

**LEPU SCIENTECH MEDICAL TECHNOLOGY (SHANGHAI) CO., LTD.**

**Articles of Association (Draft)**

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## CHAPTER 1 GENERAL PROVISIONS

### Article 1

To protect the legitimate rights and interests of the Company, its shareholders and creditors thereof, and to regulate the organization and acts of the Company, the Articles of Association is formulated pursuant to the Company Law of the PRC (hereinafter referred to as the “Company Law”), the Securities Law of the PRC (hereinafter referred to as the “Securities Law”), the Guidelines for the Articles of Association of Listed Companies and other relevant laws, administrative regulations, rules, and normative documents (hereinafter referred to as “Laws and Regulations”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”).

### Article 2

The Company is a joint stock company with limited liability incorporated in accordance with the Company Law and other relevant laws and regulations.

The Company was established on January 29, 2021 by promotion, and was registered with the Shanghai Municipal Administration for Market Regulation (上海市市場監督管理局) on January 29, 2021 and obtained the business license. The uniform social credit code is 91310000MA1FL7PF84.

### Article 3

As approved by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) on November 11, 2021, the Company has issued 22,455,000 overseas-listed foreign shares on the Main Board of the Hong Kong Stock Exchange Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) and listed on the Hong Kong Stock Exchange on November 8, 2022.

### Article 4

The registered Chinese name of the Company: 樂普心泰醫療科技(上海)股份有限公司  
The registered English name of the Company: LEPU ScienTech Medical Technology (Shanghai) Co., Ltd.

### Article 5

Domicile of the Company: Room 201, Building 41, No. 258, Xinzhuan Road, Xinqiao Town, Songjiang District, Shanghai  
Postal code: 201600

### Article 6

The legal representative of the Company is the chairman of the Board of Directors of the Company.

## **Article 7**

The Company is a joint stock company with limited liability and permanently surviving.

The Company is a corporate legal person with independent legal person properties and entitlements to such legal person properties.

All the assets of the Company are divided into shares of equal par value. Each shareholder shall be liable to the Company to the extent of the shares as subscribed by such shareholder. The Company shall be liable for its debts to the extent of all its assets.

## **Article 8**

From the date on which the Articles of Association came into effect, the Articles of Association constitute a legally binding document regulating the organization and activities of the Company, and the relationship of rights and obligations between the Company and each shareholder and among the shareholders themselves.

## **Article 9**

The Articles of Association are binding on the Company and its shareholders, directors, supervisors and senior management.

The shareholders of the Company may pursue actions against the Company in accordance with the Articles of Association; the shareholders of the Company may pursue actions against the Company's other shareholders in accordance with the Articles of Association; the shareholders of the Company may pursue actions against the Company's directors, supervisors and senior management in accordance with the Articles of Association. The Company may pursue actions against its shareholders, directors, supervisors and other senior management in accordance with the Articles of Association.

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

## **Article 10**

The Company may invest in other enterprises; however, save as otherwise specified in the laws, the Company shall not be an investor bearing joint liability for the debt of its invested enterprises.

## **Article 11**

Senior management mentioned herein refer to general manager, deputy general manager, financial officer and secretary to the Board of the Company.

Personnel who perform administrative duties other than those of Directors and supervisors in the units of controlling shareholder of the Company shall not serve as senior management of the Company.

The senior management of the Company shall only receive remuneration from the Company, not from the controlling shareholders on behalf of the Company.

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

### **Article 12**

The Company's business objective is: upholding the development concept of "Science and Technology Caring for Life", insisting on promoting the development of human health with technological innovation, creating mutual benefit and win-win situation with patients, doctors, employees and business partners, and striving to create good economic and social benefits.

### **Article 13**

The Company's business scope:

General items: engaged in technology development, technology consultation, technical services, technology transfer and marketing planning in the field of medical technology (excluding the development and application of human stem cells, genetic diagnosis and treatment technologies) (except for businesses that are subject to approval in accordance with the laws, the business activities shall be carried out independently with the business license(s) in accordance with the laws)

Licensed items: import and export of goods, import and export of technologies (for businesses that are subject to approval in accordance with the laws, the business activities shall only be conducted upon approval by the relevant authorities, and the specific businesses shall be subject to the approval documents or licenses granted by the relevant authorities)

The business scope of the Company is subject to the businesses approved by the company registration authority.

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

### **Article 14**

The Company shall maintain ordinary shares at all times. With the approval of the company approval authority authorized by the State Council, the Company may create other classes of shares when needed.

### **Article 15**

The shares of the Company shall be issued in the form of share certificates. All shares issued by the Company are par value stock with par value per share of RMB1.

RMB referred to in the preceding paragraph refers to the statutory currency of the People's Republic of China.

## **Article 16**

The issuance of shares by the Company shall adhere to the principles of openness, fairness and impartiality, and each share in the same category shall carry the same rights.

For shares issued at the same time and within the same class, the conditions and price per share must be the same; for the shares subscribed by any entity or individual, the price per share paid must be the same.

## **Article 17**

The Company may issue shares to domestic investors and foreign investors in accordance with the laws, and file with the CSRC in accordance with regulations.

The term “foreign investors” referred to in the preceding paragraph shall refer to those investors from foreign countries and Hong Kong, China, Macau, China or Taiwan, China who subscribe for shares issued by the Company. The term “domestic investors” shall refer to those investors in the PRC, excluding the aforementioned regions, who subscribe for shares issued by the Company.

## **Article 18**

Shares that the Company issues to domestic investors for subscription in on-shore RMB shall be referred to as Domestic Shares. Shares that the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares listed outside the PRC are referred to as overseas-listed foreign shares.

The term “foreign currency” referred to in the preceding paragraph shall refer to the statutory currency, other than on-shore RMB, of another country or region, which is recognized by the foreign exchange authority of the State and can be used to pay the share price to the Company.

Foreign shares issued by the Company which are listed on the Hong Kong Stock Exchange shall be called “H shares”. H shares are shares which have been admitted for listing on the Hong Kong Stock Exchange, the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

Domestic Shares issued by the Company shall be collectively deposited by a depository that complies with the relevant requirements; overseas-listed foreign shares issued by the Company shall be deposited by a trustee-custodian company in accordance with the rules of the securities regulatory and the requirements of securities registration and depository of the place where the Company is listed, and may also be held by the shareholders in their own names.

Domestic Shares and overseas-listed foreign shares are both ordinary shares. Domestic Shares and overseas-listed foreign shares issued by the Company shall rank *pari passu* over any distribution by way of dividend or any other forms of distribution.

## **Article 19**

The promoters of the Company are Lepu Medical Technology (Beijing) Co., Ltd. and Beijing Target Medical Technologies Co., Ltd. The Company, at the time of its establishment, issued 280,000,000 ordinary shares to its promoters, all of which are subscribed for and held by the promoters of the Company, among which:

Lepu Medical Technology (Beijing) Co., Ltd. holds 277,200,000 shares, accounting for 99% of the total number of ordinary shares issued by the Company at the time of its establishment, which are paid by the equity interest corresponding to its 100% equity in Shanghai Shape Memory Alloy Co., Ltd. on March 19, 2021.

Beijing Target Medical Technologies Co., Ltd. holds 2,800,000 shares, accounting for 1% of the total number of ordinary shares issued by the Company at the time of its establishment, which are paid in RMB by cash on March 23, 2021.

## **Article 20**

The registered capital of the Company is RMB346,749,997. The total number of shares of the Company is 346,749,997 shares, all of which are overseas-listed foreign shares.

## **CHAPTER 4 INCREASE, DECREASE AND REPURCHASE OF SHARES**

### **Article 21**

In accordance with its needs of business and development and subject to the resolutions of the shareholders' general meeting pursuant to the provisions of laws and regulations, the Company may increase its capital by the following ways:

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) distributing bonus shares to existing shareholders;
- (IV) converting funds in the capital reserve into share capital;
- (V) other ways as approved by the laws and regulations and the CSRC.

The Company's increase of capital by issuing new shares shall be conducted in accordance with the procedures provided in relevant national laws and regulations, after being approved according to the Articles of Association. When the Company increases its registered capital, it shall register the change with the registration authority of the Company in accordance with the laws.

## **Article 22**

In accordance with the provisions of the Articles of Association, the Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the Company Law and any other relevant requirements as well as procedures stipulated in the Articles of Association.

## **Article 23**

When reducing its registered capital, the Company must prepare a balance sheet and an inventory of assets.

Within 10 days from the date on which the resolution on reducing registered capital is made, the creditors shall be notified by the Company and a public announcement shall be made in the press within 30 days. The creditors may, within 30 days from the receipt of the notice or within 45 days from the issuance of the announcement if they fail to receive a notice, require the Company to clear off its debts or to provide corresponding guarantees.

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

When the Company reduces its registered capital, it shall register the change with the registration authority of the Company in accordance with the laws.

## **Article 24**

The Company shall not acquire shares of the Company, except in any of the following circumstances:

- (I) reducing the Company's capital;
- (II) merger with other company which holds the shares of the Company;
- (III) the shares are to be used for employee share ownership plans or equity incentives;
- (IV) a shareholder who objects to the resolution on the Company's merger or division passed by the shareholders' general meeting requests that the Company buy back his/her/its shares;
- (V) the shares are to be used to convert corporate bonds issued by the Company that can be converted to shares;
- (VI) it is necessary for the Company to maintain corporate value and shareholders' interests;
- (VII) other circumstances as permitted by laws and regulations.



## **Article 25**

The Company may elect to acquire its shares by means of public collective trading or in other ways approved by laws, administrative regulations and the CSRC.

Repurchase of the Company's shares for reasons set out in Item (III), (V) or (VI) of the first paragraph of Article 24 of the Articles of Association shall be conducted by way of open and centralized transaction.

## **Article 26**

A resolution of a shareholders' general meeting is required for the repurchase of shares by the Company under either of the circumstances stipulated in item (I) to item (II) of Article 24 of the Articles of Association; for the Company's repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) of Article 24 of the Articles of Association, a resolution of a meeting of the Board of Directors shall be made by more than two-thirds of directors attending the meeting according to the provisions of the Articles of Association or as authorized by the shareholders' general meeting.

The shares acquired by the Company under the circumstance stipulated in item (I) in accordance with Article 24 of the Articles of Association shall be deregistered within ten days from the date of acquisition of shares; the shares shall be transferred or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (II) or item (IV); and the shares in the Company held in total by the Company after the repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) shall not exceed 10% of the Company's total outstanding shares, and shall be transferred or deregistered within three years.

Where the laws, regulations, or the securities regulatory authorities at the place where shares of the Company are listed stipulate other provisions on the relevant matters related to the aforesaid share repurchase, such provisions shall prevail.

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

## **CHAPTER 5 FINANCIAL ASSISTANCE FOR THE ACQUISITION OF THE SHARES OF THE COMPANY**

### **Article 27**

The Company or its subsidiaries (including affiliated companies of the Company) shall not, by any means including gifts, advance payment, guarantees, compensation, or loan at any time, provide any financial assistance to purchasers or prospective purchasers of the shares of the Company.

## **CHAPTER 6 SHARES AND SHARE REGISTER**

### **Article 28**

The Company's share certificates shall be in registered form.

In addition to those provided in the Company Law, a share certificate of the Company shall also contain any other matters required to be specified by the stock exchange where the Company's shares are listed.

## **Article 29**

The share certificates shall be signed by the chairman of the Board of Directors. Where the securities regulatory authorities or stock exchange of the place where the Company's shares are listed requires the share certificates to be signed by the senior management of the Company, the share certificates shall also be signed by such senior management. The share certificates shall become effective after the Company's seal is affixed thereto or printed thereon. The share certificates shall only be sealed with the Company's seal with the authorization of the Board of Directors. The signature of the chairman or other relevant senior management of the Company may also be reproduced on the share certificate in the form of printing.

Under the conditions of paperless issuance and transactions of shares of the Company, other requirements stipulated by the securities regulatory authorities and stock exchange of the place where the Company's shares are listed shall apply.

## **Article 30**

The Company shall keep a share register in accordance with certificates from the share registrar, in which the following particulars shall be recorded:

- (I) the name or title and domicile of each shareholder;
- (II) the number of shares held by each shareholder;
- (III) the serial number(s) of the share certificate(s) held by each shareholder;
- (IV) the date on which each shareholder receives the share(s).

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

## **Article 31**

Subject to the Articles of Association and other applicable regulations, once the shares of the Company are transferred, the name (title) of the transferee shall be listed in the share register as the holder of the said shares.

