

**JOINN Laboratories (China) Co., Ltd.**

**北京昭衍新藥研究中心股份有限公司**

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

## **Articles of Association**

**Amended by a special resolution at the Extraordinary General Meeting held on January 23, 2025**

*# The original version of the Articles of Association of the Company (“AOA”) is in Chinese, and the English version of the AOA is the translation from the Chinese original. Should there be any discrepancy between the Chinese and English versions of the AOA, the Chinese version shall prevail.*

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# Articles of Association of JOINN Laboratories (China) Co., Ltd.

## CHAPTER I GENERAL PROVISIONS

**Article 1** To safeguard the legitimate rights and interests of the Company, the shareholders and creditors, and to regulate the organization and activities of the Company, these Articles of Association have been hereby established in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Securities Law of the People's Republic of China (the "Securities Law"), the Guidelines on these Articles of Association of Listed Companies (《上市公司章程指引》), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (the "Special Regulations"), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》) (the "Mandatory Provisions"), the Official Reply of the State Council on Adjusting the Provisions Governing Matters Including the Application of the Notice Period for the Convening of Shareholders' General Meetings by Companies Listed Overseas (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》) (Guo Han [2019] No. 97), the Letter on the Opinion Regarding the Supplemental Amendments to these Articles of Association of Companies to be Listed in Hong Kong (《關於到香港上市公司對公司章程作補充修改的意見的函》) (Zheng Jian Hai Han [1995] No. 1), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules") and other relevant regulations.

**Article 2** JOINN Laboratories (China) Co., Ltd. (the "Company") is a joint stock limited liability company established in accordance with the Company Law, the Special Regulations and other relevant laws and administrative regulations in the People's Republic of China (the "PRC").

The Company was converted and established by way of promotion, and obtained its business license after it had been registered with the Beijing Economic-technological Development Area Administration for Market Regulation on December 26, 2012. The unified social credit code of the Company is "9111030210221806X9".

**Article 3** The Company was approved by the China Securities Regulatory Commission (the "CSRC") (Zheng Jian Xu Ke [2017] No. 1448) on August 4, 2017 to issue 20,500,000 Renminbi ordinary shares to the public for the first time, which were listed on the Shanghai Stock Exchange (the "Exchange") on August 25, 2017.

The Company was approved by the CSRC to issue 43,324,800 overseas listed shares (the "H Shares") and 40,800 over-allotted shares in Hong Kong on January 18, 2021, which were listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on February 26, 2021 and March 24, 2021 respectively.

**Article 4** Registered name of the Company: 北京昭衍新藥研究中心股份有限公司

English name of the Company: JOINN LABORATORIES (CHINA) CO., LTD.

**Article 5** The domicile of the Company: A 5 Rongjing Street East, Beijing Economic-Technological Development Area, Beijing; postal code: 100176; telephone number: 010-67869582; fax number: 010-67869966-1077.

**Article 6** The registered capital of the Company is RMB749,477,334.

**Article 7** The Company is a joint stock limited company of permanent existence.

**Article 8** The legal representative of the Company shall be the chairman who executes the Company's affairs on behalf of the Company.

**Article 9** The total assets of the Company shall be divided into shares of equal value. The respective liability of the shareholders of the Company shall be limited to the shares held by them. The Company shall be held liable for its debts with all its assets.

**Article 10** These Articles of Association shall take effect from the date of listing and trading of the Company's H Shares on the Hong Kong Stock Exchange after it has been considered and approved by the shareholders' general meeting of the Company. The former Articles of Association of the Company shall become invalid automatically from the date of entry into force of these Articles of Association.

From the effective date, these Articles of Association shall become a legally binding document that regulates the organization and behaviors of the Company, the rights and obligations relationship between the Company and its shareholders and among the shareholders.

These Articles of Association shall be binding upon the Company, its shareholders, directors, supervisors and senior management, all of whom are entitled to claim their rights in relation to the Company's affairs in accordance with these Articles of Association. In accordance with these Articles of Association, shareholders shall have the right to take legal proceedings against other shareholders; shareholders shall have the right to take legal proceedings against directors, supervisors and senior management of the Company; shareholders shall have the right to take legal proceedings against the Company; and the Company shall have the right to take legal proceedings against shareholders, directors, supervisors and senior management.

The term legal proceedings referred to in the preceding paragraph shall include filing suits to a court or applying for arbitration to an arbitration organization.

**Article 11** Senior management under these Articles of Association shall refer to the general manager, the vice general manager, the secretary to the Board and the person in-charge of finance of the Company.

**Article 12** Within the scope permitted by the laws and regulations, the Company may invest in other limited liability companies or joint stock limited liability companies, and shall assume responsibilities to the invested companies with limitation to its capital contribution. Except as otherwise provided by law, the Company shall not become a contributor which is jointly and severally liable for the debts of invested companies.

Subject to approval by the examination and approval department authorized by the State Council, the Company may carry out investment operation in conformity to the stipulations of the Company Law based on the need of operation and management.

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

**Article 13** The Company's purpose of business is to continuously improve technical standards, continue on providing domestic and foreign enterprises with a technical platform for new drug development that is in line with international standards, and serve drug innovation; accelerate the commercialization of scientific and technological achievements and promote the internationalization of pharmaceutical industry; create value for customers, provide a platform for employees and generate profits for investors.

**Article 14** Registered according to law, the Company's scope of business is general business items: food, daily-use chemical products, chemical reagents, biological products, biotechnology technology development, technology transfer, technology consulting, technical services, technology training; import and export of goods, import and export of technologies, agent import and export; technology testing.

