officer, the chief executive officer may propose the appointment or dismissal of the co-president(s) (executive president(s)) and Vice President to the Board. The co-president(s) (executive president(s)) shall assist in the work of the President, where the President is unable to perform his duties, one (1) co-president (executive president) shall be designated by the chief executive officer or the Board to perform his duties. If the co-president(s) (executive president(s)) is/are unable or fails to perform his/their duties, or there is/are no current co-president(s) (executive president(s)), one (1) Vice President designated by the chief executive officer or the Board shall perform the duties on his behalf.

**A t c e 174** The Company shall have a Secretary to the Board, who shall be a senior management member of the Company.

The Secretary to the Board shall comply with the relevant provisions of the law, administrative regulations, departmental rules and these Articles of Association. The Board may establish its secretarial office when necessary.

**A t c e 175** Secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the Board. His primary duties are:

(1) to be responsible for the preparation of general meetings and

boa-1.2(rc[(ti06.3(an2(rc)]TJ2.7263-1.1i2726up(sen-667.2()-542.r5n)-505.19ad314

- (3) to be responsible for the management of the information of shareholders of the Company, and ensure that the Company's registers of shareholders are properly maintained, and that persons entitled to access to the relevant records and documents are furnished with such records and documents in a prompt manner;
- (4) to handle matters such as information disclosure;
- (5) other duties to be performed as required by relevant laws, administrative regulations and the requirements of security regulatory authorities and stock exchanges at the location where the Company's shares are listed.

**A t c e 176**

Directors or senior management members of the Company may concurrently act as the Secretary to the Board of the Company. The accountant(s) of the certified public accountant appointed by the Company shall not concurrently act as the Secretary to the Board of the Company.

Provided that where the office of the Secretary to the Board is held concurrently by a Director, and an act is required to be made by a Director and the Secretary to the Board separately, the person who concurrently holds the offices of Director and Secretary to the Board of the Company shall not perform the act in dual capacity.

**A t c e 177**

Any senior management member who violates any laws, administrative regulations, departmental rules or these Articles of Association in performing his/her duties and incurs losses to the Company shall be liable for indemnification.



## CHAPTER 7 SUPERVISORY COMMITTEE

### Sect 1 S e

- A t c e 178** Circumstances in which a person shall not serve as a Director depicted in Article 134 of these Articles of Association shall also apply to supervisors.
- The Directors and senior management members shall not concurrently serve as supervisor.
- A t c e 179** Supervisors shall comply with the laws, administrative regulations and these Articles of Association, hold fiduciary and diligence obligations to the Company, and conscientiously perform supervisory duties; shall not take advantage of such position to take bribes or other illegal income, or misappropriate the property of the Company.
- A t c e 180** The term of office for supervisors shall be three (3) years. After the maturity of the current term, supervisors shall be eligible to be elected and reappointed.
- A t c e 181** In the event that the term of office of a supervisor fall upon maturity whereas new member of the Supervisory Committee is not elected in time, or the resignation of any supervisor during his/her term of office results in the number of members of the Supervisory Committee falling below the statutory minimum requirement, such supervisor shall continue to perform his/her duties in accordance with the laws, the administrative regulations and these Articles of Association until the re-elected supervisor assume his/her office.
- A t c e 182** The supervisors shall sign the written confirmation of securities issuance documents and regular reports of the Company, ensure that the Company discloses information in a timely and fair manner, and ensure the truthfulness, accuracy and completeness of the information disclosed by the Company.
- A t c e 183** The supervisors may attend board meetings as non-voting participants, and deliver enquiries or suggestions regarding resolutions at Board meetings.
- A t c e 184** The supervisors shall not use their connected relations to prejudice the Company's interests and shall be liable for indemnity for any loss incurred to the Company.

**A t c e 185** Any supervisor who violates any laws, administrative regulations, departmental rules or these Articles of Association in performing his/her duties and incurs losses to the Company shall be liable for indemnification.

## S e c t i o n 2 S u p e r v i s o r y C o m m i t t e e

**A t c e 186** The Company shall establish a Supervisory Committee. The Supervisory Committee shall be composed of three (3) supervisors. One (1) of the members of the Supervisory Committee shall act as the Chairman of the Committee. The appointment and dismissal of the chairman of the Supervisory Committee shall be passed by more than two-thirds of its members.

Meetings of the Supervisory Committee shall be convened and presided over by the chairman of the Supervisory Committee. Where the Chairman of the Supervisory Committee is incapable of performing or fails to perform his/her duties, one (1) supervisor elected by more than half of the supervisors shall convene and preside over Supervisory Committee meetings.

**A t c e 187** The Supervisory Committee shall comprise an appropriate ratio of the staff representative of the Company, which shall not be less than one-third (1/3) of the total number of members of the Supervisory Committee. Supervisors, except staff supervisors, shall be appointed or dismissed by the shareholders' general meeting, while staff representatives shall be appointed at staff representative meetings, staff meetings or by other forms of democratic election by the staff of the Company.