All the issuance or transfer of overseas-listed foreign shares will be registered in the register of holders of overseas-listed foreign shares kept at the place of listing in accordance with the Articles of Association.

All instruments of transfer and other documents relating to or affecting the ownership of any H Shares shall be registered. If any fees are charged in respect of such registration, such fees shall not exceed the highest fees as prescribed by the Hong Kong Stock Exchange.

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

- (I) the Company shall not register for exceeding four persons as joint shareholders of any shares;
- (II) all joint holders of any shares shall jointly and severally assume obligation for all amounts payable for relevant shares;
- (III) if one of the joint holders is deceased, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares, but the Board of Directors shall have the right, for the purpose of making amendments to the share register, to demand a death certificate of the relevant shareholder where it deems appropriate to do so; and
- (IV) in case of joint holders of any shares, only the joint holder that is listed first in the share register shall be entitled to take share certificates for relevant shares from the Company, receive notices of the Company, and attend the shareholders' general meetings of the Company or exercise the full voting right of the relevant shares. Any notice served to the aforesaid person shall be deemed as having been served to all the joint holders of the relevant shares.

### **Article 32**

The Company may keep overseas the register of holders of overseas-listed foreign shares and entrust an overseas agency for its custody in accordance with the understanding and agreement reached between the securities regulatory authorities of the State Council and the overseas securities regulatory authorities. The original copy of H Share register shall be kept in Hong Kong.

### **Article 33**

The Company shall keep a complete share register.

A share register shall include the following parts:

- (I) share register kept at the domicile of the Company, save as specified in items (II) and (III) herein;
- (II) register of holders of overseas-listed foreign shares of the Company kept at the overseas stock exchange where the shares are listed;
- (III) share register that the Board of Directors decides to keep at other place for the purpose of listing of the Company's shares.

### **Article 34**

For holders of overseas-listed foreign shares, the various parts of the share register shall not overlap with each another. The transfer of shares registered in a certain part of the share register shall not, during the continuance of the registration of such shares, be registered in any other part of the share register.

Any change or correction of each part of the share register shall comply with the law of the place where the said part is kept.

## Article 35

When the Company convenes a shareholders' general meeting, distributes dividends, commences liquidation or participates in other activities requiring the recognition of shareholder identity, the Board of Directors or the convener of shareholders' general meeting shall designate a certain date as the record date. The shareholders whose names appear on the share register at the close of trading on the record date shall be entitled to the relevant rights.

## Article 36

If any shareholder in the share register of overseas-listed foreign shares or any person requesting to have his/her name or title entered into the share register has lost his/her share certificate of overseas-listed foreign shares (that is, the "original share certificate"), the said shareholder or person may apply to the Company for issuing a replacement share certificate for the said shares (that is, the "relevant shares").

Application for reissue of share certificates lost by holders of Domestic Shares shall be processed pursuant to the Company Law.

Application for reissue of share certificates lost by holders of overseas-listed foreign shares may be handled pursuant to the laws, regulations of the stock exchange or other relevant regulations of the place where the original of the register of holders of overseas-listed foreign shares is kept.

Application for reissue of share certificates lost by holders of H Shares shall meet the following requirements:

- (I) the applicant shall apply in the standard format designated by the Company and attach a notarial deed or statutory statement. The notarial deed or statutory statement shall state the reason for the application, the circumstances and evidence of the loss of the share certificates and a statement that no other person may request registration as a shareholder in respect of the relevant shares.
- (II) before deciding to reissue new share certificates, the Company has not received a statement from anyone other than the applicant requesting to be registered as shareholder for the said shares.
- (III) after deciding to reissue new share certificates to the applicant, the Company shall publish an announcement of its intention to reissue the new share certificates on the newspapers designated by the Board of Directors; the announcement period is 90 days, with at least one announcement every 30 days.
- (IV) before publishing the announcement of its intention to reissue the new share certificate, the Company shall submit a copy of the announcement to be published to the stock exchange where the Company is 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 announcement shall be displayed in the stock exchange for a period of 90 days.

If the application for reissuing share certificates is not approved by the registered holder of the relevant shares, the Company shall mail a copy of the to-be-published announcement to the said shareholder.

- (V) If, after expiry of the 90-day period of announcement and display specified in items (III) and (IV) of this article, the Company has not received any objection to reissue of share certificates from any person, the Company may issue new share certificates as requested by the applicant.
- (VI) When the Company reissues new share certificates as per this article, the Company shall immediately deregister the original share certificates, and record such deregistration and reissue in the share register.
- (VII) All the expenses for deregistering the original share certificates and reissuing new share certificates shall be borne by the applicant. The Company may refuse to take any action before the applicant provides any reasonable guarantee.

In case the Company is granted the right to issue warrants to unregistered holders, no new warrants may be issued in place of the lost ones unless the Company confirms, beyond all reasonable doubts, that the original warrants have been destroyed.

## **CHAPTER 7 TRANSFER OF SHARES**

### **Article 37**

Shares of the Company may be transferred in accordance with the laws. Transfer of overseas-listed foreign shares listed in Hong Kong shall be registered with the local share registrar in Hong Kong as delegated by the Company.

### **Article 38**

All overseas-listed foreign shares listed in Hong Kong for which full payment has been made may be freely transferred, gifted, inherited or pledged in accordance with the Articles of Association; save under the following conditions, the Board of Directors may refuse to recognize any instrument of transfer without providing any reason:

- (I) the Company is paid such fees as the Board of Directors may require from time to time but not exceeding the amount as stipulated from time to time in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, for the registration of instruments of transfer of shares and other documents relating to or affecting the ownership of the shares;
- (II) the instrument of transfer only involves overseas-listed foreign shares listed in Hong Kong;
- (III) stamp duty payable has been paid for the instrument of transfer;
- (IV) relevant share certificate(s) and any other evidence which the Board of Directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (V) if the shares are transferred to joint holders, the number of joint holders shall not exceed four;
- (VI) the relevant shares are not subject to lien of any company.

If the Company refuses to register the share transfer, the Company shall send the transferor and the transferee a notice of refusal to register the said share transfer within two months after the request for transfer is submitted.

### **Article 39**

Any holder of overseas-listed foreign shares may transfer all or part of his/her shares by a written instrument of transfer commonly used in any place of listing or in any other form acceptable to the Board of Directors, or by a standard form of transfer prescribed by the stock exchange where the Company's shares are listed. The instrument of transfer shall be executed by the transferor and the transferee either by hand or by printing or, if the transferor or transferee is a recognized clearing house within the meaning of the laws of Hong Kong or its nominee(s) (hereinafter referred to as "recognized clearing house"), by hand or by machine imprinted signature. All instruments of transfer shall be kept at the legal address of the Company or such place as designated by the Board of Directors from time to time.

Where the PRC laws and regulations and the Hong Kong Listing Rules have provisions regarding the period of closure of the register of members prior to a shareholders' general meeting or the benchmark date for the determination of dividend distribution by the Company, such provisions shall prevail.

### **Article 40**

The promoters are not allowed to transfer the shares they hold in the Company for a period of one year after the date of establishment of the Company. Shares in issue prior to a public offering of the Company cannot be transferred within one year from the date of listing of the Company's shares on a stock exchange.

Directors, supervisors and senior management of the Company shall declare to the Company the numbers of the Company's shares held by them and the changes of the shares they hold, and the number of the Company's shares annually transferred by each of them during their terms of office shall not exceed 25% of the total number of the Company's shares held by them respectively. The Company's shares held by them cannot be transferred within one year from the date of listing of the Company's shares. Any of the aforesaid persons shall not transfer the shares of the Company held by him/her within half a year from his/her termination of the office.

Where relevant provisions of the securities regulatory authorities of the place where the Company's shares are listed have any other provisions in respect of restrictions on transfer of overseas-listed shares, such provisions shall prevail.

### **Article 41**

When any shareholder, holding more than 5% of the Company's shares, or any director, supervisor, senior management of the Company disposes of his/her/its shares or other securities with an equity nature in the Company within six months of purchase, or purchases shares of the Company again within six months of disposal, the proceeds derived therefrom shall be retained for the benefit of the Company. However, the disposals by brokerage companies holding more than 5% of the shares of the Company due to the fact that their underwritten shares remain unsubscribed and other circumstances stipulated by the CSRC shall not be subject to the restriction.

The shares or other securities with an equity nature held by any director, supervisor, senior management and natural person shareholder referred to in the preceding paragraph shall include the shares or other securities with an equity nature held by their spouses, parents and children, and those held through others' accounts.

If the Board of Directors fails to comply with the provisions of the first paragraph of this article, the shareholders shall have the right to require the Board of Directors to comply with the provisions within thirty days. If the Board of Directors fails to comply with the provisions within the prescribed period, the shareholders shall, for the benefit of the Company and in their own names, have the right to institute legal proceedings directly at a People's Court.

If the Board of Directors fails to comply with the provisions of the first paragraph of this article, the responsible directors shall bear joint and several liabilities according to the laws.

#### **Article 42**

The Company shall not accept its own shares as the subject matter of a mortgage.

### **CHAPTER 8 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

#### **Article 43**

The Company's shareholders are persons who lawfully hold shares of the Company and whose names (titles) are entered in the share register.

Shareholders shall enjoy rights and undertake obligations in accordance with the class and number of shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and bear the same obligations.

#### **Article 44**

The shareholders of the Company shall be entitled to the following rights:

- (I) to receive dividends and other kinds of profit distributions as determined by the number of shares held by them;
- (II) to lawfully require, convene, chair, attend or appoint a proxy to attend a shareholders' general meeting and exercise the corresponding voting right;
- (III) to supervise the business operations of the Company, and make suggestions or enquiries accordingly;
- (IV) to transfer, bestow or pledge shares of the Company held by them in accordance with the laws, regulations and the Articles of Association. The disposal of overseas-listed foreign shares shall also be conducted in accordance with the laws of the place where the shares are listed;
- (V) to inspect the Articles of Association, share register, stubs of corporate bonds, minutes of shareholders' general meetings, resolutions of the meetings of the Board of Directors, resolutions of the meetings of the Board of Supervisors, and financial and accounting reports;
- (VI) upon termination or liquidation of the Company, participating in the distribution of the Company's residual assets based on their shareholding;
- (VII) a shareholder who objects to the resolution on merger or division of the Company passed by a shareholders' general meeting may request the Company to acquire his/her/its shares;



(VIII) other rights stipulated by the laws and regulations and the Articles of Association.

The Company shall not exercise any right to freeze or otherwise damage the rights attached to any shares directly or indirectly held by any person only on the ground that the said person fails to disclose his/her equity to the Company.

#### **Article 45**

When a shareholder requests to inspect the relevant information mentioned in the preceding article or requests any materials, such shareholder shall provide the Company with written documents evidencing the class and number of shares that he/she holds in the Company, and the Company shall provide such relevant information or such materials upon request after verifying his/her shareholder identity.

#### **Article 46**

Where the contents of a resolution of shareholders' general meeting or the Board of Directors of the Company violate any laws or regulations, the shareholders shall be entitled to request the People's Court to invalidate the said resolution.

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

#### **Article 47**

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

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

Where other persons infringe legitimate rights and interests of the Company and cause losses to the Company, the shareholders as specified in the first paragraph of this article may file a lawsuit with the people's court pursuant to the provisions of the preceding two paragraphs.

#### **Article 48**

Where any director, supervisor or senior management violates the provisions of laws, regulations or the Articles of Association and causes damages to shareholders, the shareholders may file a lawsuit with the people's court.



## **Article 49**

The shareholders of the Company shall undertake the following obligations:

- (I) complying with laws, regulations and the Articles of Association;
- (II) making payment for shares subscribed for according to the quantity of shares subscribed for and the manners of subscription;
- (III) not withdrawing the investment, except for circumstances stipulated by the laws and regulations;
- (IV) not abusing shareholders' rights to harm the interests of the Company or other shareholders; not abusing the independent legal person status of the Company and shareholders' limited liability to harm the interests of the Company's creditors;
- (V) other obligations for the shareholders prescribed by laws, regulations and the requirements of the Articles of Association.

Shareholders of the Company who abuse shareholders' rights and cause damages to the Company or other shareholders shall be liable for compensation pursuant to the law. Shareholders of the Company who abuse the independent legal person status of the Company and shareholders' limited liability to evade debts and severely infringe upon interests of the Company's creditors shall assume joint and several liabilities for the Company's debts.

## **Article 50**

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

## **Article 51**

The controlling shareholders and the actual controllers of the Company shall not use the connected relations to prejudice the interests of the Company; otherwise, they shall be liable for compensation for the loss suffered by the Company.

