

**Yangtze Optical Fibre and Cable Joint  
Stock Limited Company\***  
**長飛光纖光纜股份有限公司**

*(a joint stock limited company incorporated  
in the People's Republic of China with limited liability)*

**Articles of Association**

**(Adopted by way of special resolution passed at the  
annual general meeting held on 16 June 2020)**

\* *For identification purposes only*

## CONTENTS

<b>Chapter 1</b>	<b>General Provisions</b>	4
<b>Chapter 2</b>	<b>Purposes and Scope of Business</b>	7
<b>Chapter 3</b>	<b>Shares, Share Transfer and Registered Capital</b>	8
<b>Chapter 4</b>	<b>Reduction of Capital and Repurchase of Shares</b>	13
<b>Chapter 5</b>	<b>Financial Assistance for the Acquisition of Shares in the Company</b>	17
<b>Chapter 6</b>	<b>Share Transfer</b>	19
<b>Chapter 7</b>	<b>Share Certificates and Register of Shareholders</b>	21
<b>Chapter 8</b>	<b>Rights and Obligations of Shareholders</b>	30
<b>Chapter 9</b>	<b>General Meeting</b>	37
<b>Chapter 10</b>	<b>Special Procedures for Voting by Class Shareholders</b>	60
<b>Chapter 11</b>	<b>Board</b>	64
<b>Chapter 12</b>	<b>Secretary to the Board</b>	73
<b>Chapter 13</b>	<b>President and Other Senior Management Members of the Company</b>	76
<b>Chapter 14</b>	<b>Board of Supervisors</b>	78
<b>Chapter 15</b>	<b>Qualifications and Duties of the Directors, Supervisors, President and Other Senior Management Members of the Company</b>	82

<b>Chapter 16</b>	<b>Financial and Accounting System and Profit Distribution</b>	92
<b>Chapter 17</b>	<b>Appointment of Accountants' Firm</b>	100
<b>Chapter 18</b>	<b>Merger and Division of the Company</b>	104
<b>Chapter 19</b>	<b>Dissolution and Liquidation of the Company</b>	105
<b>Chapter 20</b>	<b>Procedures for Amendments to the Articles of Association</b>	109
<b>Chapter 21</b>	<b>Notice</b>	110
<b>Chapter 22</b>	<b>Settlement of Disputes</b>	112
<b>Chapter 23</b>	<b>Miscellaneous</b>	113

*The English version of the amended Articles of Association is an unofficial translation of its Chinese version. In case of any inconsistency, the Chinese version shall prevail.*

## **Chapter 1 General Provisions**

**Article 1** In order to safeguard the lawful rights and interests of the Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as the “**Company**”) and its Shareholders and creditors and regulate its organization and activities, these Articles of Association are hereby formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “**Securities Law**”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as the “**Special Regulations**”) and other relevant regulations.

**Article 2** The Company is a joint stock limited company incorporated pursuant to the Company Law, the Securities Law, the Special Regulations and other relevant laws in the People's Republic of China (the "PRC") and administrative regulations.

The Company was established with the approval of Wuhan Municipal Bureau of Commerce, as evidenced by the approval document, namely, the approval of the conversion of Yangtze Optical Fibre and Cable Company Ltd. issued by Municipal Bureau of Commerce; the Company was registered with the Wuhan Administration for Industry and Commerce and was granted the corporate legal person's business license on December 27, 2013. Its unified social credit code is: 91420100616400352X.

The promoters of the Company include China Huaxin Post and Telecom Technologies Co., Ltd., Draka Comteq B.V. and Wuhan Changjiang Communications Industry Group Shares Company Ltd.

**Article 3** Registered Name of the Company in Chinese: 長飛光纖光纜股份有限公司

Registered Name of the Company in English: Yangtze Optical Fibre and Cable Joint Stock Limited Company.

**Article 4** The Company's legal residence: No. 9 Guanggu Road, East Lake Development Zone, Wuhan, China

Postcode: 430073

Telephone: +86-27-87802541

Facsimile: +86-27-87802536

**Article 5** The Chairman is the Company's legal representative.

**Article 6** The Company is a joint stock limited company in perpetual existence, and the nature of the Company is a foreign investment joint stock company.

The assets of the Company are fully divided into equal shares. The Shareholders are liable to the Company to the extent of their subscriptions of the Shares. The Company is liable for its debts to the extent of all of its assets.

**Article 7** Upon approval at the General Meeting by way of special resolution and approval by the relevant authorities in the PRC, the Articles of Association came into effect from the date on which the A Shares were listed and traded on the PRC domestic stock exchange and replaced the original articles of association of the Company registered and filed with the industry and commerce administration authorities.

From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each Shareholder and among the Shareholders.

**Article 8** The Articles of Association are binding on the Company and its Shareholders, Directors, Supervisors, president and other senior management members, all of whom are entitled to claim rights regarding the Company's affairs in accordance with the Articles of Association.

Subject to Article 235 of the Articles of Association, the Articles of Association are actionable by a Shareholder against the Company and vice versa, by the Company against Shareholders, Directors, Supervisors, the president and other senior management members, by Shareholders against each other and by a Shareholder against the Directors, Supervisors, president and other senior management members of the Company.

The actions referred to in the preceding paragraph include court proceedings and arbitration proceedings.

**Article 9** Based on the requirement for business development and subject to approval by relevant government authorities, the Company may establish subsidiary companies, representative offices and offices overseas including, without limitation, in Hong Kong, Macau Special Administrative Region and Taiwan.

**Article 10** The Company may invest in other limited liability companies and joint stock limited companies. Its liability towards an investee company shall be limited to the extent of the amount of capital contributed thereto. However, unless stipulated by laws otherwise, the Company shall not be jointly and severally liable to such investee company(ies) for the latter's liabilities.

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

**Article 11** The purpose of the Company's operation is to enable the Company to produce high-quality products and develop new products based on market demand, and to sell the same on markets in and outside the Territory, in order to generate economic benefits satisfactory to the Shareholders and to support the development of communication systems and networks in the PRC.

The Company's prime objective shall be to achieve a leading role in the optical fibre and optical cable manufacturing industry in the PRC and sell its products on markets in and outside the Territory.

**Article 12** The scope of business of the Company shall be limited to activities approved by the Company and the industry and commercial administration authorities.

The business scope of the Company consists of: research, development, production and sale of perform rod, optical fibre, optical cable and communication cable, special purpose cable and related apparatus, parts, components and materials, the manufacture of special purpose equipment and products used in communications, and the provision of relevant engineering and technical services for the abovementioned products. Engagement by the Company in business activities that it did not engage in prior to the effective date of these Articles of Association shall be subject to decision of the General Meeting. If required, the Company shall file all relevant documents (such as feasibility studies) with the relevant government departments for the record, and obtain all required administrative permits, approvals and licenses before engaging in such business activities.

Based on the demand from domestic and international markets as well as its development capability and business requirements, the Company may be entitled to adjust its business scope in accordance with the law.

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

**Article 13** There must, at all times, be ordinary Shares in the Company. Subject to the approval from the companies approving department authorized by the State Council, the Company may issue other classes of Shares according to its requirements.

**Article 14** The Shares are evidenced by share certificates and are all issued as par value share by the Company, with a par value of RMB1 yuan each.

The RMB referred to in the preceding paragraph is the legal currency of the PRC.



**Article 15** Shares shall be issued in an open, fair and just manner. Shares of the same class shall rank pari passu with each other.

For the same class of Shares issued in the same tranche, each Share shall be issued at the same price and subject to the same conditions. For the Shares subscribed by any organization or individual under the same offering, the price payable for each of such Shares shall be the same.

**Article 16** Subject to the approval of the securities regulatory authority of the State Council, the Company may issue Shares to domestic and foreign investors.

The foreign investors referred to in the preceding paragraph mean those investors from foreign countries and from the regions of Hong Kong, Macau and Taiwan who subscribe for Shares issued by the Company. Domestic investors mean those investors within the territory of the PRC (excluding investors from the regions referred to in the preceding sentence) who subscribe for Shares issued by the Company.

**Article 17** Shares issued by the Company to domestic investors for subscription in RMB shall be referred to as Domestic Shares. Shares issued by the Company to overseas investors for subscription in foreign currency shall be referred to as Foreign Shares. Domestic Shares which are listed on a PRC domestic stock exchange shall be referred to as Domestically Listed Domestic Shares. Foreign Shares which are listed outside the PRC shall be referred to as Overseas Listed Foreign Shares.

The foreign currency referred to in the preceding paragraph is a legal currency (other than RMB) of other countries or regions which are recognized by the foreign exchange administration authority of the PRC and can be used for payment of the Shares.

Overseas Listed Foreign Shares listed in Hong Kong shall be referred to as H Shares for short. H Shares refer to the Shares approved to be listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as “**Hong Kong Stock Exchange**”), the par value of which are denominated in RMB, and are subscribed for and traded in Hong Kong dollars.

Domestically Listed Domestic Shares shall be referred to as A Shares for short. A Shares refer to the Shares approved by China Securities Regulatory Commission (hereinafter referred to as “CSRC”) to be offered and listed on a PRC domestic stock exchange, the par value of which are denominated in Renminbi, and are subscribed for and traded in RMB.

The A Shares of the Company are centrally deposited with the Shanghai branch of China Securities Depository and Clearing Co., Ltd.

**Article 18** Upon approval by the Company, the Company issued 479,592,598 ordinary Shares in aggregate to the promoter at the time of incorporation, among which, China Huaxin Post and Telecom Technologies Co., Ltd. had subscribed for and holds 179,827,794 Shares, representing 37.50% of the total ordinary Shares in issue of the Company, whereas Draka Comteq B.V. had subscribed for and holds 179,827,794 Shares, representing 37.50% of the total ordinary Shares in issue of the Company, and Wuhan Changjiang Communications Industry Group Company Ltd. had subscribed for and holds 119,937,010 Shares, representing 25.00% of the total ordinary Shares in issue of the Company.

**Article 19** Upon establishment, the Company issued 159,870,000 Overseas Listed Foreign Shares upon approval of the securities regulatory authority of the State Council on December 10, 2014.

Upon the completion of the abovementioned issuance of Overseas Listed Foreign Shares, the shareholding structure of the Company was as follows: total share capital of 639,462,598 shares, including 299,764,804 domestic shares, representing 46.88% of the total number of ordinary shares issued by the Company, 339,697,794 H shares, representing 53.12% of the total number of ordinary shares issued by the Company.

On 18 December 2015, the Company issued 11,869,000 Overseas Listed Foreign Shares after approval of the securities regulatory authority of the State Council. Meanwhile, the Company issued 307,830,000 Domestic Shares upon approval by the Company.

Upon the issuance of Overseas Listed Foreign Shares and Domestic Shares as abovementioned, the shareholding structure of the Company shall be as follows: total share capital of 682,114,598 shares, including 330,547,804 Domestic Shares, representing 48.46% of the total number of ordinary shares, and 351,566,794 H Shares, representing 51.54% of the total number of ordinary shares.

On 29 June 2018, upon approval by the securities regulatory authority of the State Council, the Company made an initial public offering of 75,790,510 Domestic Shares. On 20 July 2018, such publicly offered Domestic Shares were listed together with the Domestic Shares previously issued by the Company. The shareholding structure of the Company is as follows: total share capital of 757,905,108 shares, including 406,338,314 A Shares, representing 53.61% of the total number of ordinary shares of the Company; and 351,566,794 H Shares, representing 46.39% of the total number of ordinary shares issued by the Company.

**Article 20** Upon approval by the securities regulatory authority of the State Council of the proposal for issue of Overseas Listed Foreign Shares and/or listed Domestic Shares, the Board of the Company may make implementation arrangements of separate issue.

The Company's proposal for separate issue of Overseas Listed Foreign Shares and Domestic Shares pursuant to the preceding paragraph may be implemented within fifteen (15) months from the date of approval by the securities regulatory authority of the State Council.

**Article 21** Where the Company issues Overseas Listed Foreign Shares and Domestic Shares respectively within the total number of Shares as stated in the issuance proposal, the respective Shares shall be subscribed for in full at one time. If they cannot be subscribed for in full at one time under special circumstances, these Shares may be issued in several issues subject to the approval of the securities regulatory authority of the State Council.

**Article 22** The registered capital of the Company is 757,905,108 RMB Yuan.

**Article 23** The Company may, based on its requirements for operation and development and in accordance with the relevant provisions of the Articles of Association, approve an increase of capital.

The Company may increase its capital in the following manners:

- (1) public offering of Shares;
- (2) private placement of Shares;
- (3) bonus issue to its existing Shareholders;
- (4) capitalizing its capital reserve; or
- (5) other methods as permitted by laws and administrative regulations and those approved by the securities regulatory authority of the State Council.

The Company's increase of capital by issuing new Shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations.

Upon capital increase or reduction, the Company shall register changes with its original industry and commerce administration authorities and make announcement thereof.

**Article 24** Unless otherwise provided by laws, administrative regulations and the Hong Kong Stock Exchange, the Shares are freely transferable and are not subject to any lien.

#### **Chapter 4 Reduction of Capital and Repurchase of Shares**

**Article 25** The Company may reduce its registered capital. Where the Company reduces its registered capital, it is handled in accordance with the Company Law and other relevant provisions and procedures prescribed in the Articles of Association.

**Article 26** The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within ten (10) days from the date of the Company's resolution on reduction of capital and shall publish an announcement in newspapers within thirty (30) days from the date of such resolution. A creditor has the right, within thirty (30) days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within forty-five (45) days from the date of the announcement, to require the Company to repay its debt or provide a corresponding guarantee for such debt.

The registered share capital of the Company following the reduction of capital shall not fall below the minimum statutory requirement.

**Article 27** Subject to the requirements of laws, administrative regulations, departmental rules and other normative documents and the Articles of Association, the Company may repurchase its issued Shares pursuant to legal procedures under the following circumstances:

- (1) for the purpose of capital reduction;
- (2) to merge with another company that holds Shares;
- (3) to apply shares in the employee stock ownership scheme or equity incentives;
- (4) to repurchase, at their request, Shares from Shareholders dissenting from the resolutions adopted by the General Meeting for the merger or division of the Company; or
- (5) to utilize Shares for conversion of corporate bonds which are convertible into shares issued by the Company;
- (6) where it is necessary to safeguard its value and the interests of its shareholders;
- (7) other circumstances as permitted by laws and administrative regulations.

Except under the foregoing circumstances, the Company shall not repurchase its own Shares.

**Article 28** The Company may, with the approval of the relevant governing authority of the PRC for repurchasing its Shares, conduct the repurchase in one of the following manners:

- (1) to make a pro rata general offer of repurchase to all of its Shareholders;
- (2) to repurchase Shares through public trading on a stock exchange;
- (3) to repurchase through an off-market agreement; or
- (4) other means as permitted by relevant regulatory authorities.

Any Share repurchase by the Company due to the circumstances set out under subparagraph (3), subparagraph (5), subparagraph (6) of Article 27, shall be conducted through public and centralized trading.

**Article 29** Where the Company repurchases its Shares through an off-market agreement, it shall seek prior approval of the Shareholders at the General Meeting in accordance with the Articles of Association. The Company may release or vary a contract so entered into by the Company or waive its rights thereunder with prior approval by Shareholders at General Meeting obtained in the same manner.

The contract to repurchase Shares as referred to in the preceding paragraph includes, but not limited to, an agreement to become obliged to repurchase or to acquire the right to repurchase Shares.

The Company shall not assign a contract for repurchasing its Shares or any of its right thereunder.

That, where the Company has the rights to repurchase the redeemable Shares, repurchases not made through the market or by tender shall not exceed a certain maximum price limit; if repurchases are made by tender, such tenders shall be made available to all Shareholders alike.

**Article 30** Any Share repurchase by the Company due to the circumstances set out in subparagraph (1) or subparagraph (2) of Article 27 shall be resolved upon by the General Meeting of the Shareholders. Any Share repurchase by the Company due to the reasons set out under subparagraph (3), subparagraph (5), subparagraph (6) of Article 27, a resolution thereon may, pursuant to the requirements of the Articles of Association or the mandate of the General Meeting, be passed at a Board meeting that is attended by at least two-thirds of directors.

Upon repurchase of the Shares pursuant to Article 27, the Company shall cancel such repurchased Shares within ten (10) days from the repurchase, if such repurchase constituted the circumstance set out in subparagraph (1); shall transfer or cancel such repurchased Shares within six (6) months of the repurchase, if such repurchase constituted the circumstances set out in subparagraphs (2) or (4); the total number of Shares held by the Company shall not exceed 10% of the total issued Shares of the Company and shall be transferred or cancelled within 3 years, if such repurchase is made under the circumstance set out in subparagraph (3), subparagraph (5) or subparagraph (6).