**A t c e 188** The Supervisory Committee shall be accountable to the shareholders' general meeting and exercise the following functions and powers in accordance with the laws:

- (1) to review and provide a written opinion on the securities issuance documents and regular reports of the Company prepared by the Board;
- (2) to examine the financial information such as the financial report, operation report and plans for distribution of profits to be submitted by the Board to the shareholders' general meeting and, should any queries arise, to engage, in the name of the Company, certified public accountants and practicing auditors to conduct a re-examination;

- (3) to examine the Company's financial affairs;
- (4) to supervise Directors and senior management and to propose dismissal of the Directors and senior management members who violate any laws, administrative regulations, these Articles of Association or resolutions of shareholders' general meetings;
- (5) to demand rectification from a Director and senior management members when the acts thereof are harmful to the Company's interest;
- (6) to propose the convening of a shareholders' extraordinary general meeting and to convene and preside over the shareholders' general meeting when the Board fails to perform such duties as stipulated in the Company Law;
- (7) to put forward proposals to the shareholders' general meeting;
- (8) in accordance with the provisions of the Company Law, to deal with Directors on behalf of the Company or institute legal actions against Directors and senior management members on behalf of the Company;
- (9) to conduct investigations whenever unusual conditions of operation of the Company are found and if necessary, to engage professional institutions such as firms of accountants and lawyers to assist in such work at the expense of the Company;
- (10) such other functions and powers conferred by the law, administrative regulations, departmental rules, relevant provisions of the securities regulatory authorities at the location where the Company's share are listed and these Articles of Association or the shareholders' general meeting.

**A t c e 189**

The Supervisory Committee shall convene a meeting at least once every six (6) months. Supervisors may propose to convene an extraordinary meeting of the Supervisory Committee.

Resolutions of the Supervisory Committee shall be passed by more than two-thirds (2/3) of its members.

**A t c e 190** The Supervisory Committee shall formulate the rules of procedure for Supervisory Committee meetings, specifying the decision-making procedures and voting procedures of the Supervisory Committee so as to ensure the work efficiency and scientific decision-making process of the Supervisory Committee.

The Rules of Procedures for Supervisory Committee Meetings shall define the convening and voting procedures. Such rules of procedures of the Supervisory Committee shall be included in the Articles of Association or as the appendix to the Articles of Association, prepared by the Supervisory Committee and submitted to the shareholders' general meeting for approval.

**A t c e 191** Detailed minutes shall be prepared for the decisions on the proposals put forward to the meeting for consideration, on which the supervisors present at the meeting shall sign.

Each supervisor shall be entitled to request that an explanation of his/her comments made at the meetings be noted in the minutes. The minutes of Supervisory Committee meetings shall be kept as corporate archives of the Company for a period of ten (10) years.

**A t c e 192** The notice of the meetings of the Supervisory Committee shall include the following details:

- (1) the date, location and duration of the meeting to be held;
- (2) the purpose of meeting and the matters to be considered;
- (3) the date of issue of the notice.

**A t c e 193** The Supervisory Committee may express its opinion on the appointment of an public accountants' firm of the Company. It may appoint, if necessary, a different public accountants' firm in the name of the Company to examine the financial conditions of the Company independently, and may directly report the situation to the securities regulatory authority of the State Council and other relevant authorities.

**A t c e 194** All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors as are required by the Supervisory Committee in discharging its duties shall be borne by the Company.

## **CHAPTER 8 QUALIFICATIONS AND DUTIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS OF THE COMPANY**

**A t c e 195** A person may not serve as a Director, supervisor or senior management member of the Company in the event of any of the following circumstances:

- (1) a person without civil or with restricted civil capacity;
- (2) a person who has committed an offence of corruption, bribery, conversion of property, misappropriation of property or sabotaging the social economic order and thereby has been punished; or who has been deprived of his political rights, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) a person who is a former director, factory manager or president of a company or enterprise (has the same meaning of “manager” under the Company Law) which is insolvent and under liquidation owing to mismanagement, and such person

- (9) a person convicted of violation of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he/she has acted fraudulently or dishonestly, where less than five years have elapsed since the date of such conviction.

**A t c e 196** The validity of an act of a Director or any senior management member on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

**A t c e 197** In addition to the obligations as required by laws, administrative regulations or the listing rules of stock exchanges on which the Company's shares are listed, the Company's Directors, supervisors and senior management members, in the exercise of the functions and powers of the Company entrusted to him/her, shall also owe the following duties to each shareholder:

- (1) not to cause the Company to exceed the scope of the business stipulated in its business license;
- (2) to act honestly in the best interest of the Company;
- (3) not to expropriate in any guise the Company's property, including (but not limited to) the opportunities advantageous to the Company;
- (4) not to expropriate the individual rights of shareholders, including (but not limited to) rights to distribution and voting rights, except the restructuring of the Company submitted to shareholders' meeting for approval in accordance with these Articles of Association.

**A t c e 198** Each of the Company's Directors, supervisors and senior management members shall, in the exercise of his/her powers and discharge of his/her duties, be liable to exercise the care, diligence and skill that a reasonably prudent person would exercise under comparable circumstances.

**A t c e 199** Each of the Company's Directors, supervisors and senior management members shall exercise his/her powers or discharge his duties in accordance with the principle of fiduciary and shall not put himself/

herself in a position where his/her interest and obligations may conflict. This principle shall include (but not limited to) discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his/her powers and not to exceed such powers;
- (3) to exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the consent of informed shareholders given in a general meeting, not to delegate the exercise of his discretion to others;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except that it is otherwise stipulated in these Articles of Association or with the consent of informed shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the consent of informed shareholders given in general meeting, not to use the Company's property for his/her own benefit by any means;
- (7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including (but not limited to) the opportunities advantageous to the Company;
- (8) without the consent of informed shareholders given in general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by the Articles of Association, perform his/her duties honestly and protect the Company's interests, and not to exploit his position and powers in the Company for his/her private gains;

- (10) not to compete with the Company in any way unless with the consent of informed shareholders given in general meeting;
- (11) not to misappropriate the Company's funds or lend the Company's funds to others, not to open accounts in his/her own name or other names for the deposit of the Company's assets, and not to provide a guarantee for the debts of the shareholder(s) of the Company or other individual(s) with the Company's assets;
- (12) unless otherwise permitted by informed shareholders in general meeting, not to divulge the confidential information relating to the Company acquired by him/her during his tenure and not to use such information for the purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental competent authorities is permitted if:
  1. the disclosure is made as prescribed by law;
  2. the interests of the public require disclosure;
  3. the interests of such Directors, Supervisors, the chief executive officer or other senior management members require disclosure.