The controlling shareholders and the actual controllers of the Company owe fiduciary duties towards the Company and public shareholders of the Company. The controlling shareholders shall exercise his/her rights as a capital contributor in strict compliance with laws. The controlling shareholders shall not make use of methods such as the distribution of profits, restructuring of assets, external investments, misappropriation of assets, borrowing or loan guarantees to prejudice the legitimate interests of the Company and public shareholders, and shall not make use of their controlling positions to prejudice the interests of the Company and public shareholders.

## CHAPTER 9 SHAREHOLDERS' GENERAL MEETING

### Section 1 General Rules for the Shareholder's General Meeting

#### Article 52

The shareholders' general meeting is the organ of authority of the Company, and shall exercise following functions and powers pursuant to the law:

- (I) to decide on the Company's operational objectives and investment plans;
- (II) to elect and replace the directors and supervisors (non-employee representatives) who are shareholder representatives, and to determine the remuneration of the relevant directors and supervisors;
- (III) to review and approve the reports of the Board of Directors;
- (IV) to review and approve the reports of the Board of Supervisors;
- (V) to deliberate and approve the Company's annual financial budget plan and final account plan;
- (VI) to deliberate and approve the Company's profit distribution plan and plan for covering losses;
- (VII) to resolve on any increase or reduction of the Company's registered capital;
- (VIII) to resolve on merger, division, dissolution and liquidation of the Company or change of its corporate form;
- (IX) to resolve on issue of bonds or other securities and the listing of the Company;
- (X) to resolve on the engagement, dismissal or discontinuation of the appointment of accounting firms of the Company;
- (XI) to amend the Articles of Association;
- (XII) to examine proposals raised by the shareholders who hold 3% or more of the total voting shares of the Company;
- (XIII) to examine and approve guarantees required to be approved by the shareholders' general meeting as stipulated by the laws, regulations and Articles of Association;
- (XIV) to deliberate matters regarding the purchase or sale of material assets by the Company that within one year exceed 30% of the latest audited total assets of the Company;
- (XV) to review and approve matters relating to the modification of use of raised fund;

(XVI)to consider the equity incentive plans and employee share ownership plans;

(XVII)to review and approve other issues which should be decided by the shareholders' general meeting as stipulated by laws, regulations, departmental rules, listing rules of the stock exchange where the Company's shares are listed and the Articles of Association.

### **Article 53**

The following external guarantees provided by the Company shall be subject to the consideration and approval at the shareholders' general meeting.

- (I) any guarantee as provided after the total amount of guarantees provided by the Company and its controlling subsidiaries exceeds 50% of the Company's latest audited net assets;
- (II) any guarantee as provided after the total amount of guarantees provided by the Company exceeds 30% of the Company's latest audited total assets;
- (III) any guarantee provided by the Company within one year exceeds 30% of the Company's latest audited total assets;
- (IV) any guarantee provided for a borrower which has an asset to liability ratio of over 70%;
- (V) any single guarantee whose amount exceeds 10% of the latest audited net assets;
- (VI) any guarantee provided in favour of any shareholder, de facto controller and their related parties.

When the shareholders' general meeting considers the provision of guarantee mentioned in Item (II) of the paragraph above, it shall be passed by votes representing more than two-thirds of the voting rights held by shareholders present at the meeting.

When the shareholders' general meeting considers the provision of guarantee mentioned in Item (VI) of the paragraph above, such shareholders or shareholders controlled by such de facto controllers shall abstain from voting on such resolutions. Such resolutions shall be passed by votes representing more than half of the voting rights held by other shareholders present at the shareholders' general meeting.

### **Article 54**

The Company may not, without approval of shareholders by special resolution at shareholders' general meeting, enter into any contract with any person other than a director and other senior management pursuant to which such person shall be responsible for the management of the whole or any substantial part of the business of the Company, save for special circumstances such as the Company is in a crisis.

## **Section 2 Convening of the General Meeting**

### **Article 55**

The general meetings shall be divided into annual general meetings and extraordinary general meetings. The general meeting shall be convened by the Board of Directors. The annual general meeting shall be convened once a year and shall be held within six months following the end of the preceding accounting year.

The Board of Directors shall convene an extraordinary general meeting within two months after the occurrence of any of the following events:

- (I) the number of directors is less than five;
- (II) where the unrecovered losses of the Company amount to one-third of the total amount of its paid-in share capital;
- (III) shareholders individually or jointly holding 10% or more of the Company's outstanding voting shares require in writing that an extraordinary general meeting shall be convened;
- (IV) the Board of Directors deems it necessary;
- (V) when proposed by the Board of Supervisors;
- (VI) other circumstances prescribed by the laws, regulations or the Articles of Association.

### **Article 56**

If the Board of Directors is unable or fails to fulfill the obligation of convening the shareholders' general meetings, the Board of Supervisors shall convene and preside over such meetings in a timely manner. If the Board of Supervisors does not convene or preside over such meetings, the shareholder(s) individually or jointly holding 10% or more of the Company's shares for 90 or more consecutive days may convene and preside over such meetings on their own initiative.

### **Article 57**

Independent directors are entitled to propose to the Board of Directors for convening an extraordinary general meeting. In response to such proposal of the independent directors to convene an extraordinary general meeting, the Board of Directors shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving such proposal in accordance with the laws, regulations and the Articles of Association. Where the Board of Directors agrees to convene such extraordinary general meeting, a notice to convene such general meeting shall be dispatched within five days after the passing of relevant resolution by the Board of Directors. Where the Board of Directors disagrees to convene such extraordinary general meeting, it shall give reasons for such decision, which shall also be announced.

## **Article 58**

The Board of Supervisors are entitled to propose to the Board of Directors for convening an extraordinary general meeting and such proposal shall be made by way of written request(s). The Board of Directors shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving such proposal in accordance with the laws, regulations and the Articles of Association.

Where the Board of Directors agrees to convene such extraordinary general meeting, a notice to convene such general meeting shall be dispatched within five days after the passing of relevant resolution by the Board of Directors, provided that any changes to the original proposal shall be subject to the approval from the Board of Supervisors.

Where the Board of Directors disagrees to convene such extraordinary general meeting, or where the Board of Directors fails to provide any response within ten days after receiving such proposal, it shall be deemed that the Board of Directors is not able to or does not perform its duty to convene such general meeting, and the Board of Supervisors may by itself convene and preside over such meeting.

## **Article 59**

Shareholders individually or jointly holding more than 10% of the Company's shares have the right to propose to the Board of Directors to convene an extraordinary general meeting and such proposal shall be made by way of written request(s). The Board of Directors shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving such proposal in accordance with the laws, regulations and the Articles of Association.

Where the Board of Directors agrees to convene such extraordinary general meeting, a notice to convene such general meeting shall be dispatched within five days after the passing of relevant resolution by the Board of Directors, provided that any changes to the original proposal shall be subject to the approval from related shareholders.

Where the Board of Directors disagrees to convene such extraordinary general meeting, or where the Board of Directors fails to provide any response within ten days after receiving such proposal, shareholders individually or jointly holding more than 10% of the Company's shares shall have the right to propose to the Board of Supervisors to convene an extraordinary general meeting and such proposal shall be made by way of written request(s).

Where the Board of Supervisors agrees to convene such extraordinary general meeting, a notice to convene such general meeting shall be dispatched within five days upon receiving such proposal, provided that any changes to the original proposal shall be subject to the approval from related shareholders.

Where the Board of Supervisors fails to dispatch the notice to convene such general meeting within the prescribed time limit, it shall be deemed that the Board of Supervisors does not convene and preside over such general meeting. Then the shareholders individually or jointly holding more than 10% of the Company's shares for more than 90 consecutive days are entitled to convene and preside over the meeting by themselves.

## **Article 60**

If the Board of Supervisors or shareholders decide to convene the extraordinary general meeting on their own initiative, they shall notify the Board of Directors in writing and file the notice of meeting with the stock exchange for records.

Prior to announcement of the extraordinary general meeting resolution, the shareholding proportion of the convening shareholders shall not be less than 10%.

The Board of Supervisors or shareholders that convene the general meeting shall, upon issuance of the notice for general meeting and announcement of the general meeting resolution, submit relevant documentation to the stock exchange.

## **Article 61**

With regard to the shareholders' general meeting convened by the Board of Supervisors or shareholders on their own initiative, the Board of Directors and the secretary to the Board of Directors shall provide assistance. The Board of Directors shall provide the register of shareholders as at the record date. The Company shall bear the expenses necessary for the meetings.

## **Article 62**

The Company shall convene the shareholders' general meeting at the Company's domicile or at such other place as specified in the notice of general meeting. The shareholders' general meeting shall have a venue and be convened in physical form. The Company will also provide the internet voting platform, for the purpose of providing convenience to shareholders attending the shareholders' general meeting. A shareholder who participates in shareholders' general meeting in the aforesaid manner shall be deemed to be present at the meeting.

## **Article 63**

For the shareholders' general meeting to be convened, the Company shall engage lawyers to provide legal opinions on the following issues and make related announcement:

- (I) whether or not the convening of the meeting and procedures are in compliance with the laws, regulations and the Articles of Association;
- (II) whether or not the qualification of persons attending the meeting and the convener is lawful and valid;
- (III) whether or not the procedures and results of voting are lawful and valid;
- (IV) any legal opinions in respect of other relevant issues as required by the Company.

### **Section 3 Proposals and Notices of the General Meeting**

#### **Article 64**

Where the Company is to convene an annual general meeting, it shall notify each shareholder of the date and venue of the meeting as well as the matters to be considered at the meeting in the form of announcement 20 days prior to the meeting; and where the Company is to convene an extraordinary general meeting, it shall notify each shareholder in the form of announcement 15 days prior to the meeting.

After the issuance of notice of shareholders' general meeting, the general meeting shall not, without any proper reason, be postponed or cancelled, and the proposals set out in the notice of general meeting shall not be cancelled. In the event of any postponement or cancellation, the convener shall, at least two business days before the date of the scheduled meeting, make an announcement and state the reason therein.

#### **Article 65**

Where the Company is to convene a general meeting, the Board of Directors, the Board of Supervisors and shareholders severally or jointly holding 3% or more of the shares of the Company shall be entitled to put forward proposals to the Company. The contents of the proposals shall fall within the functions and powers of the general meeting, have clear agenda and specific matters to be resolved, and shall comply with relevant requirements of laws, regulations and the Articles of Association.

Shareholder(s) severally or jointly holding more than 3% of the shares of the Company may raise interim proposals and submit them in writing to the convener 10 days before a general meeting. The convener shall, within 2 days after the receipt of such proposals, issue a supplemental notice of the general meeting, announce the contents of the interim proposals, and submit the interim proposals to the general meeting for consideration.

Save as the circumstances referred to in the preceding clause, the convener, after issuing the notice and announcement of the general meeting, shall neither revise the proposals stated in the notice of general meetings nor add new proposals.

Proposals not set out in the notice of general meeting or not complying with Clause 1 of Article 65 of the Articles of Association shall not be voted on and resolved at the general meeting.

#### **Article 66**

The notice of a shareholders' general meeting shall meet the following requirements:

- (I) specifies the venue, duration, date and time of the meeting;
- (II) the matters and proposals to be submitted and considered at the meeting;
- (III) if any of the directors, supervisors and senior management have material interest in the matters to be discussed, they shall disclose the nature and extent of such interest; and if the matters to be discussed have a different effect on a director, supervisor or senior management as shareholders compared to that on other shareholders of that same class, they shall explain this difference;



- (IV) sets forth the full text of any proposed special resolution to be passed on at the meeting;
- (V) states clearly that all shareholders are entitled to attend the shareholders' general meeting and a shareholder entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and vote on his/her behalf in writing and such proxies need not be a shareholder;
- (VI) states the time and address for serving the proxy forms of the voting for the meeting;
- (VII) states the record date of Shareholders entitled to attend the shareholders' general meeting;
- (VIII) states the name and phone number of the standing contact person of the meeting;
- (IX) the voting time and voting procedure over network or of other means;
- (X) where the elections of directors and supervisors are to be discussed at the shareholders' general meeting, a notice of the general meeting shall fully disclose the particulars of the candidates for directors and supervisors and shall at least include the following contents:
  - (I) personal particulars such as educational background, working experience and part-time jobs;
  - (II) whether or not the candidate has any connected relationship with the Company or its controlling shareholders and de facto controllers;
  - (III) the number of shares of the Company held by the candidate;
  - (IV) whether or not the candidate has been subject to penalties by the CSRC and other relevant authorities as well as sanctions by any stock exchange.