Notwithstanding the abovementioned article, if the matters relating to above mentioned repurchase of Shares are subject to other requirements under applicable laws, administrative regulations, other requirements under the Articles of Association, and the laws of the places where the shares are listed or relevant requirements of the securities regulatory authority, such regulations shall prevail.

**Article 31** After repurchasing Shares, the Company shall cancel such Shares within the period prescribed by laws and administrative regulations, and shall make an application to its original registration authority to modify the registration on its registered capital.

The amount of the Company's registered share capital shall be reduced by the aggregate par value of those cancelled Shares.

**Article 32** Except where the Company is in the course of liquidation, it must comply with the following provisions in repurchasing its own issued and outstanding Shares:

- (1) Where the Company repurchases its Shares at their par value, the amount of the total par value shall be deducted from the book balance of distributable profits of the Company or out of the proceeds of a new issue of Shares made for that purpose;
- (2) Where the Company repurchases its Shares at a premium, an amount equivalent to their total par value shall be deducted from the book balance of distributable profits of the Company or out of the proceeds of a new issue of Shares made for that purpose. Payment of the portion in excess of their par value shall be effected as follows:
  - (i) if the Shares being repurchased were issued at their par value, payment shall be made out of the book balance of distributable profits of the Company;
  - (ii) if the Shares being repurchased were issued at a premium, payment shall be made out of the book balance of distributable profits of the Company or the proceeds of a new issue of Shares made for that purpose, provided that the amount paid out of the proceeds of the new issue may not exceed the aggregate of premiums received by the Company on the issue of the Shares repurchased or the current balance of the Company's premium account (or capital reserve account) (inclusive of the premiums from the new issue);



- (3) Payment by the Company in consideration for:
- (i) the acquisition of rights to repurchase its Shares;
  - (ii) the variation of any contract to repurchase its Shares;
  - (iii) the release of any obligation under any contract to repurchase its Shares.
- shall be made out of the Company's distributable profits;
- (4) To the extent that Shares are repurchased out of an amount deducted from the distributable profits of the Company, the amount of the Company's registered capital reduced under the relevant requirements shall be transferred to the Company's premium account (or capital reserve account).

## **Chapter 5 Financial Assistance for the Acquisition of Shares in the Company**

**Article 33** The Company and its subsidiaries shall not, by any other means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire Shares. The said acquirer of Shares includes a person who directly or indirectly incurs any obligations due to the acquisition of Shares.

The Company and its subsidiaries shall not, by any other means at any time, provide financial assistance to the said acquirer for the purpose of reducing or discharging the obligations assumed by that person.

This provision does not apply to the circumstances stated in Article 35 of these Articles of Association.

**Article 34** The financial assistance referred to in this Chapter includes, but is not limited to the following meanings:

- (1) gift, advances or compensation;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation in respect of the Company's own default) or release or waiver of any rights;
- (3) provision of loan or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the assignment of rights arising under, such loan or agreement;
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

The expression "Incurring an obligation" referred to in this Chapter includes the incurring of obligations by the changing of the obligor's financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

**Article 35** The following activities shall not be deemed to be activities as prohibited in Article 33:

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interest of the Company, and the principal purpose of giving the financial assistance is not for the acquisition of Shares, or the giving of the financial assistance is an incidental part of a master plan of the Company;
- (2) the lawful distribution of the Company's assets by way of dividend;

- (3) the allotment of Shares as dividends;
- (4) a reduction of registered capital, a repurchase of Shares or a reorganization of the share capital structure of the Company effected in accordance with the Articles of Association;
- (5) the lending of money by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company); and
- (6) the provision of money by the Company for contributions to staff and workers' share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company).

## **Chapter 6 Share Transfer**

**Article 36** The Shares may be transferred in accordance with law.

**Article 37** The Company shall not accept any Shares being pledged to it as the subject matter of a pledge.

**Article 38** Shares held by the Promoters shall not be transferred within one (1) year from the date of establishment of the Company. Domestic Shares issued prior to the initial public offering of Domestic Shares shall not be transferred within one (1) year from the date of the listing of Domestic Shares on the PRC domestic stock exchange.

The Company's Directors, Supervisors, and senior management members shall report to the Company their holdings of Shares and any change thereto; and they may not transfer, during each year of their term of office, more than 25% of the total number of Shares held by them in the Company, nor shall they transfer, within one year from the date when the Shares are listed and traded, those Shares held by them in the Company. The aforesaid persons are barred from transferring Shares held by them within six (6) months of cessation of their term of office. To the extent any H Shares are covered by the share transfer restrictions set out in this paragraph, approval shall be obtained from the Hong Kong Stock Exchange.

**Article 39** If any of the Company's Directors, Supervisors or senior management members or Shareholders holding 5% or more of the Company's A Shares sells, within six months of purchase, or purchases, within six months of sale, their such holdings of A Shares, the resulting gain shall belong to the Company and shall be recovered by the Board of Directors, provided that such 6-month period restriction shall not apply to the sale of such shares by a securities firm holding 5% or more of such Shares as a result of its acquisition of unsold offered shares under a firm commitment underwriting arrangement.

If the Board fails to implement the measures as set out in the foregoing paragraph, the Shareholder(s) shall be entitled to request the Board of Directors to so act within thirty (30) days. If the Board fails to act within the aforesaid period, the Shareholder(s) shall be entitled to bring a lawsuit before the people's court in their own name in the interest of the Company.

To the extent the Board fails to implement the measures as set out in the first paragraph above, the Shareholder(s) responsible for such failure shall be jointly and severally liable pursuant to law.

## Chapter 7 Share Certificates and Register of Shareholders

**Article 40** Share certificates of the Company shall be in registered form.

In addition to provisions provided in the Company Law and Special Regulations, a share certificate of the Company shall also contain any other items required to be specified by the stock exchange(s) on which the Shares are listed.

During the period of H Shares listing on the Hong Kong Stock Exchange, the Company shall ensure that all of its documents relating to the title of all of its Shares listing on the Hong Kong Stock Exchange (including H Shares), include the statements stipulated below and shall instruct and procure each of its share registrars not to register the subscription, purchase or transfer of any of its Shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such Shares bearing statements to the following effect:

- (1) The acquirer of Shares agrees with the Company and each Shareholder, and the Company agrees with each Shareholder, to observe and comply with the Company Law, the Special Regulations and other requirements related to the laws, administrative regulations and the Articles of Association.
- (2) The acquirer of Shares agrees with the Company, each Shareholder, Director, Supervisor, president and other senior management members of the Company and the Company acting for itself and for each Director, supervisor, president and other senior management members agrees with each Shareholder to refer all disputes and claims arising from the Articles of Association or any right or obligation conferred or imposed by the Company Law and other relevant laws of the PRC and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award. Such arbitration shall be final and conclusive.

- (3) The acquirer of Shares agrees with the Company and each Shareholder that Shares in the Company are freely transferable by the holder thereof.
- (4) The acquirer authorizes the Company to enter into a contract on his behalf with each Director, president and other senior management members whereby such Directors, president and other senior management members undertake to observe and comply with their obligations to Shareholders stipulated in the Articles of Association.

**Article 41** The Share certificates shall be signed by the Chairman. Where the stock exchange on which the Shares are listed requires the Share certificates to be signed by other senior management members, the Share certificates shall also be signed by such senior management members. The Share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The Share certificates shall only be affixed with the Company's seal under the authorization of the Board. The signatures of the Chairman or other relevant senior management members on the share certificates may also be in printed form.

To the extent paperless issuance and trading is implemented with respect to the Shares, separate requirements of the securities regulatory authorities and stock exchange of the place where the Shares are listed shall apply.

**Article 42** The Company shall keep a register of Shareholders, which shall contain the following particulars:

- (1) the name, address (residence), occupation or nature of each Shareholder;
- (2) the class and number of Shares held by each Shareholder;
- (3) the amount paid-up or payable in respect of Shares held by each Shareholder;
- (4) the serial numbers of the Shares held by each Shareholder;

- (5) the date on which a person registers as a Shareholder; and
- (6) the date on which a person ceases to be a Shareholder.

The register of Shareholders shall be the sufficient evidence for the Shareholders' shareholding in the Company, except in cases with contrary evidence.

All acts or transfer of Overseas Listed Foreign Shares will be recorded in the register of Shareholders of Overseas Listed Foreign Shares which is kept in the place where such Shares are listed.

When two or more persons are registered as joint Shareholders of any Share, they shall be deemed to be joint owners of such Shares and subject to constraints of the following terms:

- (1) the Company are not bound to register more than four persons as joint holders for any Share;
- (2) all the joint holders of any Share shall jointly and severally assume the liability to pay for all amounts payable for the relevant Shares;
- (3) in case one of the joint holders has 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 shall have the right, for the purpose of making amendments to the register of Shareholders, to demand a death certificate of such Shareholder where it deems it appropriate to do so; and

(4) for joint holding of any Shares, only the joint holder whose name appears first in the register of Shareholders is entitled to receive the certificate for the relevant Shares, receive the Company's notices. Any notice served on the above persons shall be deemed to have been served on all joint holders of the relevant Shares. Any one of such joint holders may sign the proxy form. Only if there is more than one joint holder who attends the meeting either in person or by proxy, the vote made by higher priority joint holder either in person or by proxy shall be accepted as the sole vote which represents the rest of joint holders. In this regard, the order of the priority of the Shareholders shall be determined by the seniority of the Shareholders who is related to relevant Shares within the register of Shareholders.

**Article 43** The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain its original register of holders of Overseas Listed Foreign Shares outside the PRC and appoint overseas agent(s) to manage such register. Otherwise, the original register of holders of Overseas Listed Foreign Shares listed in Hong Kong shall be maintained in Hong Kong.

The Company shall maintain a duplicate of the register of holders of Overseas Listed Foreign Shares at the Company's residence; the appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the register of holders of Overseas Listed Foreign Shares at all times.

If there is any inconsistency between the original and the duplicate of the register of holders of Overseas Listed Foreign Shares, the original version shall prevail.

**Article 44** The Company shall maintain a complete register of Shareholders. The register of Shareholders shall include the following:

(1) the register of Shareholders maintained at the Company's residence (other than those parts as described in sub-clauses (2) and (3) of this Article;



- (2) the register of Shareholders in respect of the holders of Overseas Listed Foreign Shares of the Company maintained at the place where the overseas stock exchange on which the Shares are listed is located; and
- (3) the register of Shareholders maintained at such other place as the Board may consider necessary for the purpose of listing of the Shares.

**Article 45** Different parts of the register of Shareholders shall not overlap with one another. No transfer of the Shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of Shareholders.

Alteration or rectification of each part of the register of Shareholders shall be made in accordance with the laws of the place where that part of the register of Shareholders is maintained.

**Article 46** All fully paid-up Overseas Listed Foreign Shares which are listed in Hong Kong are freely transferable pursuant to the Articles of Association. However, the Board may refuse to recognize any instrument of transfer without giving any reason unless such transfer fulfils the following conditions:

- (1) a fee (for each instrument of transfer) of HK\$2.5 or any maximum fees as stipulated by the Hong Kong Stock Exchange then has been paid to the Company for registration of any instrument of transfer or any other document which is related to or will affect the ownership of the Shares;
- (2) the instrument of transfer involves only the Overseas Listed Foreign Shares listed in Hong Kong;
- (3) the stamp duty payable on the instrument of transfer has been paid;
- (4) the relevant Share certificates and any evidence in relation to the right of the transferor to transfer the Shares reasonably requested by the Board has been submitted;
- (5) if the Shares are intended to be transferred to joint holders, the number of such joint holders shall not exceed four;

- (6) the Company does not have any lien over the relevant Shares; and
- (7) no transfer shall be made to minors or persons of unsound mind or under other legal disability.

If the Company refuses to register the transfer of Shares, the Company shall deliver a notification related to the refusal of Shares transfer to the transferor and transferee within 2 months from the date of the application for transferring the Shares.

**Article 47** All transfers of H Shares shall be effected by instruments of transfer in writing in an ordinary or usual form or in any other form acceptable to the Board (including the standard transfer format or form of transfer specified by the Hong Kong Stock Exchange from time to time); the instruments of transfer may be signed by hand only or (where the transferor or transferee is a corporation) by the Company's seal. Where the transferor or transferee is a recognized clearing house ("**Recognized Clearing House**") (as defined by relevant regulations in Hong Kong laws in effect from time to time) or its nominee, the form of transfer may be signed by hand or in a machine-imprinted format.

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

**Article 48** The period for closure of register of members prior to the date of a General Meeting or before the record date set by the Company for the purpose of distribution of dividends shall be in accordance with the requirements under the relevant laws and regulations and the Listing Rules.

**Article 49** When the Company intends to convene a General Meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholdings, the Board or the convener of the General Meeting shall designate a day to be the record date. Shareholders whose names appear in the register of Shareholders at the end of the record date are Shareholders entitled to relevant rights and interests.

**Article 50** Any person who objects to the register of Shareholders and requests to have his/her name entered in or removed from the register of Shareholders may apply to a court of competent jurisdiction for rectification of the register.

**Article 51** Any Shareholder who is registered in, or any person who requests to have his/her name entered in, the register of Shareholders may, if its Share certificates (the “**Original Certificates**”) are lost, apply to the Company for a replacement share certificate in respect of such Shares.

If a holder of the Domestic Shares loses its Original Certificates and applies for their replacement, it shall be dealt with in accordance with the provisions of the Company Law.

If a holder of H Shares loses its Original Certificates and applies for their replacements, it may be dealt with in accordance with the relevant laws, the rules of the stock exchange and other relevant regulations of the place where the original register of holders of Overseas Listed Foreign Shares is maintained.

In the case that the Company goes public in Hong Kong, the issue of replacement certificates to holders of Overseas Listed Foreign Shares shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in prescribed form accompanied by a notarial act or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the Original Certificates as well as declaring that no other person shall be entitled to request to be registered as the Shareholder in respect of the relevant Shares.

- (2) no statement has been received by the Company from a person other than the applicant for having its name registered as a holder of the relevant Shares before the Company came to a decision to issue the replacement certificate.
- (3) the Company shall, if it decides to issue a replacement certificate to the applicant, make an announcement of its intention to issue the replacement certificate in such newspapers designated by the Board; the announcement shall be made at least once every thirty (30) days in a period of ninety (90) days.
- (4) the Company shall have, prior to the publication of its announcement of intention to issue a replacement certificate, delivered to the stock exchange on which its Shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety (90) days.

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

- (5) if, upon expiration of the 90-day period referred to in items (3) and (4) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to its application.

- (6) where the Company issues a replacement certificate under this Article, it shall forthwith cancel the Original Certificate and enter the cancellation and issue in the register of Shareholders accordingly.
- (7) all expenses relating to the cancellation of an Original Certificate and the issue of a replacement Share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 52** Where the Company issues a replacement certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new Share certificate or a Shareholder who thereafter registers as the owner of such Shares (in the case that he is a bona fide purchaser) shall not be removed from the register of Shareholders.

**Article 53** The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the Original Certificate or the issuance of the replacement certificate, unless the claimant proves that the Company had acted fraudulently.

## **Chapter 8 Rights and Obligations of Shareholders**

**Article 54** A Shareholder of the Company is a person who lawfully holds Shares of the Company and whose name is entered in the register of Shareholders.

A Shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of Shares it holds. Shareholders holding the same class of Shares shall be entitled to the same rights and assume the same obligations. Shareholders holding Shares of different classes shall be entitled to the same rights during the dividend distribution or any other type of distribution.

When the Shareholder of the Company is a legal person, its legal representative or proxy of legal representative shall exercise the rights on its behalf.

The Company shall not exercise any of its rights to freeze or otherwise impair any of the rights attached to any Shares by reason only that a person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

**Article 55** The ordinary Shareholders shall be entitled to the following rights:

- (1) the right to dividends and other distributions in proportion to the number of Shares held;
- (2) the right to demand, convene, chair, attend or appoint a proxy to attend General Meetings and to exercise corresponding voting rights thereat pursuant to law;
- (3) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;
- (4) the right to transfer, gift or pledge the Shares held by them in accordance with the laws, administrative regulations and provisions of the Articles of Association;

- (5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
- (i) the right to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;
  - (ii) the right to inspect and, subject to payment of a reasonable charge, copy
    - 1 the register of all Shareholders;
    - 2 personal particulars of each of the Company's Directors, Supervisors, president and other senior management members including:
      - (a) present name and alias and any former name and alias;
      - (b) principal address (residence);
      - (c) nationality;
      - (d) primary and all other part-time occupations;
      - (e) identification document and its number.
  - (iii) the state of the Company's share capital;
  - (iv) the latest audited financial statements and the reports of the Board, auditors and the Board of Supervisors;
  - (v) the special resolution of the General Meeting;
  - (vi) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of Shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;

(vii) a copy of the latest annual report, which shall be submitted to the State Administration for Industry and Commerce of the PRC or other authorities for inspection;

(viii) minutes of General Meetings, resolutions of Board Meetings and of the Board of Supervisors; and

(ix) counterfoils of the bonds of the Company.