## **CHAPTER III SHARES**

### **Section 1 Issuance of Shares**

**Article 15** The Company always has ordinary shares. Subject to approval of the examination and approval department authorized by the State Council, the Company may have other kinds of shares according to its needs.

The shares of the Company shall be in the form of stock.

**Article 16** The issuance of shares of the Company shall comply with the principle of openness, fairness and impartiality, and each share of the same category shall have equal rights.

Each of the shares of the same category issued at the same time shall be issued on the same conditions and at the same price. All entities and individuals shall pay the same price for each share of the same category they subscribe for.

**Article 17** All the shares issued by the Company shall have a par value dominated in RMB which shall be RMB1 for each share.

**Article 18** Upon the approval by the securities regulatory authorities of the State Council, the Company may issue shares to domestic investors or foreign investors.

For the purposes of the preceding paragraph, the term foreign investors shall refer to investors from foreign countries or from the territories of Hong Kong, Macau or Taiwan that subscribe for shares issued by the Company; and the term domestic investors shall refer to investors within the PRC other than the territories specified above that subscribe for shares issued by the Company.

**Article 19** Shares issued by the Company to domestic investors and other qualified investors for subscription in Renminbi 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. Foreign shares which are listed outside the PRC shall be referred to as overseas listed foreign shares.

The term foreign currency referred to in the preceding paragraph is a legal currency (other than Renminbi) of other countries or regions which is recognized by the foreign exchange administration authority of the State and can be used for subscription payment of the Company's shares.

Overseas listed foreign shares issued by the Company and listed on the Hong Kong Stock Exchange are shares which have been admitted for listing on the Hong Kong Stock Exchange, the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

Shareholders of domestic shares and shareholders of foreign shares are both ordinary shareholders and shall have the same rights and bear the same obligations in any distribution in the form of dividends or other forms.

**Article 20** The domestic listed shares issued by the Company shall be kept at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. H Shares issued by the Company shall primarily be put under custody of the Company authorized by the Hong Kong Securities Clearing Company Limited.

**Article 21** The promoters of the Company are Feng Yuxia (馮宇霞), Zhou Zhiwen (周志文), Zuo Conglin (左從林), Gu Zhenqi (顧振其), Gu Meifang (顧美芳), Sun Yunxia (孫雲霞), Feng Qiuling (馮邱凌), Li Chengyu (李成玉), Sun Huiye (孫輝業), Liu Xiuwen (劉秀文), Gu Jingliang (顧靜良), He Yanan (何亞男), Ma Jingling (馬金玲), Yin Lili (尹麗莉), Du Jie (杜傑), Yu Chunrong (于春榮), Zhang Sucai (張素才), Li Hongzhen (李洪貞), Li Yuejuan (李月娟), Song Shaowei (宋紹偉), Zhang Haifei (張海飛), Yang Xiaodong (楊曉東), Zhang Yanlin (張延林), Zhang Qingzhi (張青枝), Ma Xianmei (馬憲梅), Wang Hui (王輝), Li Ye (李葉), Wang Xiaofan (王曉凡), Deng Le (鄧樂), Peng Xia (彭霞), Xu Jie (徐潔), Zhang Shaojie (張少傑), Song Liangwen (宋良文), Fan Yong (樊勇), Cai Yuchun (蔡玉春), Jiangsu Jinmao Low Carbon Industry Venture Capital Co., Ltd. (江蘇金茂低碳產業創業投資有限公司), Kunshan Hengding Foundation Equity Investment Partnership LP (昆山恒鼎基業股權投資合夥企業(有限合夥)) and Suzhou Xiangtang Venture Capital Co., Ltd. (蘇州香塘創業投資有限責任公司). The Company issued 61,300,000 Renminbi ordinary shares to the promoters on the establishment date, accounting for 100% of the total number of issued ordinary shares of the Company. The amount of shares, percentage of shareholding and form of capital contributions of each promoter are as follows:

| Name of promoter  | Form of capital contributions | Amount of shares<br>(0'000 shares) | Percentage of shareholding<br>(%) |
|---|-------------------------------|------------------------------------|-----------------------------------|
| Feng Yuxia  | Net assets                    | 2,330.95                           | 38.0260                           |
| Zhou Zhiwen   | Net assets                    | 1,285.31                           | 20.9675                           |
| Gu Zhenqi   | Net assets                    | 790.06                             | 12.8883                           |
| Gu Meifang  | Net assets                    | 493.56                             | 8.0515                            |
| Zuo Conglin   | Net assets                    | 364.90                             | 5.9527                            |
| Li Chengyu  | Net assets                    | 262.77                             | 4.2867                            |
| Suzhou Xiangtang Venture Capital Co., Ltd.                                | Net assets                    | 192.00                             | 3.1321                            |
| Kunshan Hengding Foundation Equity Investment Partnership LP Partnership) | Net assets                    | 138.00                             | 2.2512                            |
| Sun Yunxia  | Net assets                    | 85.61                              | 1.3967                            |
| Jiangsu Jinmao Low Carbon Industry Venture Capital Co., Ltd.Capital Co.   | Net assets                    | 60.00                              | 0.9788                            |
| Feng Qiuling  | Net assets                    | 51.84                              | 0.8457                            |
| Sun Huiye   | Net assets                    | 6.00                               | 0.0979                            |
| Liu Xiuwen  | Net assets                    | 5.00                               | 0.0816                            |
| Cai Yuchun  | Net assets                    | 5.00                               | 0.0816                            |
| Gu Jingliang  | Net assets                    | 3.00                               | 0.0489                            |
| He Yanan  | Net assets                    | 3.00                               | 0.0489                            |
| Ma Jinling  | Net assets                    | 3.00                               | 0.0489                            |