**A t c e 200**

Directors, supervisors or senior management members of the Company shall not direct the following persons or institutions ("associates") to do what the Directors, supervisors or senior management members of the Company are prohibited from doing:

- (1) the spouse or minor child of that Director, supervisor and senior management members;
- (2) a person acting in the capacity of trustee of that Director, supervisor and senior management member or any person referred to in paragraph (1) of this Article;
- (3) a person acting in the capacity of partner of that Director, supervisor and senior management member or any person referred to in paragraphs (1) and (2) of this Article;



- (4) a company in which that Director, supervisor and senior management member, alone or jointly with the person(s) referred to in paragraphs (1), (2) and (3) above or other Directors, supervisors and senior management members of the Company have a de facto controlling interest;
- (5) the Directors, supervisors and senior management members of the controlled company referred to in paragraph (4) of this Article.

**A t c e 201** The fiduciary duties of the Directors, supervisors and senior management members of the Company do not necessarily cease with the expiration of their tenure. The duty of confidentiality in relation to trade secrets of the Company survives the expiration of their tenure. Other duties may continue for such period determined on the principle of fairness, depending on the time lapse between the occurrence of the event concerned and the expiration of tenure and the circumstances under which the relationships between them and the Company are terminated.

**A t c e 202** Except for circumstances prescribed in Article 63 of these Articles of Association, a Director, supervisor and senior management members of the Company may be relieved from the liability for specific obligations by the informed consent of shareholders given at a general meeting.

**A t c e 203** Where a Director, supervisor and senior management members of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than the employment contract between the Company and a Director, supervisor and senior management members), he/she shall declare the nature and extent of his/her interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the Board under normal circumstances.

Where a Director or any associate of such Director is interested in any resolution proposed at a Board meeting, such Director shall not be present and shall not have a right to vote. Such Director shall not be counted when determining if the prescribed quorum of the Directors has been formed at the relevant meeting.

Unless the interested Director, supervisor or senior management members disclose his/her interests in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement has been approved by the Board at a meeting in which the interested Director, supervisor or senior management members has not counted in the quorum and has abstained from voting, the contract, transaction or arrangement in which that Director, supervisor or senior management members is materially interested is voidable at the instance of the Company, except that the other party is as against a bona fide party acting without notice of the breach of duty by the interested Director, president or other senior management members.

A Director, supervisor or senior management member of the Company is deemed to be interested in a contract, transaction or arrangement in which an associate of him/her is interested.

**A t c e 204** Where a Director, supervisor or senior management members of the Company gives, before first taking into consideration of entering into the relevant contract, transaction or arrangement, to the Board a notice in writing stating that, by reason of the facts specified in the notice, he/she is interested in contracts, transactions or arrangements of any description which may subsequently be entered into or made by the Company, such notice shall be deemed for the purposes of the preceding article of this Chapter to be a sufficient disclosure by him/her, so far as the contents stated in such notice is concerned.

**A t c e 205** The Company shall not in any manner pay taxes for its Directors, supervisors or senior management members.

**A t c e 206** The Company shall not directly or indirectly extend a loan to, or provide any security for making a loan to a Director, supervisor, President or senior management members of the Company or of a controlling shareholder or any of their respective associates.

However, the preceding paragraph shall not apply to the following transactions:

- (1) the provision by the Company of a loan or a guarantee for a loan to a subsidiary thereof;
- (2) the provision by the Company, in accordance with the terms of the employment contract approved by the shareholders in general meeting, of a loan or a guarantee for a loan or any other funds to any of its Directors, supervisors or senior

management members for the payment of the expenses incurred or to be incurred by him/her for the purposes of the Company

should know that there is such a breach of duties by such Director, supervisor and senior management members to the Company);

- (3) demand the Director, supervisor and senior management members to surrender the profits incurred from the breach of his/her duties;
- (4) recover any monies received by the Director, supervisor and senior management members which should have been otherwise received by the Company, including (but not limited to) commissions;
- (5) demand the return of the interest earned or which may have been earned by the Director, supervisor and senior management members on the amounts that should have been paid to the Company.

**A t c e 211**

The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with a Director or supervisor wherein his/her emoluments are stipulated, including;

- (1) emoluments in respect of his/her service as Director, supervisor or senior management member of the Company;
- (2) emoluments in respect of his/her service as Director, supervisor or senior management member of any subsidiary of the Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the Company or any of its subsidiaries;
- (4) compensation for the Director's or supervisor's loss of office, or in connection with his/her retirement from office.

Except the contract mentioned above, no proceedings may be brought by a Director or supervisor against the Company for his/her own benefits in respect of the matters mentioned in this Article.

**A t c e 212**

The contract for emoluments entered into between the Company and its Directors or supervisors shall prescribe that in the event of a takeover of the Company, the Company's Directors and supervisors shall, subject to the prior approval of the shareholders in general

meeting, have the right to receive compensation or other payments for their loss of office or retirement, such compensation shall be fair, and shall not impair the legitimate rights and interests of the Company nor involve any transfer of benefit. A takeover of the Company as referred to above shall mean:

- (1) a takeover offer made by any person to all shareholders;
- (2) an offer made by any person with a view that the offeror shall become a “controlling shareholder” (as defined in Article 64 of these Articles of Association).

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

## CHAPTER 9 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDITING

### Section 1 Financial and Accounting System

**Article 213** The Company shall formulate its financial and accounting system in accordance with the laws, administrative regulations and provisions of relevant departments of the State.