The Company shall lodge documents (i) to (vii) aforementioned and any other applicable documents with the Company's Hong Kong address under the requirements of the listing rules, for the purpose of inspection by the public and holders of Overseas Listed Foreign Shares free of charge.

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding provision shall provide to the Company written documents evidencing the class and number of Shares they hold. Upon verification of the Shareholder's identity, the Company shall provide such information at the Shareholder's request.

- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of Shares held;
- (7) to demand the Company, in the case of such Shareholders dissenting from the resolutions adopted by the General Meeting for the merger or division of the Company, to repurchase their Shares; and
- (8) other rights conferred by laws, administrative regulations and departmental rules and the Articles of Association.



**Article 56** If a resolution passed at the Company's General Meeting or Board meeting violates the laws or regulations, the Shareholders shall have the right to submit a petition to the court to render the same as invalid.

If the procedures for convening, or the method of voting at, a General Meeting or Board meeting violate the laws, regulations or the Articles of Association, or the contents of a resolution violates the Articles of Association, Shareholders shall be entitled to submit a petition to the court to rescind such resolutions within sixty (60) days from the date on which such resolution is adopted.

**Article 57** Where the Company incurs losses as a result of Directors' and senior management members' violation of the laws, regulations or the Articles of Association in the course of performing their duties with the Company, Shareholders individually or jointly holding 1% or more of the Shares for more than 180 consecutive days shall be entitled to request in writing the Board of Supervisors to initiate proceedings in the court. Where the Company incurs losses as a result of the Board of Supervisors' violation of any provision of laws, regulations or the Articles of Association in the course of performing its duties with the Company, the Shareholders individually or jointly holding 1% or more of the Company's Shares for more than 180 consecutive days shall be entitled to make a request in writing to the Board to initiate proceedings in the court.

In the event that the Board of Supervisors or the Board refuses to initiate proceedings after receiving the written request of Shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within thirty (30) days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, Shareholders described in the preceding paragraph shall have the right to initiate proceedings in the court directly in their own names in the interest of the Company.

Shareholders described in the first paragraph of this Article may also initiate proceedings in the court in accordance with the preceding two paragraphs in the event that the lawful interests of the Company are infringed upon by any third parties.

**Article 58** Any Shareholder may initiate proceedings in the court in the event that a Director or a senior management member has violated the laws, regulations or the Articles of Association, thereby infringing the interests of Shareholders.

**Article 59** The ordinary Shareholders of the Company shall assume the following obligations:

- (1) to abide by the laws, administrative regulations and the Articles of Association;
- (2) to pay subscription monies according to the number of Shares subscribed and the method of subscription;
- (3) to be responsible for the Company to the extent of the Shares they have subscribed for;
- (4) not to divest the Shares unless required by the laws and regulations;
- (5) not to abuse their Shareholders' rights to harm the interests of the Company or other Shareholders; and not to abuse the independent legal person status of the Company and the limited liability of Shareholders to harm the interests of any creditor of the Company; Shareholders of the Company who abuse their Shareholder's rights and thereby cause loss on the Company or other Shareholders shall be liable for indemnity according to the law. Where Shareholders abuse the Company's position as an independent legal person and the limited liability of Shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such Shareholders shall be jointly and severally liable for the debts owed by the Company.
- (6) other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscribers of the relevant Shares on subscription.

**Article 60** Where a holder of A Shares holding 5% or more of the Shares carrying voting power of the Company pledges its Shares, such Shareholder shall report to the Company in writing on the same day of the occurrence of such event. Any pledge of H Shares is subject to relevant requirements prescribed by the Hong Kong Stock Exchange.

**Article 61** In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which Shares are listed, a Controlling Shareholder (as defined in the following provision) shall not exercise his/her voting rights in respect of the following matters in a manner prejudicial to the interests of all or some of the Shareholders:

- (1) to relieve a Director or Supervisor of his/her duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a Director or Supervisor (for his/her own benefit or for the benefit of another person), in any guise, of the Company's assets, including (without limitation) opportunities beneficial to the Company;
- (3) to approve the expropriation by a Director or Supervisor (for his/her own benefit or for the benefit of another person) of the individual rights of other Shareholders, including (without limitation) rights to distributions and voting rights save for a company restructuring submitted to the General Meeting for approval in accordance with the Articles of Association.

The Controlling Shareholder and the Actual Controller shall not use their connected relationship to act in detriment to the interests of the Company. If they have violated the provision and caused damage to the Company, they shall be liable for such damages.

The Controlling Shareholder and the Actual Controller owe fiduciary duty to the Company and to the public Shareholders of the Company. The Controlling Shareholder shall exercise its rights as an investor in strict compliance with law; the Controlling Shareholder shall not use profit distribution, asset restructuring, external investment, funds retention, provision of guarantee for borrowings and other schemes to act in detriment to the lawful rights and interests of the Company and the public Shareholders, nor shall it exploit its controlling position in a manner detrimental to the interests of the Company and the public Shareholders of the Company.

**Article 62** The term “Controlling Shareholder” referred to in the preceding article means a person who satisfies any one of the following conditions:

- (1) he/she alone, or acting in concert with others, has the power to elect more than half of the Board members;
- (2) he/she alone, or acting in concert with others, has the power to exercise or to control the exercise of 30% or more of the voting rights in the Company;
- (3) he/she alone, or acting in concert with others, holds 30% or more of the issued and outstanding Shares;
- (4) he/she alone, or acting in concert with others, in any other manner controls the Company in fact.

For the purposes hereof, the term “Acting in Concert” means the act or fact whereby an investor, by agreement or other arrangement, acts together with other investors to jointly maximize the voting power of the Shares at their disposal.

The “Actual Controller” referred to in the preceding article means a person who, while not a Shareholder of the Company, has, through an investment relationship, agreement, or other arrangement, the ability to actually control the acts of the Company.

## Chapter 9 General Meeting

**Article 63** The General Meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with the law.

**Article 64** The General Meeting may exercise the following functions and powers:

- (1) to decide on the operating policies and investment plans of the Company;
- (2) to elect and replace Directors (not being staff representatives) and to fix the remuneration of the relevant Directors;
- (3) to elect and replace Supervisors (not being staff representatives), and to fix the remuneration of the relevant Supervisors;
- (4) to consider and approve the reports of the Board;
- (5) to consider and approve the reports of the Board of Supervisors;
- (6) to consider and approve the annual financial budgets and final accounts of the Company;
- (7) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (8) to adopt resolutions on any increase or reduction of registered capital of the Company;
- (9) to adopt resolutions on matters such as merger, division, dissolution, liquidation or conversion of corporate form of the Company;
- (10) to adopt resolutions on the issue of bonds or other securities and listing plans of the Company;
- (11) to adopt resolutions on the appointments, dismissals or non-reappointments of accounting firms by the Company;

- (12) to amend the Articles of Association;
- (13) to consider the ad hoc proposals submitted by Shareholders holding 3% or more of the voting Shares;
- (14) to consider and approve guarantee matters required by the Articles of Association to be considered and approved by the General Meeting;
- (15) to consider matters in relation to purchases or sales within one year of material assets in excess of 30% of the most recent audited total assets of the Company;
- (16) to consider and approve changes to the use of the proceeds raised;
- (17) to consider any share incentive scheme;
- (18) other matters required by laws, administrative regulations, departmental rules, listing rules of the stock exchange(s) on which the Shares are listed and the Articles of Association to be resolved by the General Meeting.

General Meeting may authorize or engage the Board to attend to matters authorized or engaged by the General Meeting under the condition that the laws, regulations and mandatory provisions of the listing rules of the places of listing of the Company will not be contravened.

**Article 65** The provision by the Company of the following external guarantees shall be considered and approved by the General Meeting:

- (1) any additional external guarantee to be provided subsequent to the aggregate amount of the external guarantees provided by the Company and its controlled subsidiaries having reached or exceeded 50% of its most recent audited net assets;
- (2) any additional external guarantee to be provided subsequent to the aggregate amount of the external guarantees provided by the Company having reached or exceeded 30% of its most recent audited total assets;

- (3) any guarantee to any obligor whose asset-liability ratio is greater than 70%;
- (4) any guarantee the individual guarantee amount of which exceeds 10% of the most recent audited net assets;
- (5) guarantees to the Shareholders, the Actual Controller or their related parties;
- (6) other external guarantees required by laws, regulations, normative documents and the listing rules of the stock exchange(s) on which the Shares are listed to be considered by the General Meeting.

**Article 66** Except where the Company is the subject of a crisis or in similar extraordinary circumstances, subject to the listing rules of the stock exchange(s) on which the Shares are listed, unless an approval by way of special resolution is obtained in a General Meeting, the Company shall not enter into any contract with any party other than the Directors, Supervisors, the president and other senior management members pursuant to which such party shall be responsible for managing the whole or any substantial part of the Company's business.

**Article 67** General Meetings shall be divided into Annual General Meetings and extraordinary General Meetings. The Annual General Meeting shall be held once every year within six months after the end of the previous accounting year.

The Board shall convene an extraordinary General Meeting within two months upon the occurrence of one of the following circumstances:

- (1) the number of Directors is less than the number required by the Company Law or less than two-thirds of the number required by the Articles of Association;
- (2) the uncovered losses reach one third of the Company's total share capital;
- (3) Shareholders individually or jointly holding 10% or more of the Company's issued Shares with voting rights request in writing to hold an extraordinary General Meeting;

- (4) the Board considers it necessary or the Board of Supervisors proposes to hold such a meeting;
- (5) such a meeting is proposed by an independent Director with the consent of one half or more of all independent Directors;
- (6) other circumstances as provided by laws, administrative regulations, departmental rules, other normative documents or the Articles of Association.

**Article 68** The location of the General Meetings shall be the domicile of the Company or other places specified in the notice of the General Meetings.

A General Meeting will have a meeting venue and will take place in the form of an on-site meeting. The Company shall also facilitate Shareholders' attendance of the General Meeting by providing for the means of online voting. A Shareholder shall be deemed to have attended the meeting if he participates in the meeting by means of such method. The online voting platform shall not apply to holders of H Shares.

Where a General Meeting is to take the form of an online meeting or other means, the notice of such General Meeting shall expressly provide for the voting time and the voting procedures for such online platform or other means of meeting.

**Article 69** When convening a General Meeting, the Company shall engage a lawyer to issue legal opinions on the following issues and shall publish an announcement on the same:

- (1) whether the procedures of calling and convening the meeting are consistent with laws, administrative regulations and the Articles of Association;
- (2) whether the qualifications of the meeting attendees and the meeting convener are lawful and valid;



- (3) whether the voting procedures and the voting results of the meeting are lawful and valid;
- (4) legal opinions issued at the request of the Company in respect of other relevant issues.

**Article 70** A twenty (20) working days' prior written notice for convening the Annual General Meeting and a ten (10) working days' or fifteen (15) days' (whichever is earlier) prior written notice for convening the extraordinary General Meeting shall be given to notify Shareholders whose names appear in the register of Shareholders of the matters proposed to be considered and the date and place of the meeting.

The period and means of notice for convening class Shareholders' meetings by the Company shall be subject to the requirements of Article 123.

When calculating the time limit, the date of meeting and the issuance date shall not be included. For the purpose of the notice to be issued to the holders of H Shares under this article, the issuance date thereof shall be the date on which the notice has been delivered to the postal office for posting by Company or the share registrar appointed by the Company.

**Article 71** The content of a proposal shall fall within the scope of the duties and functions of the General Meeting, shall be clear in terms of the subject and specific in terms of the matter for deliberation, and shall comply with relevant requirements of laws, administrative regulations and the Articles of Association.

**Article 72** In the event the Company convenes a General Meeting, the Board, the Board of Supervisors, and the Shareholders individually or jointly holding 3% or more of the Company's Shares are entitled to propose motions to the Company.

Shareholders individually or jointly holding 3% or more of the Shares may introduce ad hoc motions and submit the same in writing to the convener ten days prior to the holding of the General Meeting. The convener shall incorporate any matters under such motions which fall within the scope of the duties and functions of the General Meeting into the agenda of the meeting, issue a supplementary notice of the General Meeting and publish an announcement setting out the content of such ad hoc motions within two days from receipt thereof.

Except as provided under the preceding paragraph, the convener shall neither modify the proposals in the notice of the General Meeting nor add new proposals after the issue of the meeting notice and publication of the announcement.

Proposals not listed on the notice of the General Meeting or inconsistent with the first paragraph of this Article shall not be voted or resolved upon by the General Meeting.

**Article 73** Annual and extraordinary General Meetings shall not resolve matters not stated in the notice.

**Article 74** A notice of General Meeting shall meet the following requirements:

- (1) it shall be in written form;
- (2) it shall specify the place, date and time of the meeting;

- (3) it shall state the matters to be discussed at the meeting;
- (4) it shall state the date of registration of equity entitlements for Shareholders having the right to attend the General Meeting;
- (5) it shall provide Shareholders with such materials and explanation as are necessary for them to make informed decisions in connection with the matters to be discussed. This principle shall include (but not be limited to) where the Company proposes to merge, repurchase its Shares, restructure share capital or undergo other reorganization. The specific conditions and contracts (if any) of the proposed transactions must be provided and the reasons and effects of the same must be properly explained;
- (6) if any Director, Supervisor, president and other senior management members have material interests in the matters subject to discussion, the nature and extent of such material interests shall be disclosed, and if the effect of the proposed matters on such Director, Supervisor, president and other senior management members in their capacity as Shareholders is different from that of other Shareholders of the same class, the differences shall also be specified;
- (7) it shall set out the full text of any special resolutions proposed for approval at the meeting;
- (8) it shall contain a clear statement that the Shareholders holding ordinary Shares shall each have the right to attend the General Meeting and the right to appoint one or more proxies to attend and vote at the meeting on his/her behalf and that such proxies need not be Shareholders;
- (9) it shall state the date and place for the service of the proxy forms for the meeting; and
- (10) it shall state the names and contact telephone numbers of the contact persons in connection with the meeting.

Notices and supplementary notices of General Meetings shall fully and completely disclose the specific content of each proposal. To the extent the opinions of the independent Directors are required for a matter proposed for deliberation, such opinions and grounds thereof shall be disclosed concurrently with the issuance of the notice or supplementary notice of the General Meeting.

**Article 75** Where the General Meeting proposes to discuss the election of Directors and Supervisors, the notice of such meeting shall fully disclose the detailed information of the Director or Supervisor candidates, including at least the following:

- (1) education background, work experience, concurrent position(s) and other personal information;
- (2) whether such candidate is related with the Company, its Controlling Shareholder or its Actual Controller;
- (3) disclosure on the number of the Shares held by such candidate in the Company;
- (4) whether such candidate has been subject to sanction by the CSRC and other relevant authorities or to disciplinary action by stock exchanges;
- (5) other information prescribed by the listing rules of the stock exchange(s) on which the Shares are listed.

For the purpose of electing the Directors and Supervisors, each Director and Supervisor candidate shall be proposed by a separate proposal.

**Article 76** A notice of the General Meeting shall be dispatched to Shareholders (regardless of their voting rights at the General Meeting) by hand or by prepaid registered mail. The addresses of the recipients shall be such addresses as shown in the register of members. For holders of A Shares, a notice of the General Meeting may be made by way of announcement.

The announcement referred in the preceding paragraph shall be published in one or more newspapers and journals designated by securities governing authorities of the State Council. Once an announcement is made, all holders of the A Shares are deemed to have received the relevant notice of the General Meeting.

**Article 77** After the issue of the notice of General Meeting, such meeting shall not be postponed or cancelled without any proper reason nor shall any proposal listed in the notice be removed. In case of any postponement or cancellation, the convener of the meeting shall publish a notice at least two working days before the original date of the General Meeting and state the relevant reasons therein.

**Article 78** The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting.

**Article 79** The Board and other conveners shall take necessary measures to ensure the normal order of the General Meeting and shall take actions to stop and report to the relevant departments for investigation and prosecution in a timely manner any acts which disturb the General Meeting, cause troubles or infringe Shareholders' legitimate rights and interests.

**Article 80** The holders of ordinary Shares whose names appear on the register of members of the Company on the record date (or their proxies, as applicable) shall all be entitled to attend the General Meeting and to exercise their voting rights in accordance with relevant laws and regulations and the Articles of Association. A Shareholder may attend the General Meeting in person or may appoint a proxy to attend and vote at the meeting on his behalf.