| <b>Name of promoter</b> | <b>Form of capital contributions</b> | <b>Amount of shares<br/>(0'000 shares)</b> | <b>Percentage of shareholding<br/>(%)</b> |
|-------------------------|--------------------------------------|--|---|
| Yin Lili                | Net assets                           | 3.00                                       | 0.0489                                    |
| Du Jie                  | Net assets                           | 3.00                                       | 0.0489                                    |
| Yu Chunrong             | Net assets                           | 3.00                                       | 0.0489                                    |
| Zhang Sucai             | Net assets                           | 3.00                                       | 0.0489                                    |
| Li Hongzhen             | Net assets                           | 3.00                                       | 0.0489                                    |
| Li Yuejuan              | Net assets                           | 3.00                                       | 0.0489                                    |
| Song Shaowei            | Net assets                           | 3.00                                       | 0.0489                                    |
| Zhang Haifei            | Net assets                           | 3.00                                       | 0.0489                                    |
| Yang Xiaodong           | Net assets                           | 3.00                                       | 0.0489                                    |
| Zhang Yanlin            | Net assets                           | 2.00                                       | 0.0326                                    |
| Zhang Qingzhi           | Net assets                           | 2.00                                       | 0.0326                                    |
| Ma Xianmei              | Net assets                           | 2.00                                       | 0.0326                                    |
| Wang Hui                | Net assets                           | 2.00                                       | 0.0326                                    |
| Li Ye                   | Net assets                           | 2.00                                       | 0.0326                                    |
| Wang Xiaofan            | Net assets                           | 2.00                                       | 0.0326                                    |
| Deng Le                 | Net assets                           | 2.00                                       | 0.0326                                    |
| Peng Xia                | Net assets                           | 2.00                                       | 0.0326                                    |
| Xu Jie                  | Net assets                           | 2.00                                       | 0.0326                                    |
| Zhang Shaojie           | Net assets                           | 2.00                                       | 0.0326                                    |
| Song Liangwen           | Net assets                           | 2.00                                       | 0.0326                                    |
| Fan Yong                | Net assets                           | 1.00                                       | 0.0163                                    |
| Total                   |                                      | 6,130.00                                   | 100.0000                                  |

**Article 22** After establishment, the Company issued for the first time 20,500,000 domestic shares to domestic investors and other qualified investors upon approval of the CSRC. After the abovementioned issuance, the total number of shares of the Company is 81,800,000, all being Renminbi ordinary shares.

The Company issued 43,365,600 H Shares to foreign investors in 2021 for the first time upon approval of the CSRC. After the abovementioned issuance, the total number of shares of the Company is 270,820,329, all being ordinary shares.



The shareholding of the Company is: 749,477,334 ordinary shares, including 630,482,128 shares held by shareholders of domestically listed domestic shares, accounting for approximately 84.12% of the total share capital of the Company; 118,995,206 shares held by shareholders of H Shares, accounting for approximately 15.88% of the total share capital of the Company.

**Article 23** Upon approval by or registration with the securities regulatory authorities of the State Council or the department authorized by the State Council of the proposal for issue of H Shares and domestic shares, the Board of Directors of the Company may make implementation arrangements for such proposal by means of separate issuance.

The Company's proposal for separate issuance of H Shares and domestic shares in accordance with the preceding paragraph may be implemented respectively within 15 months from the date of approval by or registration with the securities regulatory authorities of the State Council or the department authorized by the State Council or the validity period of their approval document.

**Article 24** Where the Company issues H Shares and domestic shares respectively within the total number of shares defined in the issuance plan, 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 stages subject to the approval by or registration with the securities regulatory authorities of the State Council or the department authorized by the State Council.

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

**Article 25** Based on the needs of operation and development, the Company may increase capital by the following means in accordance with the provisions of the laws and regulations upon resolution of the shareholders' general meeting:

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) placing new shares and distribution bonus shares to existing shareholders;
- (IV) conversion of provident fund into share capital;
- (V) placing shares to existing shareholders;
- (VI) other methods stipulated by the laws and administrative regulations and approved by relevant regulatory authorities such as the securities regulatory authorities of the State Council.

After the Company's capital increase to issue new shares is approved according to the provisions of these Articles of Association, it shall be handled according to the procedures specified by relevant laws, administrative regulations, regulations of the authorities, normative documents and listing rules of the stock exchange where the Company's shares are listed.

**Article 26** In accordance with the provisions of these Articles of Association, the Company may reduce its registered capital. The Company's reduction of registered capital shall be dealt with in accordance with the procedures stipulated in the Company Law, other relevant regulations and these Articles of Association.

**Article 27** If the Company decreases its registered capital, it shall prepare a balance sheet and a list of properties.

The Company shall inform its creditors within 10 days and publish announcements at least three times in the newspaper within 30 days after the resolution approving the reduction in registered capital has been passed. Creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the Company to pay its debts or provide guarantees covering the debts.