Except for the election of directors and supervisors by cumulative voting mechanism, the nomination proposal on each candidate for director or supervisor shall be submitted in the form of independent proposal.

#### **Article 67**

Save as otherwise provided in the Articles of Association, the notice of the shareholders' general meeting shall be delivered to the shareholders (whether or not entitled to vote at the shareholders' general meeting) by way of announcement or such other forms as specified in Article 172 of the Articles of Association. Once the announcement is made, all holders of the Shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

#### **Article 68**

Where a notice of meeting is not delivered to persons who have the right to receive the notice or such persons do not receive the notice of meeting due to accidental omission, the meeting and the resolutions passed at the meeting shall not be rendered invalid as a result thereof.



If the relevant regulation of securities regulatory authorities of the place where the shares of the Company are listed stipulate that the Company sends, posts, distributes, issues, announces or otherwise provides communications of the Company in English version and Chinese version, if the Company has made appropriate arrangement to confirm whether the shareholders hope to receive only the English version or the Chinese version, the Company may (as per the intent stated by the shareholders) send only the English version or the Chinese version to the related shareholders within the range allowed by the applicable laws and regulations and pursuant to the applicable laws and regulations.

#### **Section 4 Holding of the General Meeting**

##### **Article 69**

The Board of Directors and other conveners shall take necessary measures to ensure the good order of the shareholders' general meeting, take measures to deter any act disturbing the general meeting, picking quarrels and provoking troubles or infringing the lawful rights and interests of any shareholder, and shall report in a timely manner such act to the relevant department for investigation and punishment.

##### **Article 70**

All the shareholders of ordinary shares recorded in the register of shareholders on the record date shall have the right to attend the shareholders' general meeting, and shall exercise their voting rights pursuant to relevant laws, regulations and the Articles of Association, or appoint a proxy to attend and vote on his/her/its behalf.

##### **Article 71**

An individual shareholder who attends the meeting in person shall present his/her identification card or other valid identity documents or certificates, or his/her stock account card. Where a proxy is appointed by the individual shareholder to attend the meeting, the proxy shall produce his/her own valid identity card and the proxy form.

A corporate shareholder shall attend the meeting by its legal representative, or the person authorized by the legal representative, the Board of Directors or other decision-making bodies. Where such person has been authorised to attend the meeting on his/her behalf, it shall be deemed that the corporate shareholder is present in person. The legal representative who attends the meeting shall present his/her identification card and valid certification documents which can prove his/her authority to act as the legal representative. Where a proxy is appointed to attend the meeting, the proxy shall present his/her own identity card and the written proxy form issued and signed in accordance with the law by the legal representative of the corporate shareholder, the Board of Directors or other decision-making bodies.

##### **Article 72**

Where the instrument appointing a voting proxy is signed by a person authorized by the appointing shareholder, the power of attorney authorizing such person to sign or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the instrument appointing a voting proxy, be deposited at the Company's domicile or at such other place as specified in the notice of meeting.

Where the appointing shareholder is a legal person, its legal representative or the person authorized by the resolution of its board of directors or other decision-making bodies may attend the shareholders' general meetings of the Company as a representative of such appointing shareholder.

Where the shareholder is a recognized clearing house or its agent as defined in applicable rules governing the listing of securities or other securities laws and regulations, the shareholder may authorize more than one person as he/she deems appropriate as his/her proxy(ies) at any shareholders' general meeting; however, where two or more than two persons are thus authorized, the power of attorney shall specify the numbers and classes of shares of each of such authorized proxies. The power of attorney shall be signed by the persons authorized by the recognized clearing house. The person thus authorized may represent the recognized clearing house (or agent thereof) in exercising its rights at any meeting (without being required to present a share certificate, notarized power of attorney and/or further evidence of due authorization) as if that person was an individual shareholder of the Company.

### **Article 73**

The instrument appointing a voting proxy shall contain the following particulars:

- (I) the name of the proxy authorised by the shareholder;
- (II) the number of shares held by the appointing shareholder as represented by the proxy authorised by the shareholder;
- (III) whether or not the proxy has the right to vote;
- (IV) indication of consent or objection respectively concerning each proposal to be resolved on the agenda of the shareholders' general meeting;
- (V) the date of signing of the power of attorney and term of validity;
- (VI) the signature (or seal) of the appointing shareholder. Where the appointing shareholder is a natural person, the power of attorney shall be signed by the appointing shareholder or the proxy appointed by him/her in writing; where the appointing shareholder is a corporate shareholder, the power of attorney shall be signed under a legal person seal or signed by its director or an attorney duly authorised.

Such a power of attorney shall specify that in default of directives from the shareholder, whether the proxy can vote as he/she thinks fit.

### **Article 74**

The chairman of the Board of Directors shall preside over and act as the chairman of the shareholders' general meeting. Where the chairman is unable to attend the meeting for any reason, a director nominated by more than half of directors shall preside over and chair the meeting. In the event that the chairman of the meeting is not elected, the shareholders present at the meeting may elect one person at the meeting to preside over and be the chairman. If shareholders cannot elect the chairman for any reason, the shareholder (including proxies) present at the meeting who holds the largest number of voting shares shall preside over and be the chairman of the meeting.

The chairman of the Board of Supervisors shall preside over the shareholders' general meeting convened by the Board of Supervisors on its own initiative and act as the chairman of the meeting. A supervisor shall be elected jointly by more than half of supervisors to preside over the meeting when the chairman of the Board of Supervisors fails or refuses to perform the duty.

In the case of a shareholders' general meeting convened by shareholders on their own initiative, a representative recommended by convener(s) shall preside over the meeting and act as the chairman of the meeting.

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

#### **Article 75**

The Company shall be responsible for compiling the attendee register which shall include, among others, the name of attendee (or name of relevant unit), ID number, domicile, the number of voting shares that he/she holds or represents, and name of the person (or name of relevant unit) who attends the meeting by proxy.

#### **Article 76**

The convener and lawyers engaged by the Company shall jointly verify the legitimate qualification of shareholders in accordance with the register of shareholders provided by the securities registration and settlement company, and shall register the name of shareholders and the number of voting shares held by them. The registration shall end before the chairperson of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares they hold.

Prior to voting, the chairperson of the meeting shall announce the number of shareholders and proxies present and the total number of voting shares held by them. The number of shareholders and proxies present at the meeting and the total number of voting shares held by them shall be that as stated in the registration of the meeting.

#### **Article 77**

When the shareholders' general meeting is convened, all directors, supervisors and the secretary to the Board of Directors shall be present at the meeting, and the manager and other senior management shall also attend the meeting without the voting rights.

#### **Article 78**

The Company shall formulate the procedural rules of the shareholders' general meeting which shall set out in detail the procedures of convention and voting in respect of the shareholders' general meeting (including notices, registration, consideration and approval for proposals, voting, vote counting, announcement on voting results, formation of the resolution of the meeting, meeting minutes and signing, announcements and other similar matters) and the principles of authorization granted to the Board of Directors at the shareholders' general meeting. The scope of authorization shall be specified in detail. The procedural rules of the shareholders' general meeting shall be prepared by the Board of Directors, approved at the shareholders' general meeting and attached to the Articles of Association as an appendix.

## **Article 79**

At the annual general meeting, the Board of Directors and Board of Supervisors shall report to the shareholders' general meeting on their respective work over the past year. Each independent director shall also report on their work accordingly.

The directors, supervisors and senior management shall make response to and give explanation of the inquiries and suggestions made by shareholders at the shareholders' general meeting.

## **Article 80**

The minutes of shareholders' general meeting shall be recorded by the secretary to the Board of Directors.

The minutes shall contain the following:

- (I) the date, place and agenda of the meeting, and the name of the convener;
- (II) the name of the chairperson of the meeting, and the names of directors, supervisors, managers and other senior management present or in attendance at the meeting;
- (III) the number of shareholders and proxies attending the meeting, the total number of their voting shares and their respective proportions to the total number of shares of the Company;
- (IV) the proceeding of consideration of each proposal, summary of the points discussed and results of voting;
- (V) inquiries and recommendation put forward by shareholders and the response or explanation thereof;
- (VI) names of lawyers and vote-counters and scrutineers;
- (VII) such other matters as shall be recorded in the minutes of meetings pursuant to the Articles of Association.

## **Article 81**

The convener shall ensure that the contents of the minutes of meetings are authentic, accurate and complete. Directors, supervisors, the secretary to the Board of Directors, the convener or his/her representative and the chairperson of meeting present at the meeting shall sign on the minutes of the meeting. Minutes of meetings shall be kept together with the attendance list for shareholders and power of attorney given for proxies, and any other valid information concerning online exercise of voting rights or otherwise. The period of maintaining such records shall be ten years.

## **Article 82**

The convener shall ensure that the shareholders' general meeting is conducted continuously until final resolutions are passed. Where the shareholders' general meeting is adjourned or the relevant resolutions are not passed for special reasons such as force majeure, all necessary measures shall be taken to re-convene the shareholders' general meeting as soon as practicable or, alternatively, the meeting shall be terminated, and the related announcement shall be made on a timely basis. Concurrently, the convener shall deliver a report to the branch office of the CSRC at the place of the Company and the relevant stock exchange.

## **Section 5 Votes and Resolutions of Shareholders' General Meeting**

### **Article 83**

Resolutions made at a shareholders' general meeting shall be divided into ordinary resolutions and special resolutions.

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

Special resolutions made by the shareholders' general meeting shall be approved by more than two-thirds of voting rights held by the shareholders (including their proxies) attending the shareholders' general meeting.

### **Article 84**

Shareholders (including their proxies) who vote at a shareholders' general meeting shall exercise their voting rights in proportion to the amount of voting shares they represent. Each share carries the right to one vote.

When the shareholders' general meeting considers matters that could materially affect the interest of middle and small investors, the votes by middle and small investors shall be counted separately, and the results of such separate vote counting shall be disclosed promptly.

The shares of the Company held by the Company itself shall have no voting right and shall not be included in the total number of shares with voting rights of the shareholders who are present at the shareholders' general meeting.

Shareholders who purchase the voting shares of the Company in violation of paragraph 1 and paragraph 2 of Article 63 of the Securities Law shall not exercise the voting right of the shares that exceed the prescribed ratio within 36 months after purchase, and such number shall not be counted in the total number of voting shares represented by shareholders attending the shareholders' general meeting.

The Board of Directors, independent directors and shareholders with over one percent of voting shares or investor protection institutions established by laws, regulations or provisions of the CSRC may solicit voting rights from the Company's shareholders. In soliciting voting rights of shareholders, information such as specific voting intention shall be sufficiently disclosed to the shareholders whose voting rights are being solicited. Solicitation of voting rights at any consideration, whether in direct or indirect form, is prohibited. Unless under legal terms, the Company shall not propose any minimum shareholding restriction on the solicitation of voting rights.

If any laws and regulations, regulatory rules of the place where the Company's shares are listed and the Articles of Association require that any shareholder shall abstain from voting on a certain proposal or limit any shareholder to only cast affirmative or negative votes on a certain proposal, any votes cast by the shareholder or proxy thereof in violation of the aforesaid requirement or restriction shall not be counted to the results of the voting.

## **Article 85**

In the event the matters of related transactions are considered at a shareholders' general meeting, related shareholders shall abstain from voting upon such connected transactions and the number of voting shares represented by such shareholders shall not be counted in the total number of valid votes. The announcement of the resolution of such meeting shall fully disclose the votes of the unrelated shareholders.

## **Article 86**

The following matters shall be approved by ordinary resolutions at a shareholders' general meeting:

- (I) work reports of the Board of Directors and the Board of Supervisors;
- (II) profit distribution proposals and loss recovery proposals formulated by the Board of Directors;
- (III) appointment or dismissal of members of the Board of Directors and the Board of Supervisors, and their remunerations and the method of payment thereof;
- (IV) the annual budget and final accounting proposals, the balance sheet, statements of profits and other financial statements of the Company;
- (V) the Company's annual report;
- (VI) all other matters other than those shall be passed by special resolution as stipulated by laws, regulations or the Articles of Association.

## **Article 87**

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

- (I) increase or reduction in the registered capital of the Company;
- (II) division, spin-off, merger, dissolution and liquidation of the Company;
- (III) amendment to the Articles of Association;
- (IV) the amount of the Company's purchase or disposal of material assets or providing guarantee in one year exceeds 30% of the latest audited total assets of the Company;
- (V) consideration and implementation of the equity incentive plans;
- (VI) other matters that are specified by laws, regulations or the Articles of Association and that, resolved by the shareholders' general meeting by an ordinary resolution, may have a material effect on the Company and should therefore be approved by a special resolution.