Any Shareholders entitled to attend and vote at a General Meeting shall have the right to appoint one or several persons (who may not be Shareholders) to act as their proxies to attend and vote at the meeting on their behalf. The proxies so appointed by the Shareholders shall exercise the following rights:

- (1) have the same right as the Shareholder to speak at the meeting;
- (2) have authority to demand or, jointly with others, in demanding a poll; and
- (3) have the right to vote by hands or on a poll, unless otherwise required by the applicable securities listing rules or other securities laws and regulations. Where more than one proxy is appointed, the proxies may only exercise the voting right on a poll.

Where such Shareholder is a Recognized Clearing House (or its nominee), such Shareholder is entitled to appoint one or more persons as it deems fit to act on its behalf at any General Meetings or any other class Shareholders' General Meetings; where not less than one person is authorized, the letter of authorization shall specify the number and class of Shares involving each person so authorized. The authorization documents should be signed by the authorized officer of the Recognized Clearing House. Such persons so authorized shall be entitled to attend the General meeting (which are not required to provide ownership documents, the notarized power of attorney and/or further evidence of his duly authorization) exercise their rights on behalf of the Recognized Clearing House (or its nominee) as if they were individual Shareholders.

**Article 81** The instrument appointing a proxy shall be in writing and executed by the appointing Shareholder or his/her attorney duly authorized in writing; where the appointing Shareholder is a legal person, such instrument shall be under its seal or executed by any of its legal representative or attorney duly authorized. The instrument appointing a proxy shall state:

- (1) the name of the proxy;
- (2) the number of shares represented;
- (3) whether such proxy has voting rights;

- (4) instruction for voting for or against or abstaining on each proposal included in the agenda of the General Meeting for deliberation;
- (5) issuance date and term of the instrument;
- (6) signature (or seal) of the appointer.

**Article 82** Proxy forms shall be lodged with the domicile of the Company or other places specified in the notice of meeting 24 hours before the holding of the relevant meeting for voting according to the proxy form, or 24 hours before the designated time of voting; where the proxy form is signed by a person under a power of attorney on behalf of the appointer, the power of attorney or other authorization documents authorized to be signed shall be notarized. The notarized power of attorney or other authorization documents, together with the proxy form, shall be deposited at the domicile of the Company or other places specified in the notice of meeting.

**Article 83** Any form issued to a Shareholder by the Board for use by it for appointing a proxy shall allow the Shareholder to freely instruct the proxy to cast an affirmative or negative vote, and give respective instruction to the proxies on the voting of each meeting item to be resolved. Such letter of authorization shall contain a statement that in the absence of instructions by the Shareholder, its proxy may vote as it thinks fit.

**Article 84** Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant Shares have been transferred prior to the voting, a vote given by the proxy in accordance with the letter of authorization shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

**Article 85** An individual Shareholder attending the meeting in person shall present his identity card (or other valid document or certificate capable of showing his identity) and his stock account card. If a proxy is appointed to attend the meeting on his behalf, the proxy shall present his valid proof of identity and the proxy form of the appointing Shareholder.

In the case of a legal person Shareholder, its legal representative or a person authorised by its legal representative or authorised by a resolution of its board of directors or other decision-making organ shall attend the meeting. If the legal representative attends the meeting, he shall present his identity card as well as a valid certificate capable of showing his such legal representative capacity; if a proxy is appointed to attend the meeting, the proxy shall present his identity card and the written power of attorney lawfully issued by the appointing legal person Shareholder.

**Article 86** The Company shall be responsible to prepare an attendance register for the meeting attendees. Such attendance register shall set out, among others, the names (or entity names), identity card numbers and residential addresses of the meeting attendees, the number of the Shares with voting rights they hold or represent and the names (or entity names) of their appointers.

**Article 87** The convener and the lawyer engaged by the Company shall jointly verify the legality of the qualifications of the Shareholders based on the register of members furnished by the securities registration and clearing institution and other valid documents and shall record the names (or entity names) of the Shareholders and the number of the Shares with voting rights they hold. Prior to the announcement by the chairman of the meeting of the total number of the voting Shares held by the attending Shareholders and proxies, the meeting registration shall be concluded.

**Article 88** When it is convened, a General Meeting shall be attended by all Directors of the Company, all Supervisors of the Company and the Secretary of the Board, and shall be observed by the president and other senior management members.

**Article 89** The Company shall formulate the procedural rules of the General Meeting detailing the convening and voting procedures of the General Meeting, including, among other, the particulars on meeting notice, registration, motion deliberation, vote casting, vote counting, poll result announcement, adoption of meeting resolutions, minutes and their signing and public announcement, as well as the principles governing the authorization by the General Meeting to the Board (the scope of such authorization shall be explicit and specific). The procedural rules of the General Meeting (to be attached as an exhibit to the Articles of Association) shall be prepared by the Board of Directors for approval by the General Meeting.



**Article 90** At the Annual General Meeting, the Board and the Board of Supervisors shall each report their work of the preceding year to the General Meeting. Each independent Director shall also report his or her work.

**Article 91** At the General Meeting, the Directors, Supervisors and senior management members shall provide explanations and clarifications in response to the enquiries and recommendations of the Shareholders.

**Article 92** The chairman of the General Meeting shall announce before the casting of votes the number of the attending Shareholders and proxies and the total number of the Shares with voting power they hold; both figures shall be as recorded in the meeting register.

**Article 93** The convener shall ensure that the General Meeting shall be held smoothly without being interrupted until final resolutions are adopted. If, due to force majeure or any other extraordinary reasons, the General Meeting is adjourned or is prevented from making resolutions, the convener shall take necessary measures to resume the General Meeting as soon as practicable or directly terminate the General Meeting, and shall issue announcements without delay. Concurrently, the convener shall report to the local CSRC of the Company and the stock exchange(s).

**Article 94** Resolutions of General Meetings are divided into ordinary resolutions and special resolutions.

An ordinary resolution of a General Meeting shall be approved by not less than half of the voting rights represented by the Shareholders (including proxies) present at the meeting.

A special resolution of a General Meeting shall be approved by not less than two-thirds of the voting rights represented by the Shareholders (including proxies) present at the meeting.

**Article 95** Shareholders (including proxies) shall exercise their voting rights at a General Meeting according to the number of voting Shares they represent, with one vote for each Share.

Shares in the Company which are held by the Company do not carry any voting rights, and shall not be counted in the total number of voting Shares represented by Shareholders present at a General Meeting.

Where the General Meeting considers a material matter bearing on the interest of small and medium investors, the votes cast by small and medium investors shall be counted separately. The result of such separate vote counting shall be publicly disclosed in a timely manner.

The Board, independent Directors and Shareholders satisfying relevant stipulated conditions may conduct public proxy solicitation. Where such proxy solicitation is conducted, particulars on the voting intention and similar information shall be fully disclosed to the solicited persons. Proxy solicitation on a fee basis or on a disguised fee basis shall be prohibited. The Company shall impose no minimum shareholding restriction for proxy solicitation. The soliciting person shall conduct public proxy solicitation in compliance with the requirements of the relevant regulatory authorities and the stock exchange(s) on which the Shares are listed.

When connected transactions are being considered at a General Meeting, the connected Shareholders shall abstain from voting, and the number of voting Shares held by them shall not be counted in the total number of valid votes; the announcement pertaining to the resolutions of the General Meeting shall fully disclose the voting particulars of non-connected Shareholders.

Pursuant to applicable laws and regulations as well as the listing rules of the stock exchange on which the Shares are listed, where any Shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

**Article 96** Any vote of the Shareholders at a General Meeting shall be cast by open ballot.

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

**Article 98** The Shareholders present at the General Meeting shall express their opinions on the resolutions put to vote by one of the following: for, against or abstain. The securities registration and clearing institution, being the nominee of the Shares under the “stock connect” scheme between the mainland China and Hong Kong stock markets shall be excused from this requirement so long as its declarations are made consistent with the intention of the actual holders.

Any ballot paper containing uncompleted parts, false information or illegible writing and any uncast paper shall result in the relevant voter being deemed to have abstained and the voting result for the Shares held by him shall be recorded as “abstention”.

**Article 99** On a poll taken at a meeting, a Shareholder (including proxy) entitled to two or more votes need not exercise all his/her voting rights with affirmative votes or negative votes.

**Article 100** The name list of the Director and Supervisor candidates shall be submitted to the General Meeting for vote in the form of a proposal.

When voting on the election of Directors and Supervisors, the General Meeting may apply the cumulative voting method in accordance with the Articles of Associations or the resolution of the General Meeting. If the Controlling Shareholder holds 30% or more of the Shares, and if the General Meeting is to vote on the election of two or more Directors or non-employee representative Supervisors, then the cumulative voting method shall necessarily apply.

For the purpose of the preceding paragraph, the term “cumulative voting method” shall refer to the scheme whereby in the election by the General Meeting of the Directors and Supervisors, each Share shall be granted the same number of votes as the number of Directors or Supervisors to be elected and each Shareholder may cast the votes held by him in a concentrated manner. The Board shall inform the Shareholders of the biographies and basic information of the Director and Supervisor candidates through the public announcement.

**Article 101** Where the General Meeting has adopted resolutions on the election of Directors and Supervisors, the date of approval of such resolutions at the General Meeting shall be the date on which such newly elected Directors and Supervisors shall take office.

**Article 102** The General Meeting shall vote on all the proposals one by one. If different proposals are put forward for the same matter, such proposals shall be voted on in the order according to the time they are being put forward. Unless the General Meeting is adjourned or is prevented from making resolutions due to force majeure or other extraordinary reasons, the General Meeting shall not delay in voting on, or fail to vote on any proposal.

**Article 103** Proposals shall not be modified when being reviewed by the General Meeting. Otherwise, any modification shall be deemed to be a new proposal and shall not be put to vote at such General Meeting.

**Article 104** One single vote may be cast only once by using one single method of voting, being on-site voting, or online voting, or another method of voting. If one single vote has been cast multiple times, the vote of the first time shall govern.

**Article 105** The conclusion time of the on-site General Meeting shall not occur earlier than its counterpart in the online form or in another form; and the chairman of the meeting shall announce the particulars and result of the votes cast on each proposal and declare, on the basis of such voting results, if the relevant proposal(s) have been passed.

Until the formal announcement of the voting results, the Company, vote counters, scrutineers, substantial Shareholders, internet service providers and other related parties involved in the on-site, online and other voting methods are obligated to maintain in confidence the particulars of the vote.

**Article 106** The following matters shall be resolved by ordinary resolutions at General Meetings:

- (1) work reports of the Board and the Board of Supervisors;
- (2) plans formulated by the Board for distribution of profits and for making up losses;
- (3) the election and removal of members of the Board and the Shareholder representative Supervisors and their remuneration and payment methods;
- (4) the Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements;
- (5) the Company's annual reports; and
- (6) other matters required by the laws, administrative regulations, the listing rules of the stock exchange on which the Shares are listed or by the Articles of Association to be adopted by special resolutions.

**Article 107** The following matters shall be resolved by special resolutions at General Meetings:

- (1) increase or reduction of the share capital, repurchase of the Company's Shares and issue of Shares of any class, stock warrants or other similar securities;
- (2) issuance of corporate bonds;
- (3) the division, merger, dissolution, liquidation or change of corporate forms of the Company;

- (4) amendments to the Articles of Association;
- (5) matters in relation to purchases or sales within one year of material assets or guarantee amounts in excess of 30% of the most recent audited total assets of the Company;
- (6) share incentive schemes; and
- (7) any other matters required to be passed by special resolutions by laws, administrative regulations, the listing rules of the stock exchange(s) where the Shares of the Company are listed or the Articles of Association, or those approved at a General Meeting, by way of an ordinary resolution, to have a substantial impact on the Company and subject to approval by a special resolution.

**Article 108** When an extraordinary General Meeting or a Class Shareholders' General Meeting is requested to be convened by no less than one half of the independent Directors, by the Board of Supervisors, or by Shareholders individually or jointly holding 10% or more of the Shares, the following procedures shall be applied:

- (1) There shall be one (1) or more written requests of the same form stating the object of the meeting and demanding that the Board convene an extraordinary General Meeting or a Class Shareholders' General Meeting and signed by the requisitioner. The Board shall, within ten (10) days from the receipt of such written requests, provide, in accordance with laws, administrative regulations and the Articles of Association, its feedback opinion in writing approving or disapproving the convening of the extraordinary General Meeting or Class Shareholders' General Meeting.

- (2) If the Board approves the convening of an extraordinary General Meeting or a Class Shareholders' General Meeting, it shall issue a notice thereof within five (5) days of the adoption of the Board resolution. Any change to the original proposal in the notice shall be subject to the consent of its initiator.
- (3) If the Board disapproves the proposal of convening an extraordinary General Meeting or a Class Shareholders' General Meeting, and if such proposal was made by the independent Directors, it shall specify the reasons and make a public announcement of the same.
- (4) If the Board disapproves the proposal of convening an extraordinary General Meeting or a Class Shareholders' General Meeting or fails to provide feedbacks within 10 days from receipt thereof, and if such proposal was made by the Board of Supervisors, then the Board shall be deemed to be unable to or fail to fulfill its duty of convening the General Meeting, in which case the Board of Supervisors may convene and chair such meeting itself, and the procedures for the convening of such meeting should follow those provided for the convening by the Board of General Meetings as closely as practicable.

- (5) If the Board disapproves the proposal of convening an extraordinary General Meeting or a class Shareholders' General Meeting or fails to provide feedbacks within 10 days from receipt thereof, and if such proposal was made by Shareholders, then such Shareholders shall be entitled to propose to the Board of Supervisors in writing for the purpose of convening an extraordinary General Meeting or a Class Shareholders' General Meeting. If the Board of Supervisors approve the convening of an extraordinary General Meeting or a Class Shareholders' General Meeting, it shall issue a notice thereof within five (5) days of receipt of said request, provided that any changes made in such notice to the original proposal shall be subject to prior consent from its initiator. If no notice is issued by the Board of Supervisors of such extraordinary General Meeting or Class Shareholders' General Meeting within the stipulated period, the Board of Supervisors shall be deemed to have failed to convene and chair the extraordinary General Meeting or Class Shareholders' General Meeting, in which case the Shareholder(s) individually or jointly holding 10% or more of the Company's Shares for more than consecutive ninety (90) days may convene and chair such meeting on their own, and the procedures for convening such meeting should follow those provided for convening a General Meeting by the Board as closely as practicable. The convening Shareholders shall hold no less than 10% of Shares until the announcement of the meeting resolutions and shall supply relevant supporting materials to the local CSRC of the Company and the stock exchange(s) both at the time of their issue of the notice of the extraordinary General Meeting or Class Shareholders' General Meeting and at the time of their announcement of the meeting resolutions.

In the event that Shareholders or the Board of Supervisors convenes a meeting by themselves pursuant to the foregoing paragraph, they shall notify the Board in writing and lodge a filing with the local CSRC of the Company and the stock exchange(s). The Board and the Secretary to the Board shall cooperate with regard to such meeting and the Board shall provide the register of members as of the record day. All reasonable expenses incurred in respect of the meeting shall be borne by the Company, by deducting from such sums owed by the Company to the Director who is in breach of his duty.



**Article 109** A General Meeting shall be convened by the Board and shall be presided over by the Chairman; where the Chairman is unable or fails to perform his/her duties, the Vice Chairman shall preside over the meeting; where the Vice Chairman is unable or fails to perform his/her duties, one Director elected by no less than one half of Directors shall chair the meeting; where no such chairing Director has been so elected by no less than one half of Directors, one person shall be elected by the Shareholders present to act as the chairman of the meeting; if for whatever reason the Shareholders fail to elect such person, the Shareholder (including his/her proxy) present and holding the largest number of the Shares carrying voting rights shall act as the chairman of the meeting.

A General Meeting convened by the Board of Supervisors on its own shall be presided over by the Chairman of the Board of Supervisors. Where the Chairman of the Board of Supervisors is unable or fails to perform his/her duties, a Supervisor elected by no less than one half of the Supervisors shall chair the meeting.

A General Meeting convened and chaired by the Shareholders themselves shall be presided over by a representative nominated by the convener.

If, during the process of a General Meeting, a breach by the chairman of the meeting procedural rules results in the General Meeting's failure to proceed, then subject to the consent of the Shareholder(s) representing more than one half of the voting rights of the attending Shareholders, the General Meeting may elect one person to act as the chairman to continue the meeting.

**Article 110** Before the General Meeting votes on a proposal, two Shareholders shall be elected as representatives to join in the vote calculation and supervision. Where any matter to be reviewed is associated with any Shareholder, such Shareholder and its proxy shall not join in the vote calculation and supervision.