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

**Article 28** Under any of the following circumstances, the Company may buy back its shares in accordance with the provisions of the laws, administrative regulations, regulations of the authorities, regulatory documents and listing rules of the stock exchange where the shares are listed and these Articles of Association:

- (I) reduce the Company's registered capital;
- (II) merger with other companies which hold the Company's shares;
- (III) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan;
- (IV) requesting the Company to buy back its shares from shareholders who vote against any resolutions adopted at the shareholders' general meeting concerning the merger and division of the Company;
- (V) to convert shares into corporate bond issued by the Company which is convertible to stock of the Company;
- (VI) necessary for the Company to maintain the Company's value and shareholders' equity;
- (VII) other circumstances as permitted by the laws, administrative regulations, regulations of the authorities and regulatory rules where the Company's shares are listed.

In the case referred to in the preceding paragraph (VI), one of the following conditions shall be met:

- (I) the closing price of the Company's shares is lower than its net assets per share for the most recent period;
- (II) a cumulative decline of 30% in the closing price of the Company's shares over a period of 20 consecutive trading days;
- (III) other conditions as prescribed by the CSRC.

The Company shall not engage in trading of the Company's shares except in the circumstances described above.

**Article 29** The purchase of its shares by the Company with the approval of the relevant competent state authorities may be carried out in one of the following ways:

- (I) buying back shares through public trading on the securities exchange;
- (II) making a buyback offer in the same proportion to all shareholders;
- (III) buying back shares by an agreement outside a stock exchange;
- (IV) in other ways permitted by the laws, administrative regulations and regulatory authorities such as the securities regulatory authorities of the State Council.

If the share buyback is made under any of the circumstances stipulated in (III), (V) or (VI) under Article 28 of these Articles of Association, centralized trading shall be adopted publicly and in compliance with relevant provisions of the laws and regulations, the CSRC and the securities regulatory authorities where the Company's shares are listed.

**Article 30** Where the Company buys back the shares by an agreement outside a stock exchange, it shall obtain prior approval at the shareholders' general meeting pursuant to the provisions of these Articles of Association. Likewise, subject to the prior approval of the shareholders' general meeting, the Company may cancel or amend the contract signed in the aforesaid manner or waive any of its rights in the contract.

The contract that buys back the shares in the preceding paragraph includes (but is not limited to) an agreement that consents to undertake the obligation to buy back the shares and obtain the rights to buy them back.

The Company shall not transfer any contract that buys back the shares or any rights conferred under the contract.

**Article 31** The Company has the right to repurchase redeemable shares, but the price may not exceed a specific maximum price unless it repurchases them from the market or by means of bidding; if bidding is adopted, the bidding must be issued to all shareholders without discrimination.

**Article 32** The purchase by the Company of its shares on the grounds set out in (I) and under Article 28 of these Articles of Association shall require approval by way of a resolution passed by the shareholders' general meeting. For the Company's share buyback under any of the circumstances stipulated in (III), (V) or (VI) under Article 28 of these Articles of Association, a resolution of the Board meeting shall be made by a two-third majority of directors attending the meeting according to the provisions of these Articles of Association or as authorized by the shareholders' general meeting.

Following the purchase by the Company of its shares in accordance with the paragraph (I) under Article 28, such shares shall be canceled within 10 days from the date of purchase under the circumstances stipulated in (I). The shares shall be assigned or canceled within six months if the share buyback is made under the circumstances stipulated in either (II) or (IV). The shares held in total by the Company after a share buyback under any of the circumstances stipulated in (III), (V) or (VI) shall not exceed 10% of the Company's total outstanding shares, and shall be assigned or canceled within three years.

If the Company cancels its shares due to the repurchase of such shares, it shall apply to the original company registration authority for registration of alteration of the registered capital in accordance with the laws. The amount of the Company's registered capital shall be reduced by the aggregate par value of those cancelled shares.

**Article 33** Unless the Company has entered into the liquidation process, it must observe the following provisions for the buyback of issued shares:

- (I) Where the Company buys back shares at book value, the funds shall be deducted from the book balance of its distributable earnings and the proceeds obtained from the issue of new shares to buy back the old shares;
- (II) Where the Company buys back the shares at a premium to the book value, the portion equivalent to book value shall be deducted from the book balance of its distributable earnings and the proceeds obtained from the issue of new shares made for the purpose of buying back of old shares, while the portion higher than book value shall be dealt with in the following manner:
  - 1. Where the shares bought back were issued at book value, the funds shall be deducted from the book balance of its distributable profits;
  - 2. Where the shares bought back were issued at a premium to the book value, the funds shall be deducted from the book balance of its distributable profits and the proceeds obtained from the issue of new shares made for the purpose of buying back of old shares. However, the amount deducted from the proceeds obtained from the issue of new shares shall not exceed the total premium amount obtained when the shares bought back were issued or the amount in its capital reserve account when the old shares are bought back (including the premium amount of the issue of new shares);
- (III) The funds paid by the Company for the following purposes shall be expensed from its distributable profits:
  - 1. to obtain the right to buy back its shares;
  - 2. to modify contract to buy back its shares;
  - 3. to release its obligation under the share buyback contract.
- (IV) After the total book value of the cancelled shares is deducted from its registered capital pursuant to the relevant provisions, the amount deducted from the distributable earnings for buying back the book value portion of the shares shall be credited to its capital reserve account.

If relevant regulations of the laws, administrative regulations and the securities regulatory authorities where the Company's shares are listed provide otherwise for the financial treatment involved in the aforementioned share repurchase, these provisions shall apply.