The fiscal year of the Company shall coincide with the calendar year, i.e. from January 1 to December 31 of each year shall be a fiscal year.

The Company's accounts shall be prepared in Chinese with amounts denominated in Renminbi.

At the end of each fiscal year, the Company shall prepare a financial report which shall be examined and verified in compliance with the laws.

**Article 214** The Company shall submit and disclose its annual reports to the CSRC and the domestic and overseas stock exchanges within four (4) months upon the expiration of each fiscal year, its interim reports to the agency of the CSRC and the domestic and overseas stock exchanges within two (2) months upon the expiration of the first six (6) months of each fiscal year, and its quarterly reports in accordance with relevant requirements of the stock exchanges at the location where the Company's shares are listed.

The aforesaid financial reports shall be prepared in compliance with the provisions of relevant laws, administrative regulations and the rules of securities regulatory authorities and stock exchanges at the location where the Company's shares are listed.

**Article 215** The Board shall place before the shareholders at every annual general meeting such financial reports required by any laws, administrative regulations or regulatory documents promulgated by local governments and competent authorities to be prepared by the Company.

**Article 216** The Company's financial reports shall be made available for shareholders' inspection at the Company twenty (20) days before the date of each annual shareholders' general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

The financial reports mentioned in the preceding paragraph shall include the report from the Board together with the balance sheets (including the attachment of documents required by the PRC or other laws, administrative regulations) and the profit and loss account or statement of receipts and disbursements, or (without violating the relevant laws of the PRC) the summary of financial reports approved by the SEHK.

The Company shall deliver or send the report from the Board together with the aforesaid financial reports to each shareholder of overseas-listed foreign-invested shares via prepaid mail or other means (if necessary) as stipulated in these Articles of Association at least twenty one (21) days before the date of general meeting; if such report is sent by prepaid post, it shall be sent to the addresses recorded in the register of shareholders.

**A t c e 217** The financial statements of the Company shall, besides in accordance with the accounting standards and regulations of the PRC, be prepared in accordance with either international accounting standards or that of the overseas location where the Company's shares are listed. If there is any material discrepancy between the financial statements prepared in accordance with the two accounting standards respectively, explanations shall be made in the notes of the financial statements. When the Company distributes its after-tax profits for an accounting year, the lower of the after-tax profits as shown in such two financial statements shall be adopted.

**A t c e 218** Any interim results or financial information published or disclosed by the Company must also be prepared in accordance with the accounting standards and regulations of the PRC, and also in accordance with either international accounting standards or that of the overseas location where the Company's shares are listed.

**A t c e 219** The Company shall publish its financial reports twice every fiscal year, that is, the interim report shall be published within sixty (60) days upon the expiration of the first six (6) months of each fiscal year and the annual report shall be published within one hundred and twenty (120) days upon the expiration of each fiscal year.

**A t c e 220** The Company shall not keep accounts other than those provided by laws. Assets of the Company shall not be deposited in an account maintained in the name of any individual.

**A t c e 221**

Capital reserve fund shall include the following items:

- (1) premium received from issuance of shares at a premium exceeding their par value;
- (2) any other income which shall be included in the capital reserve fund as stipulated by the competent finance department under the State Council.

**A t c e 222**

When distributing each year's after-tax profits, the Company shall set aside ten percent (10%) of its after-tax profits for the Company's statutory surplus reserve fund. When the aggregate statutory surplus reserve fund is more than fifty percent (50%) of the Company's registered capital, the Company may not make any further allocation thereto.

Where the Company's statutory surplus reserve fund is not enough to make up losses of the Company for the preceding years, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory surplus reserve fund in accordance with the preceding paragraph.

Subject to a resolution of the shareholders' general meeting, after allocation has been made to the Company's statutory surplus reserve fund from its after-tax profits, the Company may also set aside a fund for the discretionary reserve fund.

The remaining profit after taxation, after recovery of losses and appropriation of reserve funds, shall be distributed to shareholders in proportion to their shareholdings, except it is prescribed hereby not to be distributed in proportion to shareholdings.

If a shareholders' general meeting violates the provisions in the preceding paragraph and profits are distributed to the shareholders before the Company makes up losses and makes allocations to the statutory reserve fund, the profits distributed in violation of the provisions shall be returned to the Company by the shareholders.

No profit distribution shall be made in respect of the shares of the Company which are held by the Company.

**A t c e 223**

The common reserve funds of the company shall be used to make up for the losses, expansion of the Company's production or operation or increase the capital of the Company. However, the capital reserve fund shall not be used to make up for losses of the Company.



When the statutory common reserve fund is converted into capital, the amount of the said fund remaining shall not be less than twenty-five percent (25%) of the registered capital of the Company before the conversion.

**A t c e 224** After the profit distribution plan has been resolved at a shareholders' general meeting, the Board shall complete the dividend (or share) distribution within two (2) months after the holding of such meeting.

**A t c e 225** Payments of cash dividends or other payments made by the Company to holders of its domestic-invested shares shall be in Renminbi. Payments of cash dividends or other payments made by the Company to holders of H shares shall be denominated and declared in Renminbi and paid in Hong Kong Dollars. The foreign currency required for the cash dividend paid or other payments made by the Company to holders of H shares shall be handled in accordance with the relevant foreign exchange control regulations of the State;

Any dividend paid for the shares in advance of calls shall be entitled to interest, however, prepayment does not confer the right to the shareholder to participate in dividend subsequently declared.

The Board shall be entitled to the forfeiture of unclaimed dividends, however, such power shall only be exercised 6 years or more after the date of announcement of such dividend.

**A t c e 226** When distributing dividends to its shareholders, the Company shall, in accordance with the tax law of the PRC, withhold and pay on behalf of the shareholders the tax payable on their dividend income on the basis of the amount distributed.