When the General Meeting of Shareholders votes on a proposal, the lawyers, Shareholders' representatives and Supervisors' representatives shall jointly take charge of vote calculation and supervision and announce the voting results on site. The voting results of the resolutions shall be recorded in the minutes of the meeting.

Shareholders or their proxies who vote online or by means of another method shall have the right to inspect and verify their own voting results through the relevant voting system.

**Article 111** The chairman of the meeting shall determine whether or not a resolution of the General Meeting shall be adopted. His/her decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes.

**Article 112** In the event that the chairman of the meeting has any doubt as to the result of a resolution put forward for voting, he/she may have the votes counted. In the event that the chairman of the meeting fails to have the votes counted, any Shareholder present in person or by proxy objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the voting result, the chairman of the meeting shall have the votes counted immediately.

**Article 113** The General Meeting shall cause the minutes to be made of the resolutions on the matters deliberated at the meeting. The Secretary to the Board shall be responsible for the meeting minutes and shall record the following contents:

- (1) time, venue and agenda of the meeting and the name(s) of its convener(s);
- (2) names of the chairman and of the Directors, Supervisors, president and other senior management members attending or observing the meeting;
- (3) number of the Shareholders and proxies present at the meeting, total number of Shares carrying voting rights held by such Shareholders and proxies, and percentage of such Shares relative to the total number of Shares of the Company;
- (4) proceeding of deliberations, key points of remarks and voting results pertaining to each proposal;
- (5) inquiry opinions or recommendations of Shareholders and corresponding replies or explanations;
- (6) names of lawyer(s), vote counters and scrutineers;

(7) other matters required to be included in the meeting minutes by the Articles of Association.

In the event that the votes are counted at the General Meeting, the counting results shall be recorded in the minutes of the meeting.

The convener shall ensure the truthfulness, accuracy and completeness of the content of the minutes of the meeting. The minutes of the meeting shall be signed by the attending Directors and Supervisors, the Secretary to the Board, the convener or his/her representative and the chairman of the meeting, and shall be kept at the domicile of the Company for a minimum of ten (10) years, together with the attendance book signed by the attending Shareholders, the proxy forms for proxies attending the meeting and valid materials pertaining to the vote particulars of online voting and other methods of voting.

**Article 114** Copies of the minutes of the meeting shall be available for inspection during business hours of the Company by any Shareholder without charge. If a Shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him/her within 7 days after receipt of reasonable charges.

**Article 115** The resolutions of the General Meetings shall be announced promptly. Such announcement shall set out the number of the Shareholders and proxies present at the meeting, total number of Shares carrying voting rights held by such Shareholders and proxies, percentage of such Shares relative to the total number of Shares carrying voting rights of the Company, the method(s) of voting, the voting result of each proposal, and the full particulars of the adopted resolutions.

**Article 116** To the extent any resolution has failed to be adopted or any changes have been made by the latest General Meeting to the resolutions of the previous General Meeting, special notes shall be provided for in the announcement on the resolutions of such General Meeting.

**Article 117** Where the General Meeting has adopted a resolution on cash dividend, bonus issue or capitalization of the capital reserve funds, the Company will implement the specific scheme within two (2) months from the conclusion of the General Meeting.

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

**Article 118** Shareholders holding different classes of Shares shall be Class Shareholders.

Class Shareholders shall be entitled to the rights and assume obligations pursuant to the provisions of laws, administrative regulations and the Articles of Association.

Where the capital of the Company includes Shares which do not carry voting rights, the words “non-voting rights” shall appear in the designation of such Shares.

Where the capital of the Company includes Shares with different voting rights, the designation of each class of Shares, other than those with the most favourable voting rights, shall include the words “restricted voting” or “limited voting”.

**Article 119** Any variation or abrogation of the rights of any class of Shareholders proposed by the Company may only be carried out after the adoption of a special resolution at a General Meeting and approval by the affected Shareholders of that class at a separate General Meeting of Shareholders held in accordance with Articles 121 to 125 of these Articles of Association. If changes in domestic and foreign laws and regulations and the listing rules of the place where the Shares of the Company are listed and the decisions made by domestic and foreign regulatory authorities in accordance with the law lead to any mandatory variation or mandatory abrogation of the rights of any class of Shareholders, no approval from the General Meeting or class meeting of Shareholders is required.

**Article 120** The following circumstances shall be deemed to be a variation or abrogation of the rights of Shareholders of a certain class:

- (1) to increase or decrease the number of Shares of a particular class, or increase or decrease the number of Shares of other class(s) having rights on voting, distribution or other privileges equal or superior to those of the Shares of such class;

- (2) to effect an exchange of all or part of Shares of such class into Shares of other classes, or to effect an exchange or grant a right of exchange of all or part of the Shares of other classes into shares of such class;
- (3) to remove or reduce rights to receive accrued dividends or cumulative dividends attached to Shares of such class;
- (4) to reduce or remove the rights to a dividend preference or a liquidation preference to distribution of property attached to Shares of such class;
- (5) to add, remove or reduce the rights to conversion, options, voting, transfer, pre-emptive rights to placement and acquire securities of the Company attached to Shares of such class;
- (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to Shares of such class;
- (7) to create a new class of Shares having rights on voting, distribution or other privileges equal or superior to those of the Shares of such class;
- (8) to restrict the transfer or ownership of the Shares of such class or increase such restrictions;
- (9) to issue subscription rights or Share conversion rights for Shares of such class or other classes;
- (10) to increase the rights and privileges of Shares of other classes;
- (11) to restructure the Company where the proposed restructuring scheme will result in different classes of Shareholders bearing a disproportionate burden of obligations of such restructuring;
- (12) to vary or abrogate the terms provided in this chapter.

**Article 121** Shareholders of the affected class, whether or not having the right to vote at the General Meeting, shall nevertheless have the right to vote at Class Shareholders' Meetings on matters referred to in clause (2) to (8) and (11) to (12) of Article 120 of the Articles of Association, but interested Shareholders shall not be entitled to vote at Class Shareholders' Meetings.

The interested Shareholders mentioned in the preceding paragraph shall have the following meanings:

- (1) in the case of a repurchase of its own Shares by the Company by making offers to all Shareholders on a same pro rata basis or through public dealing on a stock exchange in accordance with Article 28 of the Articles of Association, "interested Shareholder" shall refer to the Controlling Shareholders as defined in Article 62 of the Articles of Association;
- (2) in the case of a repurchase of its own Shares by the Company through an off-market agreement in accordance with the provisions of Article 28 of the Articles of Association, "interested Shareholders" shall refer to the Shareholders to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, "interested Shareholder" shall refer to a Shareholder within a class who bears liabilities less than the proportion burden imposed on other Shareholders of that class or who has interests different from those held by Shareholders of the same class.

**Article 122** A resolution of the Class Shareholders' General Meeting shall be passed in accordance with Article 121 of the Articles of Association by Shareholders representing not less than two-thirds of voting rights present in the meeting.

**Article 123** Written notice of a Class Shareholders' General Meeting convened by the Company shall be dispatched twenty (20) working days prior to the date of the Annual General Meeting, ten (10) working days or fifteen (15) days (whichever is earlier) prior to the date of the extraordinary General Meeting to all Shareholders of such class whose names appear on the register of members, specifying the matters to be considered and the date and place of the meeting.

**Article 124** Notices of the Class Shareholders' General Meeting only need to be served on Shareholders entitled to vote thereat.

The procedures for holding the Class Shareholders' General Meeting shall be similar to those for holding the General Meeting as far as possible, and the provisions in the Articles of Association relating to the procedures for a General Meeting shall apply to the Class Shareholders' General Meeting.

**Article 125** Save for Shareholders of Shares of other classes, the holders of Domestic Shares and holders of Overseas Listed Foreign Shares are deemed to be different classes of Shareholders.

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

- (1) where the Company issues, upon approval by a special resolution at a General Meeting, Domestic Shares and Overseas Listed Foreign Shares once every twelve (12) months, either separately or concurrently, and the respective numbers of Domestic Shares and Overseas Listed Foreign Shares proposed to be issued do not exceed 20% of the respective numbers of the issued Domestic Shares and Overseas Listed Foreign Shares; or
- (2) where the Company's plan to issue Domestic Shares and Overseas Listed Foreign Shares at the time of incorporation is carried out within 15 months from the date of approval by the securities regulatory authorities of the State Council.

## **Chapter 11 Board**

### **Section 1 Directors**

**Article 126** The Company shall establish a Board. The Board consists of 12 (twelve) Directors, among which there shall be 1 (one) Chairman, 1 (one) Vice Chairman and 4 (four) independent Directors.

**Article 127** Directors shall be elected at the General Meeting. The term of office of the Directors shall be three (3) years. Prior to the expiration of their terms of office, Directors may be dismissed from office by the General Meeting. Upon expiration of the current term of office, a Director shall be eligible to offer himself/herself for re-election and reappointment.

The term of office of a Director begins from the day he/she takes office and ends when the term of office of the current Board expires. If the term of office of a Director has expired but a re-election has not been held in time, then the incumbent Director shall continue to perform his/her duties as a Director in accordance with laws, administrative regulations, departmental rules and the Articles of Association until a new Director is elected and takes office.

The president or other senior management members may concurrently serve as Directors, provided that the number of such Directors who concurrently act as president or other senior management members, combined with the number of Directors who concurrently act as employee representatives, shall not exceed one half of the total number of Directors of the Company.

The Chairman and Vice Chairman shall be elected and removed by resolution approved by more than one-half of all Directors. The term of office of the Chairman shall be three (3) years, renewable upon re-election. The term of office of Vice Chairman shall be three (3) years, renewable upon re-election.

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



**Article 128** The intention to nominate a candidate as a Director and the written notice of such candidate regarding his/her willingness to accept the nomination shall be given to the Company on or no earlier than the day after the despatch of notice of the relevant General Meeting but not later than seven(7) days prior to the date selected for holding such General Meeting.

**Article 129** Directors may resign before expiry of their terms of office. The Directors who resign shall submit to the Board a written report in relation to their resignation. The Board will disclose relevant information in accordance the requirements of the stock exchanges on which the Company's Shares are listed.

If the number of Directors falls below the statutory limit when a Director resigns, then the incumbent Director shall continue to perform his/her duties as a Director in accordance with laws, administrative regulations, departmental rules and the Articles of Association until a new Director is elected and takes office. The notice of resignation of the resigning Director will only become effective until such new Director is appointed to fill the vacancy. The remaining members of the Board should convene an extraordinary General Meeting to elect a new Director to fill the vacancy as soon as possible.

Save for the circumstances referred to in the preceding paragraph, the resignation of a Director becomes effective upon submission of his/her resignation report to the Board.

**Article 130** When his/her resignation becomes effective or his/her term of office expires, a Director shall complete his hand-over procedures with the Board. The duty of loyalty of a Director to the Company and the Shareholders is not necessarily released upon the cessation of his/her term of office, and shall remain valid within a reasonable period as provided in the Articles of Association.

**Article 131** In the absence of express stipulations herein or lawful authorization of the Board, no Director shall act on behalf of the Company or the Board in his/her personal capacity. When acting in his/her personal capacity, a Director shall state in advance his/her standing and capacity if a third party is likely to reasonably believe that he/she is acting on behalf of the Company or the Board.

**Article 132** Any Director who violates any laws, regulations or the Articles of Association during the course of performing his/her duties and causes losses to the Company shall be liable for compensation to any loss caused to the Company.

**Article 133** Any Director who has withdrawn from his/her office without authorization prior to the expiration of his/her term of office, and whereby a loss is incurred to the Company, shall be liable for compensation of such loss.

The General Meeting may, dismiss by way of an ordinary resolution any Director whose term of office has not yet expired, subject to provisions of the relevant laws and administrative regulations and without prejudice to any potential claim which may be made under any contract.

Any Director who has been absent from two consecutive Board meetings and failed to designate other Directors as proxies shall be regarded as having failed to fulfill his/her duty. The Board shall propose to the General Meeting to dismiss and replace such Director.

**Article 134** The Company shall establish an independent director system. Independent Directors are Directors who do not hold any positions in the Company other than as Director and do not maintain with the Company and its substantial Shareholders a connection which may possibly hamper their independent and objective judgments.

An independent Director shall serve a term of office of three years and is eligible for reelection but shall not serve for more than six (6) years in aggregate, except required by relevant laws, regulations and the listing rules of the stock exchange with which the Company is listed.

The qualifications, nomination, resignation and other matters related to an independent Director are subject to relevant requirements prescribed by laws, administrative regulations, and departmental rules.

## Section 2 The Board

**Article 135** The Board shall report to the General Meeting and exercises the following powers:

- (1) to be responsible for the convening of General Meetings and report its work to the General Meeting;
- (2) to implement the resolutions of General Meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the Company's plans on annual financial budgets and final accounts;
- (5) to formulate the Company's profit distribution plans and plans on making up losses;
- (6) to formulate the proposal for increase or decrease of the registered capital of the Company and issue and listing of bonds or other securities of the Company and listing thereof;
- (7) to formulate plans for substantial acquisition, repurchase of Shares of the Company or merger, division, dissolution and alteration of corporate form of the Company;
- (8) to decide on the establishment of an internal management organization of the Company; decide the establishment or revocation of the subsidiaries or branches of the Company;
- (9) to elect the Chairman and the Vice Chairman, nominate, appoint or dismiss the president of the Company;
- (10) appoint or dismiss the Secretary to the Board, appoint or dismiss the head of each special committee of the Board;

- (11) upon the nomination of the president, appoint or dismiss the senior vice president(s), vice president(s) and the chief financial officer (the “CFO”), and decide their remunerations, incentives and punishments;
- (12) to formulate the basic management system of the Company;
- (13) to formulate proposals for amendment to the Articles of Association;
- (14) to propose to the General Meeting to appoint or change accounting firm in charge of the audition of the Company;
- (15) to decide on (among others) external investments, purchase and sales of assets, assets pledge, provision of guarantees to external parties, entrustment of wealth management and related party transactions of the Company within the scope of the authorization granted by the General Meeting;
- (16) to manage information disclosure matters of the Company;
- (17) to receive the president’s work report and inspect the work of the president;
- (18) other authorities provided by laws and regulations, and listing rules of the stock exchange where the stock of the Company is listed, and by General Meeting of the Shareholder and the Articles of Association.

The Board resolutions in respect of the matters specified in the preceding sub-section shall be passed by more than one half of the Directors; Board resolutions in respect of sub-clauses (6), (7) and (13) of the preceding sub-section and in respect of guarantee matters within the scope of authority of the Board shall also require the affirmative vote of not less than two-thirds of all the Directors attending the Board meeting.

**Article 136** The Board shall provide explanations in the General Meeting on any non-standard audit opinion issued by certified public accountants on the Company's financial reports.

**Article 137** The Board shall formulate the Procedural Rules for the Board of Directors of the Company to ensure that the Board will implement the resolutions passed at the General Meeting, enhance its work efficiency and assure the scientific soundness of its decision making.

**Article 138** The Board shall determine the scope of authority for (among others) external investments, purchase and sales of assets, assets pledge, provision of guarantees to external parties, entrustment of wealth management and related party transactions, and shall establish strict examination and decision-making procedures; in the case of material investment projects, it shall arrange for them to be appraised by relevant experts and professionals and shall submit them to the General Meeting for approval.

**Article 139** In cases where the expected value of fixed assets proposed for disposal by the Board, when aggregated with value of fixed assets disposed within four month before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet considered by the General Meetings, the Board shall not dispose or consent to dispose such fixed assets without prior approval by the General Meeting.

The term "fixed assets disposal" referred to in this Article represents (among other things) transferring certain interests in assets, but does not include provision of guarantees by way of fixed assets.

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

**Article 140** The Chairman is entitled to the following powers:

(1) to preside over General Meetings and to convene and preside over Board meetings;

- (2) to check on the implementation of resolutions of the Board;
- (3) to sign the securities certificates issued by the Company;
- (4) to exercise other powers conferred by the laws and regulation, the Articles of Association and the Board.

The Vice Chairman shall assist the Chairman in his/her work. Should the Chairman be unable to or fail to exercise his/her functions or duties, the Vice Chairman shall exercise such functions or duties. Should the Vice Chairman be unable to or fail to exercise his/her functions or duties, a Director elected jointly by not less than one half of all Directors shall exercise such functions or duties.

**Article 141** At least four (4) meetings of the Board shall be convened every year by the Chairman, notice of the meeting shall be served, on all of the Directors and of the Supervisors and the president, at least fourteen (14) days before the date of the meeting.