### Section 3 Transfer of Shares

**Article 34** Unless otherwise provided by the laws, administrative regulations, regulations of the authorities, regulatory documents or listing rules of the stock exchange where the Company's shares are listed, the Company's shares are freely transferable and free from any liens.

The transfer of H Shares shall be registered with the Hong Kong-based share registry designated by the Company.

**Article 35** The H Shares that capital of which has been full-paid could be transferred without limitation in accordance with these Articles of Association. However, unless satisfying the following conditions, the Board of Directors may refuse to recognize any instrument of transfer without giving any reason:

- (I) transfer documents and other documents that related to any H Share ownership or that may affect the ownership of H Shares shall be registered, and a payment shall be made to the Company for such registration according to the fee standard specified in the Hong Kong Listing Rules. Such payment shall not exceed the maximum fee provided for in the Hong Kong Listing Rules from time to time;
- (II) the instrument of transfer only involve H Shares listed in Hong Kong;
- (III) the stamp duty required by Hong Kong law chargeable on the instrument of transfer has been paid;
- (IV) the relevant share certificate, and upon the reasonable request of the Board of Directors, any evidence in relation to the right of the transferor to transfer the shares shall be submitted;
- (V) if the shares are to be transferred to joint holders, the number of registered joint holders shall not exceed four;
- (VI) the Company does not have any lien on the relevant shares.

If the Board of Directors refuses to register share transfer, the Company shall issue a notice of refusal of share transfer to the transferor and transferees within two months from the official filing date of transfer application.

**Article 36** All the transfers of H Shares shall adopt written transfer instruments in a general or ordinary format or any other format accepted by the Board of Directors (including standard transfer format or ownership transfer form specified by the Hong Kong Stock Exchange from time to time); such transfer instruments may only adopt manual signing or be affixed with a valid seal of the Company (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house defined in relevant regulations that are validated from time to time in accordance with Hong Kong law ("recognized clearing house") or its agent, the transfer instruments may be signed in form of manual signing or machine printing.

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

**Article 37** The Company does not accept the shares of the Company as the subject of pledge rights.

**Article 38** The shares of the Company held by the sponsors shall not be transferred within one year from the date of establishment of the Company. The shares issued before the Company's public offering of shares shall not be transferred within one year from the date of the Company's shares listing on the stock exchange.

The directors, supervisors and senior management of the Company shall report to the Company the shares they held and the changes thereof, and the shares transferred each year during the term of office shall not exceed 25% of the total number of shares they held in the Company (save and except changes in shareholdings caused by judicial enforcement, inheritance, bequest and legal division of assets); the shares they held shall not be transferred within one year from the date of the listing of the Company's shares. Any of the aforesaid persons shall not transfer the shares of the Company held by him/her within half a year from his/her termination of the office. Any of the aforesaid persons who intend to trade in the Company's shares during their term of office shall report to the Exchange in advance for record in accordance with the relevant regulations; any change in the Company's shares held by them shall be promptly reported to the Company and announced by the Company on the website of the Exchange.

If the directors, supervisors and senior management of the Company hold no more than 1,000 shares, the above restriction of transfer percentage shall be inapplicable and all of their shares can be transferred at one time.

**Article 39** If the directors, supervisors, senior management of the Company and shareholders holding more than 5% of the Company's shares sell the shares of the Company they held within six months after the purchase, or purchase again within six months after sale, the proceeds thereon shall be owned by the Company and the Board of Directors of the Company will recover the proceeds and disclose the relevant situation in a timely manner. However, if a securities company holds more than 5% of the shares after purchasing the remaining shares upon public offering due to underwriting, the sale of the shares shall not be subject to a six-month time limit.

If the Board of Directors of the Company does not comply with the provisions of the preceding paragraph, the shareholders shall have the right to request the Board of Directors to execute within 30 days. If the Board of Directors of the Company fails to execute within the above-mentioned time limit, the shareholders shall have the right to file a lawsuit directly with the people's court in their own name for the benefit of the Company.

If the Board of Directors of the Company does not comply with the provisions of the first paragraph, the responsible directors shall bear joint and several liability according to the laws.

#### **Section 4 Financial Assistance for Purchase of the Company's Shares**

**Article 40** The Company or its subsidiaries (including the Company's affiliates) shall not give any financial assistance, in the form of gift, advance, guarantee, compensation or loan and any others, to any person who purchases or proposes to purchase shares of the Company. The said purchaser of shares of the Company includes a person who directly or indirectly assumes any obligations due to the purchase of shares of the Company.

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

This provision does not apply to the circumstances stated in Article 42 of these Articles of Association.



**Article 41** Financial assistance for the purpose of these Articles of Association includes, but is not limited to, the followings:

- (I) gifts;
- (II) guarantees (including acts of the guarantor assuming liabilities or providing properties to ensure that the obligor performs the obligations), compensation (but excluding compensation arising from mistakes of the Company), release or waiver of rights;
- (III) provision of loans or signing of contracts whereby the Company performs obligations before others, change of the parties to the loans or contracts as well as the assignment of the rights in the loans or contracts;
- (IV) financial assistance provided by the Company in any other manner when it is insolvent, has no net assets, or will suffer significant decreases in net assets.

The term assuming obligations referred to in this chapter includes obligator undertaking obligations by way of entering into a contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or changing its financial status in any other manner.