## **Article 88**

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

The cumulative voting system may be adopted when voting at the election of directors and supervisors at the shareholders' general meeting pursuant to the requirements of the Articles of Association or the resolution of the shareholders' general meeting.

The cumulative voting system referred to in the preceding paragraph means that when the directors or supervisors are elected at the shareholders' general meeting, each share has the same number of voting rights as the number of directors and supervisors to be elected and the shareholder can vote by concentrating the number of shares held. The Board of Directors shall announce the resumes and basic information of these candidates for directors or supervisors.

Where a resolution on the election of directors or supervisors is passed at the shareholders' general meeting, the term of office of the newly elected director or supervisor shall commence immediately after the conclusion of the shareholders' general meeting or at such time as may be specified in a resolution adopted at the shareholders' general meeting.

## **Article 89**

Except for cumulative voting system the shareholders' general meeting shall vote on all the proposed resolutions separately; in the event of several proposed resolutions for the same issue such proposed resolutions shall be voted on in the order of time at which they are submitted. Unless the shareholders' general meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposed resolutions shall neither be shelved nor refused at the shareholders' general meeting.

When considering a proposed resolution at shareholders' general meeting, no amendments shall be made thereto. Otherwise, any change made thereto shall be considered as a new proposed resolution, for which the voting shall not proceed in that meeting.

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

At any shareholders' general meeting, voting shall be conducted by open poll.

## **Article 90**

Before the shareholders' general meeting votes on a proposal, two shareholders' representatives shall be elected to participate in the vote counting and vote scrutiny. When a shareholder is related to a matter being considered, he or she and his or her proxies may not be included in the vote counting or vote scrutiny.

When votes are cast on proposals at the shareholders' general meeting, attorneys, representatives of the shareholders and the representative of supervisors shall be jointly responsible for scrutinizing and counting votes and shall announce the voting results at the meeting. The voting result shall be recorded in the meeting minutes.



Shareholders of the Company or their proxies, who have cast their votes by online voting or by other means, shall have the right to check the voting results in the way in which they have cast their votes.

#### **Article 91**

The ending time of a shareholders' general meeting shall not be earlier than that of online or other access to the meeting. The chairman of the meeting shall announce the outcome and results of the vote on each proposed resolution, and whether or not such proposed resolution has been passed according to such voting results.

Prior to the formal announcement of voting results, the relevant parties from the Company, the persons responsible for counting votes and scrutinizing the conduct of the relevant poll, the major shareholders, the person in charge of the relevant internet service provider involved in relation to voting at the shareholders' general meeting, online or by other means, shall be obliged to keep the status of voting confidential.

#### **Article 92**

A shareholder attending a shareholders' general meeting shall express one of the following opinions on any proposed resolutions to be voted on: for, against or abstain unless securities registration and settlement institutions, as the nominal holders of shares that can be traded through the Mainland-Hong Kong Stock Connect, make declarations according to the intention of actual holders.

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

#### **Article 93**

If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote, he/she may have the votes counted. If the chairman of the meeting fails to count the votes, any shareholder who is present in person or by proxy who objects to the result announced by the chairman of the meeting is entitled to, immediately after the declaration of the voting result, demand to count the votes and the chairman of the meeting shall have the votes counted immediately.

#### **Article 94**

The resolution of the shareholders' general meeting shall be promptly announced. The announcement shall state the number of attending shareholders and proxies, their number of voting shares and their percentages to the total number of the voting shares in the Company, the voting method or methods, the voting result for each proposal, and the details of each resolution passed in the meeting.

Where a proposal has not been passed or the resolutions of the preceding shareholders' general meeting have been changed at the current shareholders' general meeting, special mention shall be made in the announcement of the resolutions of the shareholders' general meeting.



## **Article 95**

Where a proposed resolution in relation to the payment of cash dividends, the issue of bonus shares or the capitalisation of capital reserves is passed at a shareholders' general meeting, the Company shall implement the specific plans within two months after the conclusion of the shareholders' general meeting.

## **CHAPTER 10 BOARD OF DIRECTORS**

### **Section 1 Directors**

## **Article 96**

The Company shall establish a Board of Directors, which takes accountability to shareholder's general meeting, and which shall comprise 7 directors (including executive directors, non-executive directors and independent non-executive directors (hereinafter referred to as "Independent Directors")), one of whom shall be chairman.

Independent Directors as referred to in the preceding paragraph shall refer to directors holding no positions other than that of directors in the Company and having no relationship with the Company and its substantial shareholders as to hindering their independent and objective judgments. The number of Independent Directors shall not be less than one third of the total membership of the Board and not less than three, and at least one independent director shall have professional expertise in accountancy.

Directors may be concurrently held by the general manager or other senior management, but the total number of directors who concurrently serve as the general manager or other senior management and directors held by employee representatives shall not exceed half of the total number of directors of the Company.

Where the system of Independent Directors is not provided for in the Articles of Association, it shall be governed by the relevant laws and regulations and the relevant provisions of the listing rules of the stock exchange where the Company's shares are listed.

## **Article 97**

Directors shall be elected or replaced at a shareholders' general meeting, and shall serve a term of office of three years. A director shall be eligible for re-election upon expiry of the term of office. Prior to expiry of term of office of a director, a shareholders' general meeting can remove the director.

The term of office of a director shall be from the date of appointment to the expiry of tenure of the current Board of Directors. Where re-election is not promptly carried out upon expiry of the term of office of a director, prior to appointment of a new director, the original director shall continue fulfilling his/her duties as a director pursuant to the provisions of laws, regulations, departmental rules and the Articles of Association until the reelected director takes office.

The chairman of the Board of Directors shall be elected or removed by more than half of all the directors. The term of office for the chairman of the Board of Directors shall be three years and he/she shall be eligible for re-election.

Directors are not required to hold any shares of the Company.

## **Article 98**

Candidates for directors shall normally be submitted by the Board of Directors of the Company to the shareholders' general meeting of the Company by way of proposal. The shareholders and the Board of Supervisors of the Company may nominate candidates for election as directors in accordance with the provisions of the Articles of Association.

A written notice of the intention to nominate a candidate for director and a notice in writing by that candidate indicating his/her acceptance of such nomination shall be given to the Company not earlier than the day on which the notice of the shareholders' general meeting is given and not later than seven days before the date of such shareholders' general meeting. The period for nomination and acceptance of nominations shall not be less than seven days.

## **Article 99**

A director may resign before his/her term of office expires. In resigning his/her duties, a director shall tender a written resignation to the Board. The Board shall disclose relevant information within two days.

If any director resigns so that the membership of the Board lower than the quorum, the original director shall continue fulfilling his/her duties as a director pursuant to the provisions of laws, regulations and the Articles of Association until the reelected director takes office.

Save as provided in the preceding paragraph, the director's resignation shall be effective when his/her resignation is served to the Board.

Without violating the relevant laws, regulations and regulatory rules of a place where the Company's shares are listed, a person newly appointed as director by the Board to fill a temporary vacancy or to add to the quota of directors of the Board shall serve until the next annual general meeting of the Company, at which time the said person is eligible for re-election.

## **Article 100**

Any director who has left his/her office without authorization before his/her term of office expires and thereby causes the Company to incur a loss shall be liable for compensation.

Subject to compliance with the relevant laws and regulations, the shareholders' general meetings may remove any director whose tenure has not expired by ordinary resolutions (without prejudice to any claim which might be put forward in accordance with any contract).

A director shall ensure that he/she has sufficient time and effort to perform his/her duties as a director and shall be deemed to be unable to perform his/her duties if he/she fails to attend Board meetings in person or by proxy for two consecutive times, and the Board should suggest that the shareholders' general meeting replace the said director.

## **Section 2 Board of Directors**

### **Article 101**

The Board may establish special committees such as audit, remuneration and nomination committees as required. The Board may establish other special committees and adjust existing committees as required. The Board shall consult the relevant special committees before making relevant resolutions.

The members of each special committee under the Board shall all be directors and elected by the Board. Each special committee may engage intermediaries to provide professional advice, with costs to be borne by the Company.

The Audit Committee can only be composed of non-executive directors, a majority of whom shall be Independent Directors, and at least one member must be an independent director with appropriate professional qualifications as required by the Hong Kong Listing Rules or with appropriate accounting or related financial management expertise. The chairman of the Audit Committee must also be an independent director. The majority of the members of the Remuneration Committee shall be Independent Directors and the chairman shall be an Independent Director. The Nomination Committee shall be chaired by the chairman of the Board or an independent non-executive director and the majority of its members shall be independent non-executive directors.

All the special committees shall be accountable to the Board, and proposals of all the special committees shall be submitted to the Board for examination and decision.

### **Article 102**

The Board of Directors shall be accountable to the shareholders' general meetings and exercise the following functions and powers:

- (I) to convene shareholders' general meetings and report on its work to the shareholders' general meetings;
- (II) to implement resolutions of shareholders' general meetings;
- (III) to decide on the Company's operational plans and investment plans;
- (IV) to formulate the Company's annual financial budget plan and final account plan;
- (V) to formulate the Company's profit distribution plan and plan for covering losses;
- (VI) to formulate the Company's plans for increase or reduction of registered capital, issuance of bonds or other securities and listing plan;
- (VII) to formulate proposals for the material acquisitions, purchase of shares of the Company or for the merger, division, dissolution of the Company and change of its corporate form;
- (VIII) to decide on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, and external donations, etc. of the Company within the scope authorized by the general meeting, and establish strict examination and decision-making procedures;

- (IX) to decide on the setup of the Company's internal management organs;
- (X) to appoint or dismiss the Company's general manager and secretary to the Board of Directors, appoint or dismiss deputy general manager, chief financial officer and other senior management of the Company based on the nomination of general manager, and to decide on matters relating to their emoluments, rewards and punishments;
- (XI) to formulate the Company's basic management system;
- (XII) to formulate proposals for any amendment to the Articles of Association;
- (XIII) to manage information disclosure of the Company;
- (XIV) to propose to the shareholders' general meeting on the appointment or replacement of accounting firm which provides audit services to the Company;
- (XV) to decide on the matters in which the amount of the Company's purchase or disposal of material assets or providing guarantee in one year does not exceed 30% of the latest audited total assets of the Company;
- (XVI) to hear the work report and inspect the work of the general manager of the Company;
- (XVII) to exercise any other functions and powers stipulated by laws, regulations, the Articles of Association, or the listing rules of the stock exchange where the Company's shares are listed, and granted by the shareholders' general meetings.

Resolutions by the Board of Directors on matters referred to in the preceding paragraph may be passed by the affirmative vote of more than half of the directors, unless otherwise provided by laws, regulations and the Articles of Association and with the exception of matters on formulating the Company's plans for increase or reduction of registered capital, issuance of bonds or other securities of the Company and listing plan, formulating proposals for the material acquisitions, purchase of shares of the Company or for the merger, division, dissolution of the Company and change of its corporate form, as well as formulating proposals for any amendment to the Articles of Association, which must be passed by the affirmative vote of more than two-thirds of all the directors.

For major investment projects, the Board of Directors shall organize relevant experts and professionals to assess and submit to the shareholders' general meeting for approval.

The Board of Directors shall formulate the rules of procedure for board meetings to ensure the implementation of the resolutions of general meetings by the Board, to enhance work efficiency and secure scientific decision making.

### **Article 103**

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

- (I) presiding over shareholders' general meetings, and convening and presiding over Board meetings;
- (II) supervising, inspecting implementation of resolutions of the Board of Directors;
- (III) exercising other powers and functions granted by the Board of Directors.

Where the chairman is incapable of performing his/her duties, a director nominated jointly by more than half of the directors shall perform his/her duties.

### **Article 104**

Regular meetings of the Board of Directors shall be held at least four times a year and convened by the chairman. The notice of such meeting shall be given to all directors and supervisors 10 days before the meeting. Under any of the circumstances, the chairman of the Board shall convene an interim Board meeting within 10 days after receipt of a proposal:

- (I) shareholders representing one tenth or more voting rights propose;
- (II) one third or more of the directors propose jointly;
- (III) the Board of Supervisors proposes;
- (IV) the general manager proposes.