In the event of any one of the following circumstances, the Chairman shall convene extraordinary meetings within ten (10) days after a proposal is received:

- (1) when proposed by Shareholders representing not less than ten percent (10%) of the voting rights;
- (2) when jointly proposed by not less than one-third of the Directors;
- (3) when proposed by the Board of Supervisors;
- (4) when proposed by the Company's president;
- (5) when proposed by not less than one half of the independent non-executive Directors;
- (6) when the Chairman considers it necessary;

- (7) when it is requested by securities regulatory authorities to be convened;
- (8) as prescribed by laws, regulations and listing rules of stock exchanges on which the Company's Shares are listed or any circumstances required under these Articles of Association.

**Article 142** Notices of the Board and extraordinary Board meetings should be served by facsimile or email. Time limit for notice: for convening of a regular Board meeting, no later than fourteen (14) days prior to the date of the meeting. However, the obligation of such notification within the prescribed time may be exempted with the written consent of all the Directors and Supervisors.

**Article 143** The notice of Board meetings shall include the following:

- (1) the venue, date and time of the meeting;
- (2) the duration of the meeting;
- (3) reasons for calling the meeting and topics for discussion;
- (4) the issue date of the notice.

**Article 144** Except where the Board has to consider connected transaction, the Board meeting may not be held unless more than half of the Directors are present.

Each Director shall have one vote. However, any Director appointed by other Director to attend the Board meeting on his/her behalf, in addition to his/her own vote, shall be entitled to another vote on behalf of the director appointing him/her.

**Article 145** Directors shall attend a meeting of the Board in person. If they are not able to attend the meeting due to certain reasons, they may authorise other Directors in writing to attend the meeting on their behalf. A letter of authorization shall indicate the name of the proxy, entrusted matter, scope of authorization and its term of validity and shall be signed or sealed by the appointer.

The Board of Directors may conduct meetings by means of meetings in person, teleconference, videoconference or any other means allowing for communication in real time among the directors.

The authorized Director attending the meeting shall exercise the rights of a Director within the scope of authorization. If a Director does not attend a meeting of the Board in person, and does not authorize any representatives to attend the meeting, he/she cannot exercise any voting right in such meeting.

**Article 146** In the event that a Director is connected (as defined in the listing rules (as amended from time to time) of the stock exchange(s) on which the Company's Shares are listed) to companies associated with matters to be resolved at the Board meeting, such Director shall not exercise his/her voting rights on such resolution, nor shall he/she votes on behalf of other Directors. In such an event, the Board meeting must be held with a majority of the non-connected Directors. Resolutions shall be approved by a majority of non-connected Directors. When there are less than three (3) non- connected Directors present at the Board meeting, such matter shall be submitted to the General Meeting for consideration.

Where a Director abstains from voting at a Board meeting, such Board meeting can be duly convened so long as more than a half of the non-connected Directors are present. Resolutions at such meeting shall be adopted by the affirmative vote of more than a half of all non-connected Directors. Resolutions concerning matters which shall be approved by not less than two-thirds of the Directors, shall be adopted by the affirmative vote of not less than two-thirds of all non- connected Directors. If the number of non-connected Directors present at such meeting is less than three, relevant proposals shall not be voted on at such meeting and shall be submitted to the General Meeting for consideration.



**Article 147** The Board shall keep minutes of resolutions on matters discussed at meetings. The minutes shall be signed by the Directors and by secretary to the Board present at the meeting (person who recorded the minutes). The minutes shall be kept as part of the Company's documents and the custody period shall be ten (10) years. The Directors shall be liable for the resolutions of the Board. If a resolution of the Board violates the laws, administrative regulations or the Articles of Association and results in the Company sustaining serious losses, the Directors participating in the resolution shall be 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 is recorded in the minutes of the meeting, such Director may be released from such liability.

**Article 148** Minutes of the Board meetings shall include the following information:

- (1) the date and venue of the meeting, and the name of the convener;
- (2) the names of the Directors attending in person, and the names of the Directors (proxies) attending through proxy;
- (3) the agenda of the meeting;
- (4) the key points of the speeches of Directors;
- (5) the voting method and results of each matter to be voted on (the voting results shall specify the number of votes in favor, against, and abstained).

**Article 149** The Board should set up the audit committee, nomination committee and remuneration committee, and in light of its needs, a strategy committee and relevant special committees. The special committees shall be responsible to the Board and shall perform their duties as stipulated in the Articles of Association and as authorized by the Board. Proposals shall be submitted to the Board for consideration and approval. All members of the special committees shall be Directors, of which the audit committee shall consist of non-executive Directors. Independent Directors shall account for the majority of members of the audit committee, the nomination committee and the remuneration committee, and shall serve as the chairmen. The chairman of the audit committee shall be an accounting professional. The Board shall be responsible in formulating the rules of procedures of the special committees to regulate their operation.

## **Chapter 12 Secretary to the Board**

**Article 150** The Company shall have one (1) Secretary to the Board. The secretary shall be a senior management member of the Company.

**Article 151** The Secretary to the Board shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the Board. His/her primary responsibilities are:

- (1) to be responsible for communication and coordination between the Company and the related parties, stock exchange and the securities regulatory authority, to ensure that the Company legally prepares and submits reports and documents as required by the regulatory authorities;
- (2) to be responsible for information disclosure of the Company, to procure the Company to formulate and implement the information disclosure system and material information internal reporting system, to procure the Company and the related parties to fulfill the information disclosure obligation in accordance with laws and to submit regular reports and temporary reports to the stock exchange;
- (3) to coordinate the relationship between the Company and its investors, to handle visits of the investors, to answer questions raised by the investors, and to provide the investors with information disclosed by the Company;
- (4) to prepare for General Meetings and Board meetings following the specific procedure and to prepare and submit relevant documents of the meetings;
- (5) to attend Board meetings and prepare and sign the minutes of the meetings;
- (6) to be responsible for confidentiality issues relating to information disclosure of the Company, formulate confidentiality measures, procure the Directors, Supervisors, the president and other senior management members and related informed persons to keep confidential all information before disclosure thereof, make prompt responsive remedies in the event of divulgence of inside information and report to the stock exchange;

- (7) to be responsible for keeping Shareholders' register, Directors' register, data about shareholdings of major Shareholders, Directors, Supervisors, the president and other senior management members, and documents and minutes of the General Meeting and Board meetings, to ensure the Company has complete organizational documents and records, and to ensure the persons with right of access to relevant records and documents of the Company can have the said records and documents in time;
- (8) to help Directors, Supervisors, the president and other senior management members learn about information disclosure related laws, regulations, rules, listing rules and other rules of the stock exchange, and the Articles of Association, and the provisions in the listing agreements concerning their legal liabilities;
- (9) to procure the Board to exercise functions and powers in accordance with law; to remind the attending Directors where the resolutions to be made by the Board do not comply with the relevant laws, regulations, rules, listing rules of the stock exchange, and the Articles of Association, and request the Supervisors present at meeting to express their opinions; to record the opinions of relevant Supervisors and persons in the minutes if the Board insists on making the aforesaid resolutions, and report to the stock exchange;
- (10) to fulfill other duties specified in the applicable laws, regulations, rules, listing rules of the stock exchange, and the Articles of Association.

**Article 152** Directors or senior management members may also act as the Secretary to the Board. The accountant(s) of the certified public accountants' firm appointed by the Company shall not act as the Secretary to the Board.

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

## **Chapter 13 President and Other Senior Management Members of the Company**

**Article 153** The Company shall have 1 (one) president, several senior vice president(s) and vice president(s) who shall assist the president in his/her work, and 1 (one) CFO. The president, the senior vice president(s), vice president(s), and the CFO shall be appointed and dismissed by the Board.

The term of office of the president and other senior management members shall be 3 years and they shall be eligible to offer themselves for reappointment.

Persons holding administrative positions at the Controlling Shareholder of the Company (other than being a director or a supervisor) may not concurrently serve as the Company's senior management members.

**Article 154** The president of the Company shall be accountable to the Board and exercise the following powers:

- (1) to lead the Company's production, operation and organize resources to carry out the Board's resolutions and to report his/her work to the Board;
- (2) to organize the implementation of the Company's annual business plan, invest plan and financing plan formulated by the Board;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft plans for the establishment of subsidiaries and other branches of the Company;
- (5) to draft the Company's basic management system;
- (6) to formulate detailed rules and regulations of the Company;

- (7) to propose the appointment or dismissal of the Company's senior vice president(s), vice president(s) and the CFO to the Board;
- (8) to appoint or dismiss other management members other than those required to be appointed or dismissed by the Board;
- (9) to exercise other powers conferred by the Articles of Association or the Board.

**Article 155** The president of the Company shall attend Board meetings; the president and other non-director managers, who the Board may invite to attend the meeting, shall not have the right to vote at Board meetings.

**Article 156** The president shall formulate the Working Rules for the President and shall submit the same to the Board of Directors for approval before it comes into effect. The Working Rules for the President shall include the following contents:

- (1) conditions and procedures for convening the meetings of the president and their participants;
- (2) specific duties of each of the president and other senior management members and their division of work;
- (3) the scope of the authorities to use the capital and assets of the Company and to enter into material contracts; and the system of reporting to the Board of Directors and the Board of Supervisors;
- (4) other matters deemed necessary by the Board.

**Article 157** The president may tender his/her resignation before the expiry of his/her term of office. Specific procedures and rules for the resignation of the president shall be provided for in the employment contract between the president and the Company.

**Article 158** In performing his/her job duties, the president of the Company shall act honestly and diligently in accordance with the laws, administrative regulations and requirements under the Articles of Association.

Any senior management member who breaches laws, administrative regulations, departmental rules or the requirements in these Articles of Association when performing his/her duties for the Company shall be liable to indemnify against the losses suffered by the Company.

**Chapter 14 Board of Supervisors**

**Article 159** The Company shall establish a Board of Supervisors.

**Article 160** The Board of Supervisors shall be composed of three Supervisors. The term of office of a Supervisor shall be three years, renewable upon re-election and re-appointment.

The Board of Supervisors shall have one chairman, the appointment and dismissal of the chairman of the Board of Supervisors shall be passed by at least two-thirds (including two-thirds) of its members.

**Article 161** Appointment and removal of non-employee representative Supervisors shall be subject to election at the General Meeting, while appointment and removal of employee representative Supervisors shall be subject to democratic election by the staff, the number of employee representative Supervisors of the Company shall not be less than one-third of the Supervisors.

**Article 162** If the term of office of a Supervisor has expired but a re-election has not been held in time, or if the number of Board of Supervisors members will fall below the statutory limit if an incumbent Supervisor resigns, then the incumbent Supervisor shall continue to perform his/her duties as a Supervisor in accordance with laws, administrative regulations and the Articles of Association until a new Supervisor is elected and takes office.

**Article 163** The Directors, president and other senior management members of the Company shall not assume the position of Supervisors.

**Article 164** The Board of Supervisors shall hold at least two meetings each year, with at least one meeting held every six months, which are convened and presided over by the chairman of the Board of Supervisors. Any of the Supervisors may propose to convene extraordinary meetings of the Board of Supervisors. Where the chairman of the Board of Supervisors is incapable of performing or fails to perform his/her duties, a Supervisor elected by not less than half of the Supervisors shall convene and preside over the meeting of the Board of Supervisors.

**Article 165** The Board of Supervisors shall be accountable to the General Meeting and exercise the following powers in accordance with the laws:

- (1) to examine the Company's financial affairs, to review the periodic reports of the Company prepared by the Board and to provide written review comments thereon;
- (2) to supervise the conduct of Directors and other senior management members in performing their duties to the Company and to recommend the removal of Directors and senior management members who violated any laws, administrative regulations, the Articles of Association or resolutions of General Meeting;
- (3) to demand rectification from a Director, the president and any other senior management members when the acts of such persons are harmful to the Company's interest;
- (4) to examine the financial information such as the financial report, business report and plans for profits distribution to be submitted by the Board to the General Meetings and, should any queries arise, to engage, in the name of the Company, certified public accountants and practicing auditors to conduct a re-examination;
- (5) to propose the convening of an extraordinary General Meeting and to convene and chair a General Meeting when the Board fails to perform its duties of convening and chairing General Meetings as stipulated by these Articles of Association;

- (6) to submit proposals to the General Meetings;
- (7) to deal with Directors or take legal actions against Directors and senior management members on behalf of the Company;
- (8) to conduct investigations upon the discovery of irregularities in the operation of the Company; and to engage, if necessary, accounting firms, law firms and other professional institutions to assist with its work at the expense of the Company;
- (9) to exercise other powers specified in the Articles of Association.

Supervisors shall attend Board meetings and make enquiries or recommendations on the matters to be resolved by the Board.

**Article 166** Given for proper reasons, any of the Supervisors is entitled to demand the chairman of the Board of Supervisors for convening the extraordinary meeting of the Board of Supervisors. A notice, which includes the date, venue, time, agenda of meeting, together with the issue date of notice, shall be given at least 10 days prior to the convening of each meeting of the Board of Supervisors by way of facsimile or email. However, the obligation of such notification within the prescribed time may be exempted with the written consent of all the Supervisors.

A meeting of the Board of Supervisors shall not be conducted unless it is attended by more than two-thirds of the Supervisors. Voting at the meeting of the Board of Supervisors shall be carried out by poll and each Supervisor shall have one vote. A Supervisor shall attend meetings of the Board of Supervisors in person, or appoint in writing another Supervisor to attend the meeting on his/her behalf due to his/her absence. The letter of authorization shall specify the extent of authorization.

Both resolution at regular meetings and extraordinary meetings of the Board of Supervisors are resolution of meeting of the Board of Supervisors, which shall be approved by the votes of at least two-thirds (including two-thirds) of members of the Board of Supervisors.



**Article 167** Notice of a meeting of the Board of Supervisors shall include the following information:

- (1) date, venue and duration of the meeting;
- (2) reasons for calling the meeting and topics of discussion;
- (3) the issue date of the notice.

**Article 168** All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors as are required by the Board of Supervisors in discharging its duties shall be borne by the Company.

**Article 169** The Board of Supervisors shall keep minutes of its decisions on the matters under its consideration. The Supervisors present at the meeting shall sign on the minutes of the meeting.

A Supervisor shall be entitled to demand that an explanatory note be entered onto the minutes of his/her remarks at the meeting. Minutes of the meetings of the Board of Supervisors shall be kept as part of the Company's documents for at least ten (10) years.

**Article 170** The Board of Supervisors shall formulate the Procedural Rules for the Board of Supervisors specifying its deliberation method and voting procedures so as to ensure the efficiency of its work and the scientific soundness of its decision making.

**Article 171** A Supervisor shall carry out his/her duties honestly and faithfully in accordance with the laws, administrative regulations and the Articles of Association. They owe the Company the duty of loyalty and the duty of diligence and shall neither exploit their positions to accept bribes or other illegal income nor embezzle the property of the Company.

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

Supervisors shall not use their relationships with related parties to the detriment of the interests of the Company and shall be liable to compensate for any damages caused to the Company.

Where a Supervisor breaches laws, administrative regulations, departmental rules or the Articles of Association when performing his/her duties for the Company, he/she shall be liable to indemnify against the losses suffered by the Company.

## **Chapter 15 Qualifications and Duties of the Directors, Supervisors, President and Other Senior Management Members of the Company**

**Article 172** A person may not serve as a Director, Supervisor, president or any other senior management members of the Company if any of the following circumstances applies:

- (1) a person without legal or with restricted legal capacity;
- (2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his/her political rights, in each case where less than five (5) years have elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) a person who is a former director, factory manager or general manager of a company or enterprise which has entered into insolvent liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business license revoked or had been ordered to close down due to a violation of the law and who incurred personal liability, where less than three (3) years has elapsed since the date of the revocation of the business license;

- (5) a person who has a relatively large amount of debts due and outstanding;
- (6) a person who is under criminal investigation or prosecution by a judicial organization for violation of the criminal law where said investigation or prosecution is not yet concluded;
- (7) a person who is not eligible for enterprise leadership according to laws and administrative regulations;
- (8) a non-natural person;
- (9) a person convicted of the contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five (5) years has elapsed since the date of the conviction;
- (10) a person sanctioned by the CSRC by a ban on entering the securities market, where such ban is yet to expire;
- (11) as prescribed in laws, administrative regulations, departmental rules, and listing rules of stock exchange(s) on which the Company's Shares are listed.

If a Director is elected or appointed in breach of this Article, such election, appointment or employment shall be null and void. Any Director becoming the subject of any circumstances set out in this Article shall be removed from office by the Company.

**Article 173** The validity of an act of a Director, president or any other senior management member on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his/her office, election or any defect in his/her qualification.