**Article 42** The following shall not be deemed to be behaviors as prohibited in Article 40 of these Articles of Association:

- (I) related financial assistance provided by the Company which is in good faith in the interest of the Company and the main purpose of the financial assistance is not to acquire its shares or is an incidental part of a master plan of the Company;
- (II) the lawful distribution of the Company's properties by way of dividend;
- (III) the allotment of bonus shares as dividends;
- (IV) reducing the registered capital, redeeming the shares or adjusting the equity structure pursuant to these Articles of Association;
- (V) the Company granting loans within its scope of business for its ordinary business activities, provided that such financial assistance shall not result in reduction in the net assets of the Company or even if the net assets are reduced, such financial assistance is paid from the profit available for distribution of the Company; and
- (VI) the Company providing the employee stock ownership plan with funds, provided that such financial assistance shall not result in reduction in the net assets of the Company or even if the net assets are reduced, such financial assistance is paid from the profit available for distribution of the Company.



## **Section 5 Share Certificates and Register of Shareholders**

**Article 43** The share certificates of the Company shall be in registered form.

The share certificates of the Company shall contain the followings:

- (I) name of the Company;
- (II) date of incorporation of the Company;
- (III) class of shares, par value thereof and the number of shares represented;
- (IV) serial number of the share certificate;
- (V) other matters as required to be specified by the laws and regulations such as the Company Law and the Special Regulations and the stock exchange where the Company's shares are listed.

If the share capital of the Company includes the shares without voting rights, such shares shall be titled the wording "without voting rights". If the share capital includes the shares carrying different voting rights, the shares of each class (except for the shares carrying the most favorable voting rights) shall be titled the wording "restricted voting rights" or "restrictive voting rights".

The H Shares issued by the Company may be in the form of overseas depository receipts or other derivative forms of shares in accordance with the requirements of Hong Kong law or the Hong Kong Stock Exchange and practices for securities registration and depository.

**Article 44** During the period when H Shares are listed on the Hong Kong Stock Exchange, the Company shall ensure all securities listing documents, listing on the Hong Kong Stock Exchange contain the below declarations and shall also instruct and procure its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such particular holder delivers to such share registrar a signed form for such shares containing the declarations below:

- (I) The acquirer of shares agrees with the Company and its shareholders, and the Company agrees with each shareholder, to observe and comply with relevant provisions of the laws and regulations such as the Company Law and the Special Regulations and these Articles of Association;
- (II) The acquirer of shares agrees with the Company and its shareholders, directors, supervisors, the general manager and other senior management, and the Company (for itself and on behalf of its directors, supervisors, the general manager and other senior management) agrees with its shareholders to refer all disputes and claims arising from these Articles of Association or any right or obligation conferred or imposed by the Company Law or other relevant laws or administrative regulations concerning the affairs of the Company to arbitration in accordance with these 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;

- (III) The acquirer of shares agrees with the Company and its shareholders that the Company's shares are freely transferable by the holder thereof;
- (IV) The acquirer of shares authorizes the Company to enter into a contract on his behalf with each director and senior management whereby such director and senior management undertake to observe and comply with their obligations to shareholders stipulated in these Articles of Association.

**Article 45** The share certificates of the Company shall be signed by the chairman of the Board of Directors. Where the signatures of other senior management of the Company are required by the stock exchange on which the shares of the Company are listed, the share certificates shall also be signed by such other relevant senior management. The share certificates shall take effect after the Company seal is affixed thereto or printed thereon. The share certificates shall only be affixed with the Company's seal under the authorization of the Board of Directors. The signatures of the chairman of the Board of Directors of the Company or other relevant senior management on the share certificates may also be in printed form.

Under the condition that the shares of the Company are issued and traded without paper, the applicable provisions of the securities regulatory authorities and stock exchange where the Company's shares are listed shall apply separately.

**Article 46** The Company shall keep a register of shareholders which shall contain the following contents:

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

The register of shareholders shall be the sufficient evidence of the holding of the Company's shares by a shareholder, unless there is evidence to the contrary.

Subject to these Articles of Association and other applicable provisions, the name of the transferee of the Company's shares shall be entered on the register of shareholders as the holder of such shares upon transfer.

The assignment and transfer of shares shall be registered in the register of shareholders at the domestic and overseas stock transfer registrars entrusted by the Company.

When two or more persons are registered as the joint shareholders of any shares, they shall be regarded as the joint holders of such shares and subject to the following provisions:

- (I) the Company shall not register more than four persons as the joint shareholders of any shares;
- (II) all joint shareholders of any shares shall jointly and severally assume the liabilities for all the amounts payable for the relevant shares;
- (III) if one of the joint shareholders is deceased or cancelled, only other living persons of the joint shareholders shall be deemed by the Company to be such persons as having the ownership of the relevant shares. But the Board of Directors shall have the right to demand a death or cancellation certificate of such shareholder which it deems appropriate for the purpose of amending the register of shareholders;
- (IV) for joint shareholders of any shares, only the joint shareholder whose name appears first in the register of shareholders is entitled to accept the certificate for the relevant shares from the Company, and receive notices or other documents of the Company. Any notice delivered to the aforesaid shareholder shall be deemed to have been delivered to all the joint shareholders of the relevant shares. Any joint shareholder may sign the proxy form, provided that if more than one joint shareholders attend the shareholders' in person or by proxy, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint shareholders. In this regard, the priority of shareholders shall be determined by the ranking of joint holders in the Company's register of shareholders in relation to the relevant shares; and
- (V) any receipts issued to the Company by one of the joint shareholders in respect of any dividend, bonus issue or return on capital payable to such joint shareholders shall be deemed as a valid receipt that has been issued by such joint shareholders to the Company.