**A t c e 227** The Company shall appoint receiving agents on behalf of the holders of overseas-listed foreign-invested shares to receive on behalf of such shareholders the dividends declared and all other amounts payable by the Company in respect of such shares.

The receiving agents appointed by the Company shall satisfy the relevant requirements of the laws of the location and relevant regulations of the stock exchange where the Company's shares are listed.

The receiving agents appointed by the Company for the overseas-listed foreign-invested shares listed on SEHK shall be a company registered as a trust company under the "Trustee Ordinance" of Hong Kong.

The Company shall have the right to terminate delivery of dividend vouchers by mail to a certain holder of overseas-listed foreign-invested shares, however, the Company shall only exercise such right after the dividend vouchers have not been cashed for two consecutive times. The said right may also be exercised if the vouchers failed to be served to the recipient for the first time and was returned.

The Company shall have the right to sell the shares of the holders of overseas-listed foreign-invested shares, whom the Company has failed to contact, by means regarded as appropriate by the Board, and subject to the following conditions:

- (1) at least three (3) times distribution of dividends have been conducted for the relevant shares within twelve (12) years, and such dividends have been unclaimed during such period; and
- (2) the Company has, upon the expiration of the period of twelve (12) years mentioned in the preceding paragraph, announced in one or more newspapers of the location where the Company is listed, stating its intention to sell the shares and informed the Stock Exchange where such shares are listed of the same.

**A t c e 228**

The profit distribution policies, decision making procedures and mechanism of the Company are as follows:

- (1) The principle for profit distribution: The Company implements continuous and stable profit distribution policies which lay emphasis on bringing reasonable investment returns for the investors and maintaining sustainable development of the Company.
- (2) Means of profit distribution and the interval: The Company may distribute its profit by means of cash, shares or a combination of cash and shares. If the Company satisfies the conditions for cash dividends, priority should be given to profit distribution by means of cash dividends.

The Company makes a profit distribution each year in principle, and the Board may propose to distribute interim cash dividends under the circumstances of the Company.

- (3) Specific conditions and ratios of cash dividend: Under the circumstances that the profit of the year and the accumulated undistributed profit are both positive, the cash dividends for the year of the Company should not be less than 10% of the

distributable profit realized for the year in principle if the Company does not have any major investment plans or incur any significant cash expenses. The specific plan for distribution shall be decided by the shareholders' general meeting according to the Company's actual operation status of the year.

The Board shall comprehensively take account of the features of the industry where the Company operates, its stage of development, its own business model, and profitability and the factors such as whether there is significant capital expenditure arrangement in distinguishing the following situations and form different cash dividend distribution proposals:

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

If it is difficult to distinguish the Company's stage of development but there is significant capital expenditure arrangement, the profit distribution may be dealt with pursuant to the rules applied in the previous distribution.

- (4) Specific conditions for distribution of dividend in shares: The Company mainly adopts cash dividends as its profit distribution policies. If the revenue of the Company is growing rapidly and the Board considers that the Company's share price does not match the size of its share capital, and the distribution of dividends in shares would be in the interests of all shareholders of the Company as a whole, the Company may propose and implement a proposal on distribution of dividends in shares provided that the above conditions for distributing cash dividends have been satisfied.

- (5) Mechanism and procedures for decision making on profit distribution: The Board shall propose a reasonable dividend distribution proposal and plan based on profitability, capital needs, and the shareholders' return plan of the Company. The proposal for profit distribution of the Company is formulated by the Board and, upon consideration and approval by the Board, shall be proposed at the general meeting for approval. Independent Non-Executive Directors shall express clearly independent opinions.

The Board should fully consider the opinions of the Independent Non-Executive Directors, Supervisory Committee and public investors in formulating the proposal for profit distribution. Independent Non-Executive Directors may collect the opinions of small and medium shareholders and prepare a dividend distribution proposal and submit it directly to the Board for consideration and approval.

If the Company is able to pay cash dividends and the Board of the Company does not prepare a cash dividend proposal, the Board shall specify the reason for non-payment of cash dividends, the consistency between such reason and the actual circumstances and the use and proceeds of the funds retained by the Company not distributed as dividends. Independent Non-Executive Directors should express independent opinions in this regard.

If the Company is able to pay dividends and the Board of the

The resolution on adjustments in cash dividend policy is formulated by the Board. Independent Non-Executive Directors shall express clearly independent opinions. The adjusted cash

**A t c e 231** The internal audit system and duties of the internal auditors of the Company shall be implemented upon approval by the Board. The chief auditor shall be accountable and report to the Board.

**Sect 3 Art 11 of P b c Acc ta t ' F**

**A t c e 232** The Company shall engage independent public accountants' firms, which are qualified under the relevant regulations of the State and the location where the Company is listed, to perform the tasks of auditing accounting statements, examining the interests of shareholders and other relevant consulting services. The term of engagement shall be one (1) year and eligible for reengagement.

The first certified public accountants' firm of the Company may be appointed by the inaugural meeting of the Company before the first annual general meeting, and the certified public accountants' firm so appointed shall hold office until the conclusion of the first annual general meeting.

If the inaugural meeting fails to exercise its aforesaid powers, such powers shall be exercised by the Board.