**Article 174** In addition to obligations imposed by laws, administrative regulations or required by the stock exchanges on which the Shares are listed, each of the Directors, Supervisors, president and other senior management members owes a duty to each Shareholder, in the exercise of the functions and powers of the Company entrusted to him/her:

- (1) not to cause the Company to exceed the scope of the business stipulated in its business license;
- (2) to act honestly in the best interest of the Company;
- (3) not to expropriate in any guise the Company's property, including (without limitation) usurpation of opportunities advantageous to the Company;
- (4) not to expropriate the individual rights of Shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to a restructuring of the Company submitted to the General Meeting for approval in accordance with the Articles of Association.

**Article 175** Each of the Directors, Supervisors, president and other senior management members owes a duty, in the exercise of his/her powers and discharge of his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 176** Each of the Company's Directors, Supervisors, president and other senior management members shall exercise his/her powers or carry on his/her duties in accordance with the principle of fiduciary and shall not put himself/herself in a position where his/her duty and his/her interest may conflict. This principle includes (without limitation) discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his/her powers and not to exceed those powers;

- (3) to exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of Shareholders given in a General Meeting, not to delegate the exercise of his/her discretion;
- (4) to treat Shareholders of the same class equally and to treat Shareholders of different classes fairly;
- (5) except in accordance with the Articles of Association or with the informed consent of Shareholders given in General Meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of Shareholders given in General Meeting, not to use the Company's property for his/her own benefit by any means;
- (7) not to exploit his/her position to accept bribes or other illegal income, expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;
- (8) without the informed consent of Shareholders given in General Meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by the Articles of Association, faithfully execute his/her official duties and protect the Company's interests, and not to exploit his/her position and power in the Company to advance his/her own private interests;
- (10) without the informed consent of Shareholders given in General Meeting, not to abuse his/her position to seek for him/herself or other persons business opportunities which otherwise belong to the Company, or carry on, for the account of himself/herself or another person, the same type of business as the Company, or compete with the Company in any form;

- (11) not to misappropriate the Company's funds or lend the Company's funds to others, not to open accounts in his/her own name or other names for the deposit of the Company's assets and not to provide a guarantee for the debts of the Shareholder(s) of the Company or another person with the Company's assets;
- (12) must not use his/her connected relationship to act to the detriment of the Company's interests; and
- (13) unless otherwise permitted by informed Shareholders in General Meeting, to keep in confidence information relating to the Company acquired by him/her in the course of and during his/her tenure and not to use such information in purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
  - (i) disclosure is made under compulsion of law;
  - (ii) the interests of the public require disclosure;
  - (iii) the interests of the relevant Director, Supervisor, president or other senior management members require disclosure.

Any revenue derived by a Director from his/her breach of the provisions of this Article shall belong to the Company; and the Company shall be indemnified for its consequential losses.

**Article 177** Each Director, Supervisor, president or other senior management member of the Company shall not instigate the following persons or institutions ("**Relevant Persons**") to do what he/she is prohibited from doing:

- (1) the spouse or minor child of that Director, Supervisor, president and other senior management members;
- (2) a person acting in the capacity of trustee of that Director, Supervisor, president or other senior management members or any person referred to in paragraph (1) of this Article;

- (3) a person acting in the capacity of partner of that Director, Supervisor, president or other senior management members or any person referred to in paragraphs (1) and (2) of this Article;
- (4) a company in which that Director, Supervisor, president or other senior management member, alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above or other Directors, Supervisors, president and other senior management members of the Company have a Actual controlling interest; and
- (5) the Directors, Supervisors, president and other senior management members of the controlled company referred to in paragraph (4) of this Article.

**Article 178** The fiduciary duties of the Directors, Supervisors, president and other senior management members of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

**Article 179** Except for circumstances prescribed in Article 61 of the Articles of Association, a Director, Supervisor, president and other senior management members of the Company may be relieved of liability for specific breaches of his/her duty by the informed consent of Shareholders given at a General Meeting.

**Article 180** Where a Director, Supervisor, president and other senior management members of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his/her contract of service with the Company), he/she shall declare the nature and extent of his/her interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal thereof is otherwise subject to the approval of the Board.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Board in respect of any contract, transaction or arrangement in which he/she or any of his/her close associates as defined in the applicable listing rules in effect from time to time has any material interest or any other relevant proposals.

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

A Director, Supervisor, president or other senior management member of the Company is deemed to be interested in a contract, transaction or arrangement in which Relevant Persons of him/her are interested.

**Article 181** Where a Director, Supervisor, president or other senior management member of the Company gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he/she is interested in contracts transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding paragraph of this Article to be a sufficient declaration of his/her interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

**Article 182** The Company shall not in any manner pay taxes for or on behalf of its Directors, Supervisors, president or other senior management members.



**Article 183** The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with, the making of a loan to a Director, Supervisor, president or other senior management member of the Company or of the Company's parent company or any of their Relevant Persons.

However, the following transactions are not subject to such prohibition:

- (1) the provision by the Company of a loan or a guarantee for a loan to a company which is a subsidiary of the Company;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of its Directors, Supervisors, president or other senior management members to meet expenditure incurred or to be incurred by him/her for the purposes of the Company or for the purpose of enabling him/her to perform his/her duties properly, in accordance with the terms of a service contract approved by the Shareholders in General Meeting; and
- (3) the Company may make a loan or provide a guarantee in connection with the making of a loan to any of the relevant Directors, Supervisors, president or other senior management members or their Relevant Persons in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

**Article 184** A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

**Article 185** A loan guarantee provided by the Company in breach of provision under paragraph (1) of Article 183 shall be unenforceable against the Company, provided that:

- (1) a loan was advanced to an Relevant Person of any of the Directors, Supervisors, president and other senior management members of the Company or of the Company's parent company where the lender did not know the relevant circumstances; or

- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 186** For the purposes of the foregoing provisions of this Chapter, guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

**Article 187** In addition to any rights and remedies provided by the laws and administrative regulations, where a Director, Supervisor, president and other senior management members of the Company is in breach of his/her duties to the Company, the Company has a right to:

- (1) claim damages from the Director, Supervisor, president and other senior management members in compensation for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the Director, Supervisor, president and other senior management members or with a third party (where such third party knows or should know that there is such a breach of duties by such Director, Supervisor, president and other senior management members);
- (3) demand the Director, Supervisor, president and other senior management members to surrender the profits made by him/her in breach of his/her duties;
- (4) recover any monies received by the Director, Supervisor, president and other senior management members which should have been otherwise received by the Company, including (without limitation) commissions; and
- (5) demand payment of the interest earned or which may have been earned by the Director, Supervisor, president and other senior management members on the monies that should have been paid to the Company.

**Article 188** The Company shall enter into a contract in writing with a Director, Supervisor and other senior management member, which shall at least include the following provisions:

- (1) a Director, Supervisor and senior management member shall undertake in favour of the Company to comply with the Company Law, the Special Regulations, the Articles of Association and other regulations as stipulated under the Hong Kong Stock Exchange, and agree that the Company is entitled to remedies provided by the Articles of Association, and such contract and his/her position were not transferable;
- (2) a Director, Supervisor and senior management member shall undertake in favour of the Company to perform the duties to Shareholders pursuant to and as required by the Articles of Association; and
- (3) an arbitration provision stipulated under Article 235 of the Articles of Association.

**Article 189** The Company shall, with the prior approval of Shareholders in General Meeting, enter into a contract in writing with a Director or Supervisor wherein his/her emoluments are stipulated, including:

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

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a Director or Supervisor against the Company for any benefits in respect of the matters mentioned in this Article.

**Article 190** The contract for emoluments entered into between the Company and its Directors or Supervisors should provide that in the event of a takeover of the Company, the Directors and Supervisors shall, subject to the prior approval of the Shareholders in General Meeting, have the right to receive compensation or other payment for loss of office or retirement, such compensation shall be made in accordance with the principle of fairness, and shall not damage the legitimate rights and interests of the Company and shall not carry out the transfer of benefits. A takeover of the Company means:

- (1) a takeover offer made by any person to all Shareholders; or
- (2) an offer made by any person with a view to the offer or becoming a “Controlling Shareholder” within the meaning of Article 62.

If the relevant Director or Supervisor does not comply with this Article, any sum so received by him/her shall belong to those persons who have sold their Shares as a result of the said offer made. The expenses incurred in distributing that sum pro rata amongst those persons shall be borne by the relevant Director or Supervisor and shall not be paid out of that sum.

## **Chapter 16 Financial and Accounting System and Profit Distribution**

**Article 191** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and requirements of the relevant authorities in the PRC.

**Article 192** At the end of each fiscal year, the Company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws.

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

**Article 193** The Board shall place before the Shareholders at every Annual General Meeting such financial reports as are required to be prepared by the Company under any laws, administrative regulations or normative documents issued by local governments and competent authorities.

**Article 194** The Company's financial reports shall be made available for Shareholders' inspection at the Company twenty (20) days before the date of every annual General Meeting. Each Shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

The Company shall at least deliver or send to each holder of H Shares by prepaid mail the copy of the foresaid reports not later than twenty-one (21) days before the date of convening the Annual General Meeting, to the registered address of each Shareholder shown in the register of members.

**Article 195** The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the overseas place where the Shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the financial statements. When the Company is to distribute its after-tax profits, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

**Article 196** Any interim results or financial information published or disclosed by the Company must also be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the overseas place where the Shares are listed.

**Article 197** The Company shall submit its annual financial and accounting reports to the CSRC and stock exchange within four (4) months following the end of every fiscal year. It shall submit its semi-annual financial and accounting reports to the appropriate CSRC branch office and the stock exchange(s) within two (2) months from the end of the first six (6) months of every fiscal year. It shall submit its quarterly financial and accounting reports to the appropriate CSRC branch office and stock exchange(s) within one (1) month from the end of the first three (3) months and the first nine (9) months of every fiscal year.

The foregoing financial and accounting reports shall be prepared in accordance with relevant laws, administrative regulations and departmental rules.

**Article 198** The Company shall not keep accounts other than those provided by law. Assets of the Company shall not be deposited in an account maintained in the name of any individual.

**Article 199** Capital reserve fund includes the following items:

- (1) premium received when Shares are issued at a premium to their par value; and
- (2) any other income required to be included in the capital reserve fund by the governing finance department of the State Council.

**Article 200** When distributing each year's after-tax profits, the Company shall set aside 10 per cent of its after-tax profits for the Company's statutory surplus reserve fund. When the aggregate balance in the statutory surplus reserve fund has reached 50 (fifty) per cent or more of the Company's registered capital, the Company need not make any further allocations to that fund.

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

After allocating after-tax profits for the surplus fund, a company may, upon resolution adopted by the General Meeting, allocate after-tax profits for its discretionary surplus fund.

The remaining profit after taxation, after recovery of losses and appropriation of statutory reserve fund, and other funds shall be distributed to Shareholders in proportion to their shareholdings except the part of profit that is not to be distributed in proportion to shareholdings as stipulated in the Articles of Association.

If a General Meeting violates the provisions in the preceding paragraph of this Article and profits are distributed to the Shareholders before the Company makes up losses or makes allocations to the statutory reserve fund and other funds, the profits distributed in violation of the provisions must be returned to the Company.

No profit shall be distributed in respect of the Shares which are held by the Company.

**Article 201** The reserve funds of the Company will be applied towards making up the losses of the Company, expanding the production and operation of the Company or increasing the share capital of the Company, provided that the capital reserve fund shall not be applied towards making up the losses of the Company.

Where the statutory reserve fund is to be capitalized, its balance may not fall below 25% of the registered capital of the Company prior to such capitalization.

**Article 202** The Company's profit distribution policy shall be as follows:

- (1) the Company will implement a sustained, stable, scientific, and proactive profit distribution policy, will attach importance to offering reasonable investment returns to its Shareholders, and will maintain the continuity and stability of its profit distribution policy. Subject to the then current laws, regulations and regulatory requirements, each year, the Company will make profit distributions in cash in an amount no less than 10% of the distributable profits realized that year.
- (2) the Company will generally distribute its profits in the form of annual dividends. The Board may also propose an interim profit distribution plan in light of, among others, the Company's profitability, funding needs.

- (3) the Company may distribute its profits in the form of cash, shares, a combination of cash and shares or any other form permitted by laws and regulations, its preferred form of profit distribution being cash dividend. Profit distributions shall be limited to the cumulative distributable profits and shall not undermine the Company's sustainability as a going concern. The Company will lawfully exercise its shareholder rights to cause its subsidiaries to distribute profits in cash and thus ensure that the Company will have the ability to implement its cash dividend distribution plan of the current year. If the Board takes the view that there is a mismatch between the share price of the Company and the size of its share capital and that distributing stock dividends is in the interest of the Company's Shareholders as a whole, it may, subject to compliance with the Company's cash dividend policy, formulate a stock dividend distribution plan.
- (4) the Board shall consider, in a comprehensive manner, factors ranging from the characteristics of the industry of the Company, to the stage of development of the Company, the business model and profitability of the Company, the existence or non-existence of major funding expenditure arrangements; and then put forward a differentiated cash dividend policy in accordance with the procedures set out in the Articles of Association by distinguishing between the following circumstances:
- i. if, in terms of development, the Company is in the mature stage and there are no major funding expenditure arrangements, then, in the event of a profit distribution, cash dividend shall account for at least 80% of the profit distribution;
  - ii. if, in terms of development, the Company is in the mature stage but there are major funding expenditure arrangements, then, in the event of a profit distribution, cash dividend shall account for at least 40% of the profit distribution;



- iii. if, in terms of development, the Company is in the growth stage and there are major funding expenditure arrangements, then, in the event of a profit distribution, cash dividend shall account for at least 20% of the profit distribution. To the extent the Board concludes that the development stage of the Company is not readily distinguishable but there are major funding expenditure arrangements, this subparagraph shall apply;
- (5) the Board shall be responsible for preparing the profit distribution plan. Such plan, if considered and adopted by the Board, shall then be submitted to the General Meeting for consideration and may be implemented only if it is so approved in General Meeting. When preparing the dividend distribution plan, the Board shall listen to the opinions of relevant parties, in particular, those of independent Directors and small and medium Shareholders. Independent Directors shall issue a clear opinion on the profit distribution plan; and the Board of Supervisors shall supervise the formulation of the distribution plan by the Board.
- (6) if the Company has been profitable in the relevant year and has distributable profits, but the Board has not formulated a cash dividend distribution plan or has prepared a cash profit distribution plan that does not conform to the Articles of Association, the Company shall provide a detailed disclosure of the relevant reasons in its periodic reports. The independent Directors shall express an independent opinion on the same.

- (7) in the course of formulating a detailed cash dividend distribution plan for the Company, the Board shall carefully evaluate and study the arguments for or against, the timing, conditions, minimum percentage, conditions for adjustment as well as other matters mandated by certain decision-making procedures. Independent Directors may solicit opinions from small and medium Shareholders, put forward a proposal on profit distribution and directly submit such proposal to the Board for consideration. Before deliberation on the specific profit distribution plan by the General Meeting, numerous channels (including but not limited to the activation of hotlines, the mail box of the secretary to the Board and inviting small and medium investors to attend the General Meeting) should be utilized to proactively communicate and interact with Shareholders, especially small and medium Shareholders; adequately listen to their views and opinions, and promptly respond to their issues of concern.
- (8) the Company shall strictly implement the cash dividend distribution policy prescribed by the Articles of Association and the detailed cash dividend distribution plan approved by the General Meeting. If major changes in the external operating environment or in the Company's operating conditions results in the need for adjustment of the profit distribution policy, the Board shall re-formulate the profit distribution policy and the independent Directors and external Supervisors shall express their opinion on the same. Such new profit distribution policy formulated by the Board shall be submitted to the General Meeting for consideration and may be carried out only when it is approved by an affirmative vote representing at least two-thirds of the voting rights held by the Shareholders present at the meeting.

Where the profit distribution and capital reserve capitalization plans have been adopted by the resolutions of the General Meeting, the Board shall implement the detailed plans within two (2) months from the date of the General Meeting.

**Article 203** Any amount paid up by Shareholders in advance of calls on any Shares may carry interest but the holder of such Shares shall not be entitled to participate in respect thereof in a dividend subsequently declared.

**Article 204** The Company shall appoint receiving agents on behalf of the holders of Overseas Listed Foreign Shares to receive on behalf of such Shareholders dividends declared and all other monies owing by the Company in respect of such Shares.

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

The receiving agents appointed for the holders of H Shares shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

In relation to the receipt of dividends by Shareholders, the Company is entitled to collect the unclaimed dividends, provided that such power shall be exercised in accordance with the relevant PRC laws, regulations and requirements under the Hong Kong Stock Exchange and after the expiration of the applicable limitation period.

The Company shall have the right to terminate delivery of dividend vouchers by mail to certain holders of Overseas Listed Foreign Shares, but the Company may exercise such right only after two vouchers have not been cashed consecutively. However, if the first voucher failed to reach the recipient and was returned, the Company may also exercise the said right.