**Article 47** Pursuant to the understanding reached and agreement entered into between the securities regulatory authorities of the State Council and the overseas securities regulatory authorities, the Company may keep the register of H share shareholders outside the PRC and entrust an overseas entity to manage it. The original register of shareholders of H shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall keep a copy of the register of H share shareholders at the Company's residential address. The overseas entrusted agency shall at all times ensure consistency between the original and copy of the register of H share shareholders.

In case of inconsistency between the original and copy of the register of H share shareholders, the original shall prevail.

**Article 48** The Company must keep a complete register of shareholders.

The register of shareholders shall include the following:

- (I) register of shareholders kept at the Company's residential address other than those specified in (II) and (III) of this article;
- (II) register of the holders of overseas listed foreign shares of the Company kept at the location of the stock exchange where such shares are listed;
- (III) register of shareholders kept in other locations according to the decision of the Board of Directors as required for the listing of the Company's shares.

**Article 49** Different parts of the shareholders' register shall not overlap. The transfer of shares registered in a certain part of the register of shareholders shall not be registered elsewhere in the register of shareholders as long as the shares remain registered.

Any alteration or rectification to any part of the register of shareholders shall be made in accordance with the laws in the place where such part of the register of shareholders is maintained.

**Article 50** If any laws, administrative regulations, departmental rules and regulatory documents, and relevant stock exchanges or regulatory agencies of the place where the Company's shares are listed require a period of closure of the register of shareholders during which time no transfers of shares will be registered prior to the date of a general meeting or before the benchmark date set by the Company for the purpose of determination of distribution of dividends, such provisions shall apply.

**Article 51** Any person who objects to the register of shareholders and requests to register his or her name (title) in the register of shareholders or to remove his or her name (title) from the register of shareholders may apply to the court with jurisdiction to amend the register of shareholders.

**Article 52** If any person whose name appears in the register of shareholders or requests to register his or her name (title) in the register of shareholders loses his or her share certificates (that is, "original share certificates"), he or she may apply to the Company to reissue new share certificates for those shares (that is, "relevant shares").

In the event holder of Domestic shares applies to the Company for a reissue after losing the share certificates, the matter shall be dealt with pursuant to Article 143 of the Company Law.

In the event a H share shareholder applies to the Company for a reissue after losing the share certificates, the matter may be dealt with pursuant to the laws, regulations, rules of the stock exchange where the original register of H share shareholder is kept, or other related provisions.

If a H shareholder loses share certificates and applies for a replacement issue, the share certificates shall be issued in compliance with the following requirements:

- (I) the applicant shall submit the application in the standard format designated by the Company and attach a notary certificate or legal declaration. The contents of the notary certificate or legal declaration shall include the reason for the applicant's request, circumstances and evidence of loss of share certificates, as well as a statement that nobody else may request to be registered as a shareholder with respect to the relevant shares.
- (II) before deciding to issue new share certificates, the Company does not receive any statement in which any person other than the applicant requests to be registered as the shareholder with respect to the shares.
- (III) if the Company decides to issue new share certificates to the applicant, the Company shall publish an announcement in a newspaper designated by the Board of Directors indicating that the Company plans to reissue new share certificates. The announcement period shall be 90 days and the announcement shall be published at least once every 30 days.
- (IV) before publishing the announcement indicating that the Company plans to re-issue new share certificates, the Company shall submit a copy of the announcement to be published to the stock exchange on which the shares are listed and may publish the announcement after receiving a reply from the stock exchange confirming that the announcement has been displayed at the stock exchange. The period of displaying the announcement at the stock exchange is 90 days.

If the registered shareholders of the relevant shares do not approve the application for reissue of new share certificates, the Company shall mail the copy of the announcement to be published to the shareholders.

- (V) in the event that nobody raises any objection to the reissue of new share certificates to the Company, upon expiration of the 90-day display period of the announcement specified in (III) and (IV) of this article, the new share certificates may be reissued according to the application made by the applicant.
- (VI) when re-issuing new share certificates according to this article, the Company shall immediately cancel the original share certificates and register the cancellation and replacement issue on the register of shareholders.
- (VII) all expenses incurred by the Company from the cancellation of the original share certificates and replacement issue of the new share certificates shall be borne by the applicant. Before the applicant has provided reasonable security, the Company shall have the right to refuse to take any action.

**Article 53** Where the Company re-issue new share certificates pursuant to these Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificates or a shareholder who thereafter registers as the owner of such shares (in the case that he/she is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 54** The Company shall not be liable for any loss suffered by any person due to the cancellation of the original certificate or replacement issue of the new share certificates, unless the claimant proves that the Company acted fraudulently.

Where the Company issue share warrants to non-registered holders, no new share warrant shall be issued to replace one that has been lost unless the Company is satisfied beyond reasonable doubt that the original has been destroyed.

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

### **Section 1 Shareholders**

**Article 55** The shareholders of the Company are the people who hold shares of the Company according to the laws and their names are registered in the register of shareholders. The Company shall make a register of shareholders based on the vouchers provided by securities registries. The register of shareholders shall be the sufficient evidence for the shareholders' shareholding in the Company. The shareholders enjoy rights and fulfill obligations as per the class and proportion of the shares held by them; the same class of shares represent the same rights and the same obligations.