### **Article 105**

Notice of Board meetings and interim Board meetings shall be delivered by hand, fax, express mail service, registered post, email or paperless office system; the time limit for notice shall be at least ten days before a regular Board meeting, or at least three days before an interim Board meeting; when an interim Board meeting is required to be convened promptly in emergency situations, a notice of the meeting may be given at any time by telephone or other oral means, but the convener shall make an explanation at the meeting.

Notice of a Board meeting shall include the following details:

- (I) date and venue of the meeting;
- (II) the duration of the meeting;
- (III) reasons and topics;
- (IV) date on which the notice is sent.

## **Article 106**

A director shall be deemed to have been given a notice of the meeting if he/she is present at the meeting and does not raise an objection before or at the commencement of the meeting that he/she has not received such notice.

## **Article 107**

The Board meeting shall be convened on site in principle. If necessary, the Board meeting, on the condition that the directors can fully express their opinions, can be convened by telephone, by video conference or by any other similar communications equipment and make the resolutions and signed by the participating directors.

The voting methods for the resolution of the Board of Directors are as follows: vote by poll in writing or vote by a show of hands (or verbal vote). The meeting held by way of physical meeting shall adopt the method of voting by poll in writing or voting by a show of hands (or verbal vote). The meeting held by video or telephone conference or similar means may adopt the method of voting by a show of hands (or verbal vote), but directors who attend the meeting shall confirm the vote in writing as soon as possible, and the directors' vote by a show of hands (or verbal vote) shall have the same effect with the vote in writing; however, if the certificate of the vote in writing (if any) is inconsistent with the voting opinion expressed by vote by a show of hands (or verbal vote) during the meeting via video or telephone conference, the vote taken during the meeting via video or telephone shall prevail.

## **Article 108**

Meetings of the Board of Directors may be held only if more than half of the directors (including proxies) attend, unless otherwise stated in the laws and regulations, the securities regulatory rules of the places where the Company is listed.

Each director shall have one vote for the resolutions of the Board meeting. The resolution proposed by the Board of Directors shall be passed by a simple majority of all the directors, unless otherwise stated in the Articles of Association and the securities regulatory rules of the places where the Company is listed.

When the negative votes and the affirmative votes are the same, the chairman has one more vote.

## **Article 109**

Directors shall attend Board meetings in person and express clear views on the matters discussed. Where a director is unable to attend for any reason, he/she may appoint another director to vote on his/her behalf according to his/her intentions by a written power of attorney specifying the scope of authorization but shall study the meeting materials in advance to form a clear opinion. The power of attorney shall state clearly the name of the proxy, the issue to be entrusted, scope of authorization, and valid period. It shall also be signed or sealed by the appointer. In relation to voting on proposals, the appointer should specify his opinions on voting for, voting against or being abstain from voting on each of the proposals. A director shall not make or accept the entrustment without providing any voting intent on the proposals, discretionary entrustment or any entrustment not well defined. One director shall not accept entrustment by more than two directors to attend one board meeting on his/her behalf. Independent director cannot appoint a non-independent director as a proxy to attend the meeting. When considering related transactions, non-related directors shall not appoint related directors to attend the meeting on their behalf. Directors' liability in respect of matters to be voted shall not be waived by the entrustment of other directors.

The director authorized to attend the meeting shall exercise the director's rights within the scope of authorization. Where a director does not attend a particular Board meeting nor appoint a proxy to attend the meeting, he/she shall be deemed to forfeit his/her voting rights at such meeting.

#### **Article 110**

The interim Board meetings may also be conducted by way of written proposals as the case may be, i.e., the content of the proposal to be discussed and considered is distributed in writing to all directors for voting, unless otherwise recorded by the directors on the resolution, the signature of the directors on the resolution shall be deemed to be a vote of approval.

For any matter which needs to be passed at an interim Board meeting, a resolution is deemed effectively passed if the Board has distributed the written proposals to be resolved (including by fax) to all directors and the number of directors who have signed and approved such resolution reached the number required to make such decision under Article 108 of this chapter.

#### **Article 111**

The Board of Directors shall make minutes of resolutions on matters discussed at the meeting, and the minutes of the meeting of the Board of Directors shall be true, accurate and complete, fully reflecting the opinions made by attendees on the matters considered and approved and clearly set out the opinion of the independent directors, and the directors and the recorder attending the meeting shall sign the minutes for confirmation. The directors shall be liable for the resolutions of the Board of Directors. If a resolution of the Board of Directors violates any laws, regulations, the Articles of Association or resolutions of the shareholders' general meeting, and as a result of which the Company sustains serious losses, the directors participating in the resolution are liable to compensate the Company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Minutes of Board meetings shall be true, accurate and complete and specify the following:

- (I) the date, venue and name of the convener of the meeting;
- (II) names of the attending directors and the names of directors (proxies) attending through proxy;
- (III) agenda of the meeting;
- (IV) highlights of directors' speeches (where meetings are held by way of written proposals, written feedback from directors shall prevail);
- (V) voting method and result for each resolution (the voting result shall set out the numbers of pros, cons and abstentions).

The minutes of the Board meeting shall be kept as archives of the Company for a period of not less than 10 years.



## **CHAPTER 11 SECRETARY TO THE BOARD OF DIRECTORS OF THE COMPANY**

### **Article 112**

The Company shall appoint a secretary to the Board of Directors. The secretary to the Board of Directors shall be a member of senior management of the Company, who is accountable to the Board of Directors.

### **Article 113**

The secretary to the Board of Directors of the Company is responsible for preparing shareholders' general meetings and Board meetings, file maintenance and management of the Company's shareholders' information, dealing with information disclosure affairs, etc.

## **CHAPTER 12 GENERAL MANAGER OF THE COMPANY**

### **Article 114**

The Company shall have one general manager to be appointed or dismissed by the Board of Directors. The term of office of a general manager is three years. Upon the expiry of his term of office, a manager may be re-appointed to serve consecutive terms.

### **Article 115**

The general manager of the Company, who shall be accountable to the Board of Directors, may exercise the following functions and powers:

- (I) to manage the production, operation and administration of the Company and arrange for the implementation of the resolutions of the Board of Directors; report on works to the Board of Directors
- (II) to organize the implementation of the Company's annual operational plans and investment plans;
- (III) to formulate plans for establishment of internal management organs of the Company;
- (IV) to formulate basic management system of the Company;
- (V) to formulate specific rules and regulations of the Company;
- (VI) to recommend the Board of Directors for the appointment or dismissal of any deputy general manager and chief financial officer of the Company;
- (VII) to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the Board of Directors);
- (VIII) any other function and power granted by the Articles of Association and the Board of Directors.



## **Article 116**

The general manager shall formulate work regulations for managers, which shall be submitted to the Board for approval before implementation.

The detailed working regulations of managers include the following:

- (I) conditions, procedures and participants for holding manager's meetings;
- (II) respective duties and division of labor of the managers and other senior management members;
- (III) limits of authority in using company funds and assets as well signing of significant contracts, together with the reporting system to the Board and the Board of Supervisors;
- (IV) other matters considered necessary by the Board.

## **Article 117**

The general manager of the Company shall be present at Board meetings.

## **Article 118**

Managers may resign prior to the expiration of their terms of office. The procedure and manner of the resignations shall be governed by the employment contracts between the general manager, senior management and the Company.

## **CHAPTER 13 BOARD OF SUPERVISORS**

## **Article 119**

The Company shall establish a Board of Supervisors, which shall perform supervisory functions according to laws, regulations and the Articles of Association.

## **Article 120**

The Board of Supervisors shall comprise three supervisors, including a chairman.

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

Term of office of a supervisor shall be three years and he/she shall be eligible for re-election upon expiration of the terms of office.

## **Article 121**

The Board of Supervisors shall be composed of shareholder representatives and employee representatives. Shareholder representatives shall be elected and removed at shareholders' general meetings, and employee representatives shall be elected and removed democratically by the employees of the Company through worker representatives' meetings or other means. The number of employee representative supervisors of the Company shall not be less than one-third of the supervisors.

## **Article 122**

The method and procedure for nominating shareholder supervisors are:

- (I) the shareholders individually or jointly holding 3% or more of the shares of the Company, attached with written materials including their basic information and biographies may submit written proposals to the shareholders' general meeting to nominate the candidates of the non-employee representative supervisors;
- (II) the Board of Supervisors may, to the extent of the number of persons specified in the Articles of Association, propose a list of recommended supervisor candidates consistent with the number of persons to be elected, and submit the same to the Board of Supervisors, as the case may be, for review; once the Board of Supervisors has conducted its review and adopted a resolution determining the supervisor candidates, it shall submit the same to the shareholders' general meeting in the form of a written proposals;
- (III) a written notice of the intention to nominate a candidate of supervisor and the candidate's willingness to be elected and the written materials of the candidate's basic information shall be delivered to the Company no later than ten days prior to the convening of the shareholder's general meeting;
- (IV) the Company shall disclose the detailed information on the candidates of Shareholder Representative Supervisors at least ten days before the convening of the shareholder's general meeting, to ensure that shareholders obtain adequate knowledge about the candidates when casting their votes;
- (V) the shareholders' general meeting shall review and vote on the election of the candidates of supervisors one by one;
- (VI) if the need arises for an additional or replacement supervisor at short notice, the same shall be proposed by the Board of Supervisors, recommending that the shareholders' general meeting elect or replace the same.

## **Article 123**

Directors and senior management of the Company shall not act concurrently as Supervisors.

## **Article 124**

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

## **Article 125**

Meetings of the Board of Supervisors shall be convened at least once each six months and be convened and presided by its chairman. Extraordinary meetings of the Board of Supervisors can be convened by the supervisors.

A supervisor shall be elected jointly by more than half of supervisors to convene and host the meetings of the Board of Supervisors when the chairman of the Board of Supervisors is unable or fails to perform the duty.

If a supervisor fails to attend the meetings of the Board of Supervisors for two consecutive times in person, the supervisor shall be deemed to be unable to perform his/her duties. The shareholders' general meeting or the staff representative assembly shall replace such supervisor.

## **Article 126**

The Board of Supervisors shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers in accordance with the laws:

- (I) to audit the periodical reports of the Company prepared by the Board of Directors and form their opinions in writing;
- (II) to check the financial situations of the Company;
- (III) to supervise the acts of the directors and senior management in performing their duties to the Company and propose the removal of those directors and senior management who violate the laws, regulations, the Articles of Association or resolutions of shareholders' general meetings;
- (IV) to demand any director or senior management who acts in a manner which is detrimental to the Company's interests to rectify such behaviors;
- (V) to propose the convening of extraordinary general meetings and, in case the Board of Directors does not perform the obligations to convene and preside over the shareholders' general meetings in accordance with the Company Law and Articles of Association, to convene and preside over the shareholders' general meetings;
- (VI) to put forward proposals at a general meeting;
- (VII) bring actions against directors and senior management according to the Company Law;
- (VIII) to investigate any irregularities in the operation of the Company and to engage accounting firms, law firms and other professional institutions to assist in the investigation when necessary at the expense of the Company;
- (IX) to exercise other functions and powers as specified in the Articles of Association.

Supervisors may attend Board meetings as non-voting attendees and make enquiries or proposals in respect of Board resolutions.

## **Article 127**

Notices of the meetings and extraordinary meetings of the Board of Supervisors shall be delivered by hand, fax, express mail service or other means of electronic communication; the time limit for meeting notice shall be at least ten days before the meeting of the Board of Supervisors, or at least three days before the extraordinary meeting of the Board of Supervisors; when an extraordinary meeting of the Board of Supervisors is required to be convened promptly in emergency situations, a notice of the meeting may be given at any time by telephone or other oral means, but the convener shall make explanations at the meeting.

Notice of a meeting of the Board of Supervisors shall include the following details:

- (I) the place, time, duration of the meeting and method for holding the meeting;
- (II) the convener of the meeting;
- (III) the duration of the meeting;
- (IV) the agenda, reasons and topics of the meeting;
- (V) the date on which the notice is given;
- (VI) the contact person and contact information of the meeting.

Meetings of the Board of Supervisors may be held only if more than two-thirds of the supervisors attend.

The Board of Supervisors shall formulate rules of procedure for meetings of the Board of Supervisors and shall clarify methods for business discussions and voting procedures to ensure the work efficiency and scientific decision making of the Board of Supervisors.

Every supervisor shall have the right to one vote. The resolution proposed by the Board of Supervisors shall be passed by more than two-thirds of all supervisors.

The Board of Supervisors shall make the minutes of the resolutions on matters discussed, and the supervisors attending the meeting shall sign the minutes.

Any supervisor shall be entitled to have an explanatory note made in the minutes regarding his/her speech at the meeting. The minutes of the Board of Supervisors shall be kept as archives of the Company for at least 10 years.