**A t c e 233** The engagement of the public accountants' firm by the Company shall be determined at shareholders'

Where any resolution is intended to be passed at a shareholders' general meeting concerning the appointment of a certified public accountants' firm to fill a casual vacancy of a certified public accountants' firm or to reappoint a certified public accountants' firm which has been appointed for filling such vacancy or to remove a certified public accountants' firm before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the motion on the appointment or removal shall be sent to the firm proposed to be appointed or proposed to leave its post or the firm which has left its post in the relevant fiscal year before notice of the general meeting is given. Leaving its post shall include leaving by removal, resignation and retirement.
- (2) If the leaving accountant's firm makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall (unless the representations are received too late):
  1. in any notice given to shareholders for a resolution to be made, state that representations have been made by the accounting' firm which is about to leave;
  2. attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in these Articles of Association.
- (3) If the firm's representations fail to be sent in accordance with paragraph (2) above, the relevant firm may require that the representations be read out at the shareholders' general meeting and further complaints may be lodged.
- (4) A certified public accountants' firm which is leaving its post shall be entitled to attend:
  1. the shareholders' general meeting at which its term of office shall expire;
  2. the shareholders' general meeting for filling the vacancy caused by its dismissal;
  3. the shareholders' general meeting convened for its resignation;

The leaving certified public accountants' firm shall be entitled to receive the notices of, or other communications relating to, all such meetings, and to speak at any such meeting in relation to matters concerning its role as the former certified public accountants' firm of the Company.

**A t c e 236** The certified public accountants' firm engaged by the Company shall have the following rights:

- (1) the right to inspect at any time the books, records and vouchers of the Company, and to require the Directors and senior management members of the Company to provide any relevant information and explanation thereof;
- (2) the right to require the Company to take all reasonable measures to obtain from its subsidiaries such information and explanations as are necessary for the performance of duties by such public accountants' firm ;
- (3) the right to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to be heard at any shareholders' general meeting in relation to matters concerning its role as the public accountants' firm of the Company.

**A t c e 237** The Company shall guarantee that the accounting evidence, accounting books, financial reports and other accounting information provided to the public accountants' firm it engages are true and complete and it shall neither refuse or withhold any such information nor provide any false information.

**A t c e 238** The remuneration of a certified public accountants' firm or the manner in which such remuneration is determined shall be decided by the shareholders in general meeting. The remuneration of a certified public accountants' firm engaged by the Board shall be determined by the Board.

**A t c e 239** Should a casual vacancy occurs in the office of the certified public accountants' firm, before convening the shareholders' general meeting, the Board may appoint a certified public accountants' firm to fill such vacancy. While any such vacancy continues to exist, other surviving accountants' firm of the Company, if any, may continue to act.



**A t c e 240** The shareholders in general meeting may, by ordinary resolution, dismiss a certified public accountants' firm before the expiration of its term of office, notwithstanding the terms of the contract between the Company and such firm, without prejudice to the firm's right to claim, if any, for damages in respect of such dismissal.

**A t c e 241** Prior to the dismissal or the non-renewal of the engagement of a certified public accountants' firm, notice of the same shall be given to the certified public accountants' firm concerned ten (10) days in advance, and such firm shall be entitled to make representation at the shareholders' general meeting at the time of voting upon the dismissal of such public accountants' firm.

Where the certified public accountants' firm resigns from its post, it shall clarify at the shareholders' general meeting whether or not there has been any irregularities on the part of the Company.

The certified public accountants' firm may resign from its office by depositing at the Company's legal address a written resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following statements:

- (1) a statement to the effect that there are no circumstances in connection with its resignation which shall be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any matters which shall be explained.

Where a notice is deposited according to the preceding paragraph, the Company shall within fourteen (14) days send a copy of such notice to the relevant competent authority. If the notice contains a representation referred to in subparagraph 2 above, a copy of such statement shall be placed at the Company's registered office for shareholders' inspection. The Company shall also send a copy of such statement to each holder of overseas-listed foreign-invested shares by prepaid post and shall be sent to the addresses recorded in the register of shareholders.

Where the notice of resignation of a certified public accountants' firm contains a representation of any matters which shall be explained, the certified public accountants' firm may require the Board to convene a shareholders' extraordinary general meeting for the purpose of giving an explanation on the circumstances in connection with its resignation.

## CHAPTER 10 NOTICES AND ANNOUNCEMENTS

### Sect 1 Notice

**A t c e 242** The notices of the Company shall be issued by the following means:

- (1) by hand;
- (2) by mail;
- (3) by facsimile or electronic mail;
- (4) in compliance with the law, administrative regulations and Listing Rules, by issuing on websites designated by the Company and the SEHK;
- (5) by public announcements;
- (6) by other means agreed in advance between the Company and the recipient or such other means approved by the recipient upon notification; or
- (7) by any other means approved by the regulatory authority of the place of listing or prescribed in these Articles of Association.

**A t c e 243** Notices issued by the Company to holders of domestic-invested shares shall be published as an announcement in one or more newspapers designated by the securities regulatory and management authorities of the State. Once such announcement has been published, each holder of domestic-invested shares shall be deemed to have received such notice.

**A t c e 244** Notices, information or written statement issued by the Company to holders of overseas-listed foreign-invested shares, except otherwise stipulated in these Articles of Association, shall be served to the registered address of such shareholders, or mailed to each holder of overseas-listed foreign-invested shares.

Where a notice is issued in the form of announcement by the exercise of the power conferred by these Articles of Association, such announcement shall be published in newspapers or the website of the SEHK.

For joint holders of shares, the Company is only required to serve or mail notices, information or other documents to one of the joint holders.

**Article 245** Shareholders, who fail to provide a registered address or who fail to be contacted due to wrong address or omissions in the address, shall be deemed to have received such notice if the Company exhibits such notice at the legal address of the Company and maintains it for twenty four (24) hours.

**Article 246** Notices for the convening shareholders' general meetings by the Company shall be given in the form of announcement.

**Article 247** Notices for the convening Board meetings by the Company shall be served by hand or by post. Notice of an extraordinary Board meeting may be served pursuant to the stipulation in Article 158.