In the case of exercising general mandate to issue warrants to holders, no new warrants shall be issued to replace the lost ones unless the Company confirms the destroy loss of the original warrants.

**Article 205** The Company shall have the right to sell the Shares of holders of Overseas Listed Foreign Shares whom the Company has failed to contact by means regarded as appropriate by the Board, but the following provisions must be met:

- (1) dividends on the related Shares have been delivered at least 3 times within 12 years and have not been claimed; and

- (2) the Company place advertisements in one or more newspapers of the Company listing location after the 12 years have elapsed, stating its intention to sell the Shares and informing the Stock Exchange of such intention.

**Article 206** The Company shall implement an internal audit system staffed with designated audit personnel to conduct the internal audit and supervision on the financial receipts and outlays and economic activities of the Company. The internal audit system and the duties and responsibilities of the audit personnel shall be put into effect upon approval by the Board. The person in charge of the audit work shall be accountable to and report to the Board.

### **Chapter 17 Appointment of Accountants' Firm**

**Article 207** The Company shall appoint an independent firm of certified public accountants which is qualified under the relevant regulations of the State to audit the annual financial statements and to review other financial reports of the Company.

**Article 208** The certified public accountants' firm appointed by the Company shall hold office from the conclusion of the annual General Meeting at which the appointment is made until the conclusion of the next Annual General Meeting. Upon expiration of the current term of office, the certified public accountants' firm may be reappointed.

**Article 209** The certified public accountants' firm appointed by the Company shall have the following rights:

- (1) a right to inspect at any time the books, records and vouchers of the Company, and to require the Directors, the president and other senior management members of the Company to provide any relevant information and explanation thereof;
- (2) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of duties of such accountants' firm; and

- (3) a right to attend General Meetings and to receive all notices of, and other communications relating to, any General Meeting which any Shareholder is entitled to receive, and to be heard at any General Meeting in relation to matters concerning its role as the accountants' firm of the Company.

The Company undertakes to provide the engaged accounting firm with true and complete accounting invoices, accounting books, financial and accounting reports and other relevant accounting information, and shall not withhold, conceal or misrepresent the same.

**Article 210** Before the convening of the General Meeting, the Board may fill any casual vacancy in the office of the certified public accountants' firm, but while any such vacancy continues, the surviving or continuing firm, if any, may act.

**Article 211** The Shareholders in General Meeting may, by ordinary resolution, remove a certified public accountants' firm before the expiration of its office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

**Article 212** The remuneration of a certified public accountants' firm or the manner in which such firm is to be remunerated shall be determined by the Shareholders in General Meeting. The remuneration of a certified public accountants' firm appointed to fill a vacancy by the Board shall be determined by the Board.

**Article 213** The Company's appointment of, removal of and non- reappointment of a certified public accountants' firm shall be resolved by Shareholders in General Meeting. The resolution of the General Meeting shall be filed with the securities regulating authority of the State Council.

Where it is proposed that any resolution be passed at a General Meeting concerning the appointment of a certified public accountants' firm, which is not an incumbent firm, to fill a casual vacancy in the office of the certified

public accountants' firm, or to reappoint a retiring certified public accountants' firm which was appointed by the Board to fill a casual vacancy, or to remove the certified public accountants' firm before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the proposal about appointment or removal shall be sent to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant fiscal year before notice of meeting is given to the Shareholders.

Leaving includes leaving by removal, resignation and retirement.

- (2) If the leaving firm makes representations in writing and requests the Company to notify the Shareholders of such representations, the Company shall (unless the representations are received too late):

- (i) in any notice given to Shareholders about a resolution to be made, state the representations that has been made by the accountants' firm which is about to leave; and

- (ii) attach a copy of the representations to the notice and deliver it to the Shareholders in the manner stipulated in the Articles of Association.

- (3) If the firm's representations are not sent in accordance with paragraph (2) above, the relevant firm may require that the representations be read out at the General Meeting and may lodge further complaints.

- (4) A certified public accountants' firm which is leaving its post shall be entitled to attend:

- (i) the General Meeting relating to the expiry of its term of office;

- (ii) any General Meeting at which it is proposed to fill the vacancy caused by its removal; and

- (iii) any General Meeting convened on its resignation.

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

**Article 214** A thirty (30) day prior notice shall be given to the accountant, if the Company wishes to remove or not to reappoint the certified public accountants' firm, and such firm shall be entitled to make representation at the General Meeting. Where the certified public accountants' firm resigns from its post, it shall make clear to the General Meeting whether there has been any impropriety on the part of the Company.

- (1) Where any certified public accountants' firm intends to resign from its office, it may deposit at the Company's legal residence a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:
  - (i) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the Shareholders or creditors of the Company; or
  - (ii) a statement of any matters of which an account should be given.
- (2) Where a notice is deposited under the paragraph (1) of this Article, the Company shall within fourteen (14) days send a copy of the notice to relevant competent authority. If the notice contains a statement referred to in subparagraph (ii) under paragraph (1) of this Article, a copy of such statement shall be placed at the Company's registered office for Shareholders' inspection. The Company shall also send a copy of such statement to Shareholders who are entitled to be informed of the financial conditions of the Company by prepaid post, to the registered addresses shown in the register of members.
- (3) Where the notice of resignation of a certified public accountants' firm contains a statement referred to in subparagraph (ii) under paragraph (1) of this Article, the certified public accountants' firm may require the Board to convene an extraordinary General Meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

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

**Article 215** In the event of the merger or division of the Company, a plan shall be proposed by the Board and shall be approved in accordance with the procedures stipulated in the Articles of Association and the relevant examining and approving formalities shall be processed as required by law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request that the Company or the Shareholders who consent to such plan purchase their Shares at a fair price. A special document of the Company's resolution on the merger or division should be prepared for inspection by the Shareholders.

The aforesaid document should also be dispatched to the holders of H Shares by registered mail.

**Article 216** 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 a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on merger and shall make newspaper announcement within thirty (30) days of the date of the Company's resolution on merger. The creditors may, within 30 days from the receipt of the aforesaid notice, or, if they have not received such notice, within 45 days from the date of the aforesaid announcement, demand the Company to discharge the Company's debts or provide appropriate guarantees.

After the merger, claims and liabilities of parties to the merger shall be taken over by the continuing company or the newly established company.



**Article 217** When the Company is divided, its assets shall be split up accordingly.

In the event of a division of the Company, all the parties involved shall execute a division agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on division and shall make an announcement on a newspaper within thirty (30) days of the date of the Company's resolution on division.

Companies after the division shall be jointly and severally liable for the debts incurred by the Company before its division, unless otherwise agreed in a written agreement in relation to discharge of debts concluded before the division by the Company with its creditors.

**Article 218** When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

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

**Article 219** The Company shall be dissolved and liquidated upon the occurrence of any of the following events:

- (1) expiration of the Company's business term stipulated in the Articles of Association or the occurrence of any other cause of dissolution stipulated in the Articles of Association;
- (2) a resolution on dissolution is passed by Shareholders at a General Meeting;
- (3) dissolution is necessary due to a merger or division of the Company;
- (4) the Company is legally declared bankrupt due to its failure to repay debts due;

- (5) the Company's business license is revoked or the Company is ordered to close or to be cancelled for violation of laws or administrative regulations;
- (6) the Company has encountered grave difficulties in its operation and management and its continued existence would result in material losses to the Shareholders, and there is no other way to resolve the issue, in which case Shareholders holding shares representing more than 10% of the total voting rights of the Shareholders of the Company may make petition to the people's court requesting to dissolve the Company.

**Article 220** Under the circumstances mentioned in subparagraph (1) of the preceding Article, the Company may survive by amending these Articles of Association.

Any amendment to the Articles of Association pursuant to the preceding paragraph shall be approved by way of a special resolution by the General Meeting.

**Article 221** Where the Company is dissolved under subparagraph (1), (2), (5), and (6) of Article 219, a liquidation committee shall be set up within fifteen (15) days, and its members shall be determined by Shareholders at a General Meeting by way of ordinary resolution. Where a liquidation committee is not formed in time to carry out liquidation procedures, creditors may make petition to the people's court requesting to designate relevant personnel to form a liquidation committee to carry out liquidation procedures.

Where the Company is dissolved under subparagraph (4) of Article 219, bankruptcy procedures shall be carried out in accordance with relevant laws in relation to corporate bankruptcy.

**Article 222** Where the Board proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the Board shall include a statement in its notice convening a General Meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.

Upon the passing of the resolution by the Shareholders in General Meeting for the liquidation of the Company, all functions and powers of the Board shall cease.

The liquidation committee shall act in accordance with the instructions of the General Meeting to make a report at least once every year to the General Meeting on the committee's receipts and payments, the business of the Company and the progress of the liquidation and to present a final report to the General Meeting on completion of the liquidation.

**Article 223** The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and make newspaper announcement within sixty (60) days of that date. Creditors shall, within thirty (30) days of receipt of the notice, or in case they have not personally received such written notice, within forty five (45) days of the date of the announcement, declare their creditor rights to the liquidation committee. Any failure to declare creditor rights within the prescribed period shall be deemed a waiver thereof. When declaring their creditor rights, the creditors shall detail matters pertaining to their rights and supply supporting materials. The liquidation committee shall register the creditor's rights. During the claims declaration period, the liquidation committee shall not settle any debt of the creditors.

**Article 224** During the liquidation period, the liquidation committee shall exercise the following functions and duties:

- (1) to ascertain the Company's assets and separately prepare a balance sheet and an inventory of assets;
- (2) to notify creditors by sending notice and making announcement;
- (3) to deal with and settle the Company's outstanding business deals in relation to the liquidation;
- (4) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (5) to ascertain all claims and debts;

(6) to dispose of the remaining assets of the Company after the repayment of debts; and

(7) to represent the Company in any civil proceedings.

**Article 225** After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit the same to a General Meeting or relevant competent authorities for confirmation.

The assets of the Company shall be applied for liquidation in the following order of priority: payment of liquidation costs, staff salaries, social insurance premiums and statutory compensation, payment of outstanding taxes and settlement of debts of the Company.

The remaining assets of the Company after repayment of its debts in accordance with the provisions above shall be distributed to the Shareholders of the Company according to the class of Shares held by them and in proportion to their respective shareholdings.

During the liquidation, the Company continues in existence but shall not carry out any business activities which are not related to liquidation. No assets of the Company shall be distributed to any Shareholders prior to the repayment with the Company's assets in accordance with the preceding paragraphs.

**Article 226** In the event of Company's liquidation owing to dissolution, if the liquidation committee, after ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to repay its debts, it shall immediately apply to the people's court for a declaration of bankruptcy.

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

**Article 227** Following the completion of liquidation, the liquidation committee shall present a report on liquidation and prepare a statement of the receipts and payments and the financial accounts for the period of the liquidation which shall be audited by PRC certified public accountants and then submitted to the General Meeting or relevant competent authorities for confirmation.

The liquidation committee shall also within thirty (30) days after such confirmation, submit the documents referred to in the preceding paragraph to the company registration authority and apply for cancellation of registration of the Company, and announce the termination of the Company.

**Article 228** Members of the liquidation committee shall be loyal to their responsibilities and shall perform their liquidation duties according to law.

Members of the liquidation committee shall not abuse their authority to accept bribes or other illegal income or embezzle the property of the Company.

Any member of the liquidation committee shall be liable to indemnify against any losses suffered by the Company or the creditors as a result of his/her deliberate action or gross negligence.

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

**Article 229** The Company may amend the Articles of Association under the requirements of laws, administrative regulations and the Articles of Association. The Company shall amend the Articles of Association under any of the following circumstances:

- (1) the Company Law or relevant laws or administrative regulations have been amended and the Articles of Association are in conflict with such amended laws or administrative regulations;
- (2) the circumstances of the Company have changed such that they have become inconsistent with the contents of the Articles of Association;
- (3) the General Meeting has resolved to amend the Articles of Association.

**Article 230** Any amendment to the Articles of Association involving anything set out in the Mandatory Provisions shall become effective upon approval by the department in charge of company approval affairs authorized by the State Council and by CSRC. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes. The Board shall amend these Articles of Association in accordance with the resolution passed at the General Meeting on the amendment of the Articles of Association and the review opinions of relevant competent authorities. Amendments to the Articles of Association are disclosable information under laws and regulations and shall be duly published by an announcement.

## **Chapter 21 Notice**

**Article 231** Notices of the Company shall be given through the following methods:

1. delivery by hand;
2. by post;
3. by announcement;
4. other methods prescribed in the Articles of Association.

**Article 232** Unless otherwise provided for in Articles of Association, notices issued by the Company to holders of Overseas Listed Foreign Shares in the form of announcement shall be published on the website of Stock Exchange of Hong Kong through the Electronic Publication System of the Hong Kong Stock Exchange on the same date as required by the relevant listing rules. Such announcement shall also be published on the website of the Company. In addition, such announcement shall be lodged with the registered address of each Shareholder on the register of holders of Overseas Listed Foreign Shares by way of hands or pre-paid postage. As such, Shareholders will be given full notice and adequate time to exercise their rights or act as instructed by the notice.

Holders of Overseas Listed Foreign Shares may opt in writing for receiving corporate communications that shall be dispatched to Shareholders by electronic means or by post and opt for the Chinese or English version or both. Such Shareholders may also give the Company a prior notice in writing within a reasonable time frame to alter the ways of receiving the abovementioned information and language versions subject to proper procedures.

**Article 233** Where a notice is to be sent by post, it shall be placed in an envelope properly addressed with postage prepaid, and any such notice is deemed to be served forty-eight (48) hours after the date of dispatch when it is deposited at the post box.

Where a Company notice is delivered by hand, the recipient shall affix his/her signature (seal) onto the return receipt and the date on which such recipient so acknowledges his receipt by signature shall be the date of service.

Where a Company notice is given by way of an announcement, all relevant persons shall be deemed to have received the notice upon the publication of the announcement and the first publication date of such announcement shall be the date of service.

**Article 234** As specified in the preceding provision, corporate communications shall be provided and/or delivered to Shareholders in writing. However, for the ways of provision and/or delivery of corporate communications to Shareholders by the Company under the requirements of the Hong Kong Listing Rules, the Company may, upon obtaining the prior written consent of Shareholders, deliver or provide corporate communications to the Shareholders of the Company by electronic means or by publication of such information on the website of the Company, subject to the requirements of relevant laws and regulations as well as the Hong Kong Listing Rules as amended from time to time. Corporate communications include but are not limited to, among others, circulars, annual reports, interim reports, quarterly reports, notices of General Meetings and other types of corporate communications as set out in the Hong Kong Listing Rules.

## Chapter 22 Settlement of Disputes

**Article 235** The Company shall act according to the following principles to settle disputes:

- (1) Whenever any disputes or claims arise between holders of the Overseas Listed Foreign Shares and the Company, holders of the Overseas Listed Foreign Shares and the Company's Directors, Supervisors, the president or other senior management members, or holders of the Overseas Listed Foreign Shares and holders of Domestic Shares, based on the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights abovementioned is referred to arbitration, the entire claim or dispute must be referred to arbitration and any person (being the Company or a Shareholder, Director, Supervisor, the president or other senior management members of the Company) who has a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration.

Disputes in relation to the identification of Shareholders and disputes in relation to the register of Shareholders need not be referred to arbitration.

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

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



- (3) If any disputes or claims of rights prescribed in subparagraph (1) above are referred to arbitration, the laws of the PRC shall apply, save as otherwise provided in laws and administrative regulations.
- (4) The award of an arbitration body shall be final and conclusive and binding on all parties.

## **Chapter 23 Miscellaneous**

**Article 236** In these Articles of Association, the terms “at least” “not less than”, “within” and “not more than” include the figure itself, while “less than”, “more than”, “other than”, “lower than”, “more than” do not include the figure itself.

**Article 237** In these Articles of Association, “senior management members” refer to the Company’s president, senior vice president(s), vice president(s), the CFO, and Secretary to the Board and other personnel as prescribed by these Articles. “President”, “senior vice president” and “vice president”, and “CFO” herein refer to “manager”, “deputy manager” and “financial controller” as defined in the Company Law.

**Article 238** In these Articles of Association, “accounting firm” shall have the same meaning as “auditor”.

**Article 239** These Articles of Association are written in Chinese. In case of any discrepancies among the various versions in different languages, the latest Chinese version approved by and registered with the registered management department of the Company shall prevail. In case of any discrepancies between other language versions and the Chinese version, the Chinese version shall prevail.

These Articles of Association shall be interpreted by the Board of the Company.

**Article 240** Requirements otherwise mandatorily stipulated on the relevant matters stipulated in the Articles of Association by the applicable laws, administrative regulations, laws or the securities regulatory authorities of the place where the Shares are listed shall apply.