## **Article 128**

The reasonable expenses incurred by the Board of Supervisors in the employment of professionals such as lawyers, registered accountants, practicing auditors, etc. in the exercise of its functions and powers shall be borne by the Company.

## **CHAPTER 14 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY**

### **Article 129**

None of the following persons shall serve as a director, supervisor, or senior management of the Company:

- (I) persons without civil capacity or with limited capacity for civil conduct;
- (II) persons who have committed corruption, bribery, embezzlement, misappropriation of property or disruption of socialist market economic order and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence, or who have been deprived of their political rights due to the commission of a criminal offense, where less than five years have elapsed since the date of restoring their political rights;
- (III) persons who were directors, factory managers or managers of a company or enterprise which was declared bankrupt and was liquidated and who were personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (IV) persons who were legal representatives of a company or enterprise which had its business license revoked and was ordered to close down due to violation of laws and who were personally liable, where less than three years have elapsed since the date of the revocation;
- (V) persons with relatively large amounts of due and outstanding debt;
- (VI) a person under investigation by judicial authorities for violations of criminal law and the investigation is still ongoing;
- (VII) persons who cannot serve as corporate leaders according to laws and regulations;
- (VIII) non-natural persons;
- (IX) a person has been ruled as violations of the provisions of relevant securities regulations by the competent authority, involving fraud or dishonesty, and it does not exceed five years from the date of the ruling;
- (X) being restricted to access the securities market by the CSRC and such period of restriction has not expired;
- (XI) other provision stated in the laws and regulations and the securities regulatory rules of the place where the Company is listed.

Where the Company elects, appoints its Directors, Supervisors, or employs senior management members in violation of the provisions of this paragraph, such election, appointment or employment shall be invalid. Where, during his/her term of office, a Director, Supervisor, or a senior management member so employed is found to be a person as specified in the preceding paragraph of this Article, the Company shall remove him/her from office.

### **Article 130**

In the event the directors, supervisors and senior officers violate the law, administrative regulations, departmental rules or the provisions of these Articles in performing the Company's duties, and incur a loss to the Company, shall be liable for compensation according to the law.

### **Article 131**

Directors and senior management shall observe laws and regulations and the Articles of Association of the Company, and fulfill the following obligations of loyalty to the Company:

- (I) not to abuse their powers to take bribes or other unlawful income, and not to misappropriate the Company's property;
- (II) not to embezzle funds of the Company;
- (III) not to deposit any assets or money of the Company in any amounts under their names or in the names of others;
- (IV) not to lend the money of the Company to other persons or provide guarantee for other persons with the property of the Company in violation of Articles of Association or without the consent of the general meeting or the Board;
- (V) not to enter into any contract or conduct any transaction with the Company in violation of Articles of Association or without the consent of the general meeting;
- (VI) without the consent of the general meeting, not to take advantage of their positions to seek for themselves or others any business opportunities that are due to the Company, or conduct any businesses similar to those of the Company for themselves or others;
- (VII) not to take as their own any commission for any transaction with the Company;
- (VIII) not to disclose any secret of the Company;
- (IX) not to use his or her connected relationships to harm the interests of the Company;
- (X) to fulfill other obligations of loyalty stipulated by laws and regulations, and Articles of Association.

Directors and the senior managements' income derived from violation of this Article shall belong to the Company; Directors and the senior managements shall be liable to compensate any loss incurred to the Company.

## **Article 132**

Directors shall observe laws and regulations and the Articles of Association and fulfill the following obligations of diligence:

- (I) to prudently, conscientiously and diligently exercising the rights granted him or her by the Company, so as to ensure that the commercial acts of the Company comply with state laws and regulations and the requirements of the various economic policies of the state, and that its commercial activities do not exceed the scope of business specified on the business license;
- (II) to treat all shareholders impartially;
- (III) to keep informed of the operation and management conditions of the Company;
- (IV) to sign the written confirmation in respect of the regular reports of the Company to assure that the information disclosed by the Company is true, accurate and complete.
- (V) to honestly provide the Board of Supervisors with relevant information and data, and not to prevent the Board of Supervisors or supervisors from performing their duties and powers;
- (VI) to fulfill other obligations of diligence stipulated by laws and regulations, departmental rules and the Articles of Association.

The aforesaid paragraphs (IV), (V), (VI) in relation to the due diligence obligations shall also be applicable to the senior management officers.

## **Article 133**

When a director resigns or his/her term of office expires, such director shall complete all handover procedures with the Board of Directors. The fiduciary duty of such director towards the Company and the shareholders shall not be discharged at the end of the term of office and shall remain for a half-a-year period after the termination of the term of office.

## **Article 134**

Unless provided by the Articles of Association of the Company or where authority has been granted by the Board of Directors, a director shall not act on behalf of Company or the Board of Directors in his or her own name. In the event that a reasonable third party will consider the director to be acting on behalf of the Company or the Board of Directors, such director shall declare his position and capacity in advance when acting on his or her own name.

## **Article 135**

Supervisors shall fulfil the supervisory duty in accordance with laws, regulations and the Articles of Association, not to use his functions and powers as means for accepting bribes or other forms of illegal income, and not to illegally appropriate Company assets.

Supervisors shall not use the connected relations to harm the interests of the Company and shall be liable for damages if the Company suffers loss as a result thereof.



## **Article 136**

Supervisors shall ensure that the information disclosure of the Company is true, accurate and complete, and sign written confirmation opinion on regular reports.

## **Article 137**

The senior management shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If the Company ' s senior management members cause damage to the interests of the Company and public shareholders due to their failure to faithfully perform their duties or breach of fiduciary obligations, they shall be liable for compensation in accordance with the law.

## **Article 138**

The directors of the Company shall not vote or vote on behalf of other directors at any Board meeting in respect of any contract, transaction or arrangement in which they or their relevant persons have a material interest (except the employment contracts between the Company and its directors, supervisors and senior management) or any resolution of the Board of Directors in relation to the business of the Company or its related parties and shall not be counted towards the quorum of the meeting. If the independent Directors found that the matters under consideration affect their independence, they shall make a declaration to the Company and abstain from voting. The meeting of the Board of Directors shall not be held unless more than half of the non-related directors are present at the meeting. A resolution of the Board of Directors shall be subject to the approval of more than half of the non-related directors.

If the number of non-related directors in presence is less than 3 persons, the matter shall be submitted to the shareholders' general meeting of the Company for consideration and discussion.

## **CHAPTER 15 FINANCIAL ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION**

### **Article 139**

The Company shall formulate its own financial accounting system and internal auditing system in accordance with the laws, regulations and PRC accounting standards formulated by the competent financial authority under the State Council.

### **Article 140**

The Company shall submit and disclose its annual reports to the securities regulatory authorities where the Company is listed within four months from the ending date of each fiscal year, and submit and disclose its interim reports to the securities regulatory authorities where the Company is listed within two months from the ending date of the first half of each fiscal year, and submit and disclose its quarterly reports within the period prescribed by the securities regulatory authorities where the Company is listed.

The above annual reports, interim reports and quarterly reports are prepared in accordance with relevant laws and regulations and the securities regulatory rules of securities regulatory authorities where the Company is listed.

## **Article 141**

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

Copies of the aforesaid reports, the directors' report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and income statement, or the summary financial report shall, at least 21 days before the date of the annual general meeting, be delivered by prepaid post to the address of the holders of overseas-listed foreign shares as registered in the share register.

## **Article 142**

The Company shall have no accounting books other than the statutory books. The assets of the Company shall not be deposited in the accounts opened under any individual's own name.

## **Article 143**

The Company shall adopt the internal auditing system and set up internal audit department, with internal auditors, in order to conduct internal auditing on the balance of payments and economic activities of the Company under the leadership of the audit and internal control committee of the Board.

The internal audit system of the Company and the duties of the auditing staff shall be subject to the approval of the Board of Directors. The officer in charge of internal audit shall be accountable to the Board of Directors and report his/her work to the same.

## **Article 144**

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

- (I) recovery of losses;
- (II) allocation of 10% of the after-tax profits as the Company's statutory reserve fund;
- (III) allocation to discretionary common reserve fund as approved by the shareholders' general meeting;
- (IV) payment of dividends for the ordinary shares in proportion to their shareholdings.

The shares of the Company held by the Company shall not be subject to profit distribution.

Such withdrawal may cease when the statutory reserve fund of the Company has accumulated to at least 50% of the registered capital of the Company.

No profit shall be distributed as dividends or in any other form as bonus before the losses have been made up and allocations have been made to the statutory reserve fund.

Where the general meeting distributes profits to shareholders before the losses have been made up and allocations have been made to the statutory reserve fund in violation of the foregoing provision, the shareholders concerned shall refund to the Company the profits distributed in violation of the foregoing provision.

Monies paid for any shares before the calls on shares shall carry interest, but the holders of such shares are not entitled to dividends declared later for the said monies.

The Company shall appoint receiving agent for holders of overseas-listed foreign shares. The receiving agent shall collect on behalf of the shareholders concerned the dividends distributed and other payables by the Company in respect of the overseas-listed foreign shares, and shall keep such monies on behalf of the shareholders concerned for payment to them. The receiving agent appointed by the Company shall meet the requirements of the laws of the place(s) or the relevant regulations of the stock exchange(s) where the shares are listed. The receiving agent appointed by the Company for holders of overseas-listed foreign shares listed on the Hong Kong Stock Exchange shall be a trust company registered pursuant to the Trustee Ordinance of Hong Kong.

Where power is given to forfeit unclaimed dividends, the said power shall not be exercised until the expiry of the applicable validity period. The Company has the right to cease sending dividend warrants to a holder of overseas-listed foreign shares by post, provided that such dividend warrants had not been cashed for two consecutive occasions. If a dividend warrant fails to be delivered to the addressee and returned for the first time, the Company may also exercise such right.

The Company is entitled to sell the share certificates of un-contactable holders of overseas-listed foreign shares in a manner the Board of Directors deems fit, subject to the following terms:

- (I) dividends have been distributed for the relevant shares for at least three times in 12 years, but are not claimed in the said period;
- (II) upon expiry of the 12-year period, the Company publishes an announcement on one or more newspapers of the place where the Company's shares are listed, stating its intention to dispose of the shares, and notifies the stock exchange where such shares are listed.

#### **Article 145**

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

- (I) recovery of losses;
- (II) expansion of production and operation of the Company;
- (III) converted into capital.

When the Company converts its common statutory reserve fund into its capital upon a resolution adopted in shareholders' general meeting, the Company shall either distribute new shares or increase the par value of each share based on the percentage of the shares of the shareholders. However, when the statutory reserve fund is converted into capital, the remainder of the reserve fund shall not fall below 25% of the Company's registered capital prior to conversion. The capital reserve fund cannot be used to make up losses of the Company.

## **Article 146**

The Company's profit distribution policy is: to implement a continuous, stable and positive profit distribution policy and to attach importance to the reasonable investment returns of shareholders.

The Company can distribute dividends in the form of cash, stock or a combination of cash and stock. If conditions of cash dividend distribution are met, cash dividend distribution shall be preferred for profit distribution. If the Company adopts stock dividends for profit distribution, there shall be actual and reasonable factors such as the Company's cash flow status, business growth, and dilution of net assets per share etc. In particular, the objective of the cash dividend policy is residual dividends. When the net profit attributable to the shareholders of the parent company in current year is negative, no profit distribution may be made.

The profit distribution policy and distribution plan will be drafted and reviewed by the Board of Directors. The Board of Directors shall take the actual operation situation and future development into consideration, focus on long-term and sustainable development to establish systematic arrangement of dividends distribution and insist on the basic principle of cash dividends. The Board of Directors shall review the shareholders' dividend return policy from time to time based on the actual situation.

## **Article 147**

After the general meeting makes resolution for the proposal of profit distribution, or after the Board of Directors of the Company has formulated the specific proposals in accordance with the interim dividend conditions and the upper limit approved by the annual general meeting. The Board of Directors of the Company shall complete the dividends (or shares) distribution within two months.

## **CHAPTER 16 APPOINTMENT OF ACCOUNTING FIRM**

### **Article 148**

The Company shall appoint an accounting firm which is qualified under the "Securities Law", and perform financial statements auditing, net assets verification and other relevant consulting services and shall hold office for one (1) year. The accounting firm is eligible for reappointment.

### **Article 149**

The Company's engagement or termination of an accounting firm shall be subject to the resolution of the general meeting, and the Board of Directors shall not engage or terminate an accounting firm until the general meeting makes its decision.