**Article 248** Notices for the convening of meetings of the Supervisory Committee shall be served by hand or by post.

**Article 249** Where a notice is served by hand, the addressee shall sign his/her name (or affix his/her chop) on the receipt, and the date on which the addressee signs the receipt shall be the date of service; where the notice is delivered by post, the date of service shall be deemed to be the third working days after the date of deposit at the post office; where the notice is delivered in the form of announcement, the date of service is the date when such announcement is first published.

## Section 2 Announcements

**Article 250** Unless the context otherwise requires, any reference to an "announcement" in these Articles of Association shall:

In respect of an announcement to be issued to holders of domestic-invested shares or required to be issued in the PRC pursuant to relevant regulations and these Articles of Association, mean an announcement to be published in such newspapers in the PRC as may be specified or suggested by local laws, administrative regulations or the relevant securities regulatory authority;

In respect of an announcement to be issued to holders of overseas-listed foreign-invested shares or required to be issued in Hong Kong or other countries or regions to holders of overseas-listed foreign-invested shares pursuant to relevant regulations and these Articles of Association, mean an announcement required to be published on

specified websites or newspapers required by the laws and regulations of the relevant country or region (including publishing commercials (as defined by Listing Rules) on newspapers).

**A t c e 251**

The Company shall not disclose information in other public media in advance of the specified newspapers and specified websites, and shall not replace announcements by the Company by means of press conferences or answering questions from reporters.

The Board is entitled to adjust the newspapers in which the Company discloses information, but shall ensure that the specified newspaper for information disclosure is in compliance with relevant laws, rules and regulations and the qualifications and conditions stipulated by the CSRC, foreign regulatory authorities and domestic and foreign stock exchanges.



**A t c e 256** When the Company is divided, its assets shall be split up accordingly.

In the event of a division of the Company, balance sheets and inventory of assets shall be prepared. The Company shall notify its creditors within ten (10) days from the date of the Company's passing resolution on division, and shall make announcements on "China Securities Journal", "Shanghai Securities news" or "Securities Times" at least three times within thirty (30) days from the date of the Company's passing resolution on division.

**A t c e 257** Unless otherwise agreed by the Company and creditors on settlement of liabilities in writing prior to the division, debts incurred by the Company before its division shall be joint and severally borne by the companies after the division.

**A t c e 258** When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, establishment of the company shall be registered in accordance with the law.

When the Company increases or reduces its registered capital, such changes shall be registered with the company registration authority in accordance with law.

**A t c e 257**

- (5) the dissolution is requested by the People's court in accordance with Article 182 of the Company Law.

**A t c e 260**

In the event of the circumstances stipulated in subparagraph (1) of the preceding Article, the Company may continue its operation by amendment of these Articles and Association.

Amendments made to these Articles of Association according to the preceding paragraph shall be passed by at least two-thirds (2/3) of the voting rights held by the shareholders attending the shareholders' general meeting.

**A t c e 261**

- (2) to notify creditors by sending a notice or by making an announcement;
- (3) to deal with and settle the Company's outstanding business in relation to the liquidation;
- (4) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (5) to clear all claims and debts;
- (6) to dispose of the remaining assets of the Company after the full settlement of debts;
- (7) to represent the Company in any civil proceedings.

**A t c e 264**

The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and make newspaper announcement on "China Securities Journal", "Shanghai Securities News" or "Securities Times" at least three times within sixty (60) days from such date. Creditors should, within thirty (30) days upon receipt of the notice, or for those who have not received the notice, within forty-five (45) days from the date of the announcement, declare their claims to the liquidation committee.

When declaring claims, creditors shall state relevant particulars of their claims and provide supporting materials. The liquidation committee shall register the claims.

During the period of declaration of claims, the liquidation committee shall not repay any debt to the creditors.

**A t c e 265**

After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit the same to a shareholders' general meeting or the People's court for confirmation.

The assets of the Company shall be applied for liquidation in the order of liquidation costs payable, outstanding salaries and social



During the liquidation period, the Company shall continue to exist but shall not carry out any business activities not relating to liquidation. The assets of the Company shall not be distributed to the shareholders before the full settlement of debts in accordance with the provisions of the preceding paragraph.

**A t c e 266** If the liquidation committee, after clearing the Company's assets and preparing a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to repay its debts, it shall apply to the People's court for a declaration of bankruptcy.

After the Company has been declared bankrupt by a ruling of the People's court, the liquidation committee shall transfer the liquidation matters to the People's court.

**A t c e 267** Following the completion of liquidation of the Company, the liquidation committee shall prepare a report on liquidation, and a statement of the receipts and expenditures and the financial accounts for the period of the liquidation, all of which shall be audited by PRC certified public accountants and before being submitted to the shareholders' general meeting or relevant competent authorities for confirmation. The liquidation committee shall also, within 30 days after such confirmation, submit the documents referred to in the preceding paragraph to the company registration authority and apply for cancellation of registration of the Company, and announce the termination of the Company.

**A t c e 268** Members of the liquidation committee shall perform their duties faithfully and carry out the liquidation in accordance with the laws.

Members of the liquidation committee shall not take advantage of their position to take bribes or other illegal income, or misappropriate the assets of the Company.

If members of the liquidation committee cause loss to the Company or its creditors, either willfully or due to gross negligence, such members shall be liable for compensation.

**A t c e 269** In the event that the Company is declared bankrupt according to law, insolvency liquidation shall be performed pursuant to the relevant law on business bankruptcy.

**CHAPTER 12 AMENDMENT OF ARTICLES OF ASSOCIATION OF  
THE COMPANY**

**A t c e 270**           The Company shall amend these Articles of Association under any of the following circumstances:

- (1) there is a discrepancy between the provisions of these Articles of Association and those of to the Company Law or relevant laws and administrative regulations upon amendments thereto;
- (2) there are changes in the situation of the Company, resulting in inconsistencies in relation to the details mentioned in the Articles of Association;
- (3) the shareholders'

**A t c e 273**

The Board may amend these Articles of Association in accordance with the resolution on amendments to the Articles of Association passed at the shareholders' general meeting and the approval opinions of the relevant competent authorities.

**A t c e 274**

Any amendment to the Articles of Association shall be subject to announcement if disclosure of the same required by the laws and regulations.

## CHAPTER 13 SETTLEMENT OF DISPUTES

### A t c e 275

Unless otherwise stipulated in these Articles of Association, the Company shall act according to the following principles to settle disputes:

- (1) Whenever any disputes or claims concerning the affairs of the Company arise between holders of the overseas-listed foreign-invested shares and the Company, holders of the overseas-listed foreign-invested shares and the Company's Directors, supervisors or senior management members, or holders of the overseas-listed foreign-invested shares and holders of domestic-invested shares, based on rights or obligations under these Articles of Association, Company Law or any other relevant laws and administrative regulations, such disputes or claims shall be submitted by the relevant parties concerned for arbitration.

Where a dispute or claim of rights abovementioned is submitted for to arbitration, the entire claim or dispute shall be referred to arbitration and all persons (being the Company or a shareholder, Director, supervisor or senior management members of the Company) who has a cause of action based on the same facts giving rise to the dispute or claim or the participation of whom is necessary for the resolution of such dispute or claim shall abide by the arbitration.

Disputes in relation to the identification of shareholders or in relation to the register of shareholders may not be submitted arbitration.

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

If a claimant elects arbitration at Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (3) If any disputes or claims of rights prescribed in subparagraph (1) above are submitted for arbitration, the laws of the People's Republic of China shall apply, save as otherwise prescribed by laws and administrative regulations.
- (4) The award of an arbitration body shall be final and conclusive, and binding on all parties.

## CHAPTER 14 BY-LAWS

### A t c e 276

#### Definitions

- (1) Controlling Shareholders, refers to the person defined in Article 64 of these Articles of Association.
- (2) De facto Controller, refers to the persons who is not a shareholder of the Company, but are able to exercise de facto control over the acts of the Company by an investment relationship, agreement or other arrangements.
- (3) Connected Relationship, refers to the relationship between the controlling shareholders, de facto controller, Directors, supervisors and senior management members of the Company and the enterprise directly or indirectly controlled thereby, any other relationship that may lead to the transfer of any interests of the Company and relationship with the related party and connected person as defined under the relevant listing rules of places where the shares of the Company are listed on. However, enterprises controlled by the State do not have a connected relationship with each another although they are under the common control of the State.
- (4) Controlled Subsidiaries, refers to subsidiaries in which the Company holds fifty percent (50%) or more of its shares, or is able to determine half or more of its Board members, or is able to exercise de facto control thereof through agreements or other arrangements.
- (5) Daily Operations, refers to acts of the Company and its controlled Subsidiaries, in the attempt to realize its business purposes, conducted within its scope of operation, including the purchase and sale of products and services and the receipt and payment of relevant amounts, bank loans extended within the approved limit and the relevant settlements and other acts which are substantially within the scope of ordinary business and operation of the Company.
- (6) Asset Disposal, refers to acts including (but not limited to) purchase or sale of assets and businesses, appointing or being appointed of management of assets and businesses, donating (including external donations) or receiving assets as a gift, lease

in or rental of assets, making investment in establishing legal person entities or purchasing legal person entities or subscribing shares issued by legal person entities, entrusted financing.

- (7) Material Asset Disposal, refers to the asset disposals which shall be submit to shareholders' general meetings for review as required by the provision of the law, administrative regulations, departmental rules, relevant regulations of the securities regulatory authorities of the location where the Company's shares are listed and these Articles of Association.
- (8) External Guarantee, refers to the act when the Company and its controlled subsidiaries providing external guarantees with its creditworthiness pursuant to the provisions of the "Guarantee Law of the People's Republic of China", or external mortgages of its assets pursuant to the provisions of the "Guarantee Law of the People's Republic of China", or external pledges of its tangible assets or rights pursuant to the provisions of the "Guarantee Law of the People's Republic of China", undertakes to the creditors or beneficiary in the event of default of the debtor to repay his debts in accordance with the contracts, the guarantor shall have the obligation to perform such repayment, which shall include the guarantees provided by the Company to others, guarantees provided by the Company to its controlled subsidiaries, guarantees provided by controlled subsidiaries to the Company and guarantees provided among controlled subsidiaries.
- (9) The audited financial indicators used as referencing standards within these Articles of Association shall refer to the calibers of the consolidated statements.

**A t c e 277**

The Board may, pursuant to the provisions of these Articles of Association, formulate the memorandum of association. The memorandum of association shall not be in conflict with the provisions of these Articles of Association.

**A t c e 278**

These Articles of Association shall be written in Chinese, in the event of discrepancy between these Articles of Association and those of other language or different versions, the Chinese version of the articles of association latest approved and registered by the Shanghai Administration for Market Regulation shall prevail.

**A t c e 279** In these Articles of Association, the terms “more than”, “within” and “less than” shall include the figure itself, while “no more than”, “no less than”, “below”, “above”, “exceeding”, “more than half” do not include the figure itself.

**A t c e 280** The reference of “accountants’ firm” shall have the same meaning as “auditors” in these Articles of Association.

**A t c e 281** The right of interpretation of these Articles of Association shall be vested in the Board of the Company, and the right of making amendments shall be vested in the shareholders’ general meeting.

**S h a n g h a i P h a r m a c e u t i c a l ( G r o u p ) C o . , L t d .**  
28 November 2023