### **Article 150**

The Company ensure the provision of true and complete accounting evidence, books of account, financial and accounting reports and other accounting data to the accounting firm engaged by it, and no refusal, withholding and false information are allowed.

### **Article 151**

The Board of Directors of the Company shall give explanations at the general meeting on the modified audit opinions issued by certified public accountants on the Company's financial report.

### **Article 152**

The audit fee of the accounting firm shall be ascertained by the general meeting.

### **Article 153**

The Company shall notify the accounting firm 30 days in advance before the dismissal or discontinuation of such accounting firm. The accounting firm shall have the right to state its opinions at the shareholders' general meeting when the vote is taken on ceasing the engagement of such accounting firm at the general meeting.

Where the accounting firm tenders its resignation, it shall state to the shareholders' general meeting whether the Company has anything inappropriate.

## **CHAPTER 17 MERGER AND DIVISION OF THE COMPANY**

### **Article 154**

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

In the event of merger of the Company, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. Within 10 days from the date on which the resolution on merger is made, the creditors shall be notified by the Company and a public announcement shall be made in the press within 30 days. The creditors may, within 30 days from the receipt of the notice or within 45 days from the issuance of the announcement if they fail to receive a notice, require the Company to clear off its debts or to provide corresponding guarantees.

In the case of a merger, the credits and debts of the companies involved shall be succeeded by the company that survives the merger or by the newly established company.

### **Article 155**

Where the Company is divided, its properties shall be divided accordingly.

In the event of division of the Company, it shall prepare a balance sheet and an inventory of assets. Within 10 days from the date on which the resolution on division is made, the creditors shall be notified by the Company and a public announcement shall be made in the press within 30 days.

The post-division companies shall bear joint liabilities for the debts of the Company before it is divided, unless it is otherwise prescribed by the Company and the creditors before the division with regard to the clearance of debts in written agreement.

## **Article 156**

Change in matters of registration arising from a merger or division of the Company shall be registered with the company registration authority according to laws. If the Company is dissolved, it shall be deregistered according to laws. If a new company is established, such establishment shall be registered according to laws.

## **CHAPTER 18 DISSOLUTION AND LIQUIDATION OF THE COMPANY**

### **Article 157**

The Company shall be dissolved and liquidated according to the laws in any of the following circumstances:

- (I) expiry of the term of business provided in the Articles of Association or other cause of dissolution as specified therein;
- (II) if the shareholders' general meeting resolves to do so;
- (III) merger or division of the Company entails dissolution;
- (IV) the Company's business license is cancelled pursuant to the laws, or the Company is ordered to be closed down or revoked pursuant to the laws;
- (V) the Company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the Company, on the grounds that the operation and management of the Company have suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the Company a cause for significant losses to the shareholders;
- (VI) other circumstances under which the Company should dissolve pursuant to laws and regulations.

With regard to the occurrence of the situation described in paragraph (I), the Company may continue to exist by amending the Articles of Association.

The amendment to the Articles of Association pursuant to the preceding paragraph shall be subject to two-thirds of the votes by shareholders at a general meeting.

### **Article 158**

If the Company is dissolved pursuant to paragraph (I), paragraph (II), paragraph (IV) and paragraph (V) of Article 157, it shall establish a liquidation committee and commence liquidation within 15 days from occurrence of the cause of dissolution. The liquidation committee shall be composed of the directors or persons as determined by the shareholders' general meeting. If no liquidation committee is established after the said timeframe, the creditors may apply to the people's court for appointment of relevant persons to establish a liquidation committee to commence liquidation.

## **Article 159**

Within 10 days from the date on which the liquidation committee is established, the creditors shall be notified and a public announcement shall be made in the press within 60 days.

The creditors may, within 30 days from the receipt of the notice or within 45 days from the issuance of the announcement if they fail to receive a notice, declare their creditor's rights to the liquidation committee. Creditors declaring creditor's rights shall state the relevant information of the creditor's rights and provide evidentiary materials. The liquidation committee shall register the creditor's rights. During the period for declaration of creditor's rights, the liquidation committee shall not make repayment to creditors.

## **Article 160**

During liquidation, the liquidation committee shall exercise the following functions and powers:

- (I) to ascertain the Company's assets and separately prepare a balance sheet and an inventory of assets;
- (II) to inform creditors by notice or announcement;
- (III) to deal with and settle the Company's outstanding business deals in relation to the liquidation;
- (IV) to pay the outstanding taxes and the taxes arising during liquidation;
- (V) to settle creditor's rights and debts;
- (VI) to dispose of the remaining assets of the Company after the repayment of debts;
- (VII) to represent the Company in any civil proceedings.

## **Article 161**

After the liquidation committee has liquidated the assets of the Company and prepared a balance sheet and an inventory of assets, it shall formulate a liquidation proposal and submit it to the shareholders' general meeting or People's Court for confirmation.

The remaining assets of the Company, after the payment for liquidation expenses, wages, social insurance premiums and statutory compensation of staffs, taxes and debts of the Company, shall be distributed to the shareholders in proportion to their shareholding ratios.

The Company shall continue to exist but shall not carry out any business activities unrelated to liquidation in the course of liquidation.

The assets of the Company shall not be distributed to the shareholders until the settlement of debts in accordance with the preceding paragraph.



## **Article 162**

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

Upon declaration of the Company's bankruptcy pursuant to the ruling of the people's court, the liquidation committee shall hand over the liquidation matters to the people's court.

## **Article 163**

After completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report, submit the same to the shareholders' general meeting or People's Court for confirmation, and shall submit to the company registration authorities and apply for deregistration and make an announcement on termination of the Company.

## **Article 164**

Members of the liquidation committee are required to discharge their duties in good faith and perform their liquidation obligation in compliance with laws.

Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the Company's properties.

Any member of the liquidation committee shall be liable to indemnify the Company or its creditors in respect of any loss arising from his/her willful or gross negligence.

## **Article 165**

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

## **CHAPTER 19 PROCEDURES FOR AMENDMENT TO THE ARTICLES OF ASSOCIATION**

## **Article 166**

Amendments shall be made to these articles of association by the Company in any of the following circumstances:

- (I) after an amendment of the Company Law or the laws and regulations, and there is any conflict between the provisions of the Articles of Association of the Company and those of the amended Company Law and laws and regulations;
- (II) there are changes in the particulars of the Company which are different from that set out in Articles of Association of the Company;
- (III) a resolution of a shareholders' general meeting is passed to amend these articles of association.

## **Article 167**

The Board of Directors shall amend the articles of association of the Company in accordance with the resolution approved at the shareholders' general meeting and the opinions from the competent authorities.

## **Article 168**

Where the amendments to the Articles of Association passed by the general meeting require approval of competent authorities, the amendments shall be submitted to the competent authorities for approval, while the amendment to the Articles of Association involving matters of company registration must be registered in accordance with laws.

Any amendments to the Articles of Association which are required to be disclosed pursuant to laws and regulations shall be made known to the public in accordance with the relevant laws and regulations.

## **CHAPTER 20 SUPPLEMENTARY PROVISIONS**

### **Article 169**

Definition:

- (I) The controlling shareholder refers to the shareholder who holds more than 50% of the total capital stock of the Company (including the preferred shares of voting power); and the shareholder who holds less than 50% of the shares but the voting power represented by his/her shares are sufficient to make a significant impact on the resolutions of the general meeting.
- (II) The actual controller refers to the person who is not a shareholder of the Company but could exercise control over the Company effectively through investment relationship, agreement or other arrangement.
- (III) The associated relationship refers to the relationship between the controlling shareholders, actual controllers, directors, supervisors, senior management personnel and companies directly or indirectly controlled by them and other relationship which may lead to profit transfer of the Company. However, state-controlling enterprises shall not be deemed to have associated relationship only because they are under the same control by the state.

### **Article 170**

The Board of Directors shall draft the detailed rules and regulations of the Articles of Association, which shall not violate the regulations of the Articles of Association.

### **Article 171**

The meaning of the "accounting firm" mentioned in the Articles of Association is the same as that of "auditors".

## Article 172

A notice of the Company shall be sent by the following means:

- (I) by personal delivery;
- (II) by mail, e-mail, telegram or fax;
- (III) by announcement on the newspaper or other media;
- (IV) by publication on the website designated by the Company and the stock exchange subject to the laws, regulations and the listing rules of the stock exchange where the Company's shares are listed;
- (V) by other means agreed upon by the Company or the recipient in advance or approved by the recipient after receipt of the notice;
- (VI) by other means approved by the securities regulatory authorities of the place where the Company's shares are listed or specified in the Articles of Association.

Notwithstanding the requirements otherwise provided in the Articles of Association with respect to the form of issuance or notification of any documents, notices or other corporate communications, and subject to the relevant provisions of the securities regulatory authorities of the place where the Company's shares are listed, the Company may elect to issue its corporate communications in the form as provided in Item (IV) of Paragraph 1 in this article in lieu of delivering its corporate communications in writing to all of the holders of overseas-listed foreign shares by personal delivery or prepaid post.

If the Company sends the notice to the holders of overseas-listed foreign shares by announcement, an electronic version for immediate publication shall be submitted on the same day to the Hong Kong Stock Exchange via the electronic publication system of the Hong Kong Stock Exchange pursuant to the local listing rules for publication on the website of the Hong Kong Stock Exchange, or an announcement shall be published in newspapers (including publication of advertisements in the newspapers) according to the local listing rules. The announcement shall also be published on the website of the Company. In addition, save as otherwise specified in the Articles of Association, the said notice shall be sent by personal delivery or prepaid mail to each of the registered addresses in the register of holders of overseas-listed foreign shares, so that the shareholders are fully informed and have enough time to exercise their rights or act in accordance with the notice.

The holders of overseas-listed foreign shares of the Company may obtain in written form (by electronic means or by mail) the corporate communications that the Company shall send to the shareholders, and may choose to receive either or both of the Chinese and English versions. The holders of overseas-listed foreign shares may, in a reasonable period, also notify the Company in writing in advance to revise the means of receiving the aforesaid information and the relevant language version thereof according to proper procedures.

To prove that they have sent the notices, documents, information or written statements to the Company, the shareholders or directors shall provide evidence showing that the relevant notices, documents, information or written statements have been sent to the correct addresses before the designated deadline by ordinary means or by prepaid mail.

Although the Company is required to provide and/or send corporate communications to shareholders in writing according to the preceding paragraph, regarding the means used by the Company to provide and/or send corporate communications to the shareholders according to the requirements of the Hong Kong Listing Rules, if the Company has obtained the shareholders' prior written consent or implied consent according to relevant laws and regulations and the Hong Kong Listing Rules amended from time to time, it may send or provide corporate communications to shareholders of the Company by electronic means or via publication on the website of the Company.

The abovementioned corporate communications shall refer to any documents issued or to be issued by the Company for the information or action of the shareholders, including but not limited to annual report (including annual financial reports), interim report (including interim financial reports), report of the Board (together with balance sheet and income statement), notice of shareholders' general meeting, circular, other corporate communications set out in the Hong Kong Listing Rules and other communications documents.

### **Article 173**

If the notice of the Company is sent by personal delivery, the recipient shall affix signature (or seal) to the Return on Service and the signing date shall be the date of service; if the notice of the Company is sent by mail, the day 48 hours after handover to the post office shall be the date of service; if the notice of the Company is sent by fax, e-mail or publication on the website, the sending date shall be the date of service; if the notice of the Company is sent by announcement, the date of first announcement shall be the date of service. The relevant announcement shall be published on the newspapers and periodicals in compliance with relevant regulations.

### **Article 174**

For the purpose of the Articles of Association, references to "more than", "within", "before" and "at least" shall include the actual figures, while references to "less than", "exceed", "other than", "higher than", "lower than", "majority" and "short of" shall exclude the actual figures. The "business days" referred to in the Articles of Association shall mean the days on which the Hong Kong Stock Exchange is open for business for dealing in securities.

### **Article 175**

The Articles of Association shall be written in Chinese. If there are any discrepancies between the Articles of Association in any other language or version and the Chinese version of the Articles of Association, the latest Chinese version of the Articles of Association registered with the Shanghai Municipal Administration for Market Regulation shall prevail.

### **Article 176**

The Articles of Association shall be subject to the interpretation of the Board of the Company. The Rules of Procedure for Shareholder's General Meetings, the Rules of Procedure for Meetings of the Board of Directors and the Rules of Procedure for Meetings of the Board of Supervisors formulated by the Company shall be approved or amended by the shareholders' general meeting of the Company.