**Article 56** When the Company convenes a shareholders' general meeting, distributes dividends, undergoes liquidation and engages in other activities requiring confirmation of shareholders' identities or equities, the Board of Directors or the convener of the shareholders' general meeting shall decide the equity registration date. The interval between the equity record date and the date of the shareholders' general meeting shall not be more than seven working days. Shareholders whose names appear on the register at the close of trading on the equity registration date shall be the shareholders enjoying relevant rights and interests.

**Article 57** The rights of the Company's ordinary shareholders are as follows:

- (I) to receive distribution of dividends and other forms of benefits according to the number of shares held;
- (II) to legally require, convene, preside over, participate in or appoint a shareholder proxy to participate in and exercise corresponding voting rights at the shareholders' general meeting;
- (III) to supervise operation of the Company, provide suggestions or submit queries;
- (IV) to transfer, grant and pledge shares held according to the provisions of the laws, administrative regulations, regulations of the authorities, regulatory documents and listing rules of the stock exchange where the Company's shares are listed and these Articles of Association;
- (V) to obtain relevant information according to the provisions of these Articles of Association, including:
  - 1. to obtain these Articles of Association, subject to payment of relevant costs;
  - 2. to inspect and copy, subject to payment of a reasonable charge;

- (1) all parts of the register of shareholders;
- (2) personal particulars of each of the Company's directors, supervisors, general manager and other senior management, including: (a) present and former name and alias; (b) principal address (domicile); (c) nationality; (d) full-time and all other part-time occupations and duties; (e) identification document and its number;
- (3) the status of the Company's share capital;
- (4) 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 fiscal year and the aggregate amount incurred by the Company for this purpose (by domestic shares and foreign shares);
- (5) bond stub of the Company;
- (6) minutes of shareholders' general meetings (for inspection by shareholders only) and special resolutions of the Company and resolutions made at meetings of the Board of Directors and Board of Supervisors;
- (7) the latest audited financial statements and the reports of the Board of Directors, the auditors and the supervisors of the Company;
- (8) financial and accounting reports;
- (9) copies of the latest annual report filed with the company registration authorities and other authorities.

In accordance with the requirements of Hong Kong Listing Rules, the Company shall make the documents referred to in (1), (3), (4), (6), (7), (8) and (9) above and any other applicable documents available at the address of the Company in Hong Kong for free inspection by the public and shareholders (except minutes of shareholder's general meetings shall be available for inspection by shareholders only) and for reproduction by shareholders at reasonable charges.

- (VI) to participate in the distribution of the remaining assets of the Company according to the proportion of shares held upon the Company's termination or liquidation;
- (VII) to require the Company to acquire the shares from shareholders voting against any resolutions adopted at the shareholders' general meeting concerning the merger and division of the Company;
- (VIII) to submit an extraordinary proposal and submit it to the convener in writing 10 days before the meeting for shareholders who separately or jointly hold more than 3% of the shares of the Company;
- (IX) other rights conferred by the laws, administrative regulations, regulations of the authorities, regulatory documents and listing rules of the stock exchange where the Company's shares are listed or these Articles of Association.



The Company shall not exercise any right against any person who fails to disclose any of his direct or indirect interest in the Company for the purpose of freezing or otherwise damaging the interest of such person as attached to any shares held by the person.

**Article 58** If any shareholder proposes to inspect the relevant information mentioned in the preceding article or asks for information, the said shareholder shall provide the Company with written documents bearing evidence of the class and number of shares held by the said shareholder, and the Company shall provide the information as required by the said shareholder upon verification of the said shareholder's identity.

**Article 59** If any resolution of the shareholders' general meetings or the Board of Directors of the Company violates the laws or administrative regulations, the shareholders shall have the right to request the people's court to invalidate the resolution.

If the convening procedure or voting method of the shareholders' general meetings or Board of Directors meetings violates the laws, administrative regulations or these Articles of Association or the contents of a resolution run counter to these Articles of Association, the shareholders shall have the right to request the people's court to cancel such resolution within sixty days after passing the resolution.

**Article 60** In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or these Articles of Association by the directors or senior management when performing their duties in the Company, the shareholders holding 1% or more shares separately or jointly for over 180 consecutive days shall have the right to submit a written request to the Board of Supervisors to file an action with the people's court. Where the Board of Supervisors violates the laws, administrative regulations or these Articles of Association in their duty performance and causes loss to the Company, the shareholders may submit a written request to the Board of Directors to file an action with the people's court.

In the event that the Board of Supervisors or the Board of Directors refuse to file an action upon receipt of the shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of the Company, the shareholders specified in the preceding paragraph may, in their own name, directly file an action to the people's court for the interest of the Company.

In the event of any other person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the shareholders specified in paragraph 1 of this article may file an action with the people's court pursuant to the provisions of the preceding two paragraphs.

**Article 61** In the event of the directors or senior management violate the laws, administrative regulations or these Articles of Association, thereby damaging the interests of the shareholders, the shareholders may file an action with the people's court.

**Article 62** The ordinary shareholders of the Company shall have the following obligations:

- (I) to observe the laws, administrative regulations, regulations of the authorities, regulatory documents and listing rules of the stock exchange where the Company's shares are listed and these Articles of Association;

- (II) to pay capital contribution as per the shares subscribed for and the method of subscription;
- (III) not to withdraw shares unless in the circumstances stipulated by laws and regulations;
- (IV) not to abuse shareholder's right to harm the interests of the Company or other shareholders; not to abuse the Company's position as an independent legal person or shareholder's limited liability protection to harm the interests of the creditors of the Company;

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

If any shareholder of the Company abuses the Company's position as an independent legal person or shareholder's limited liability protection for the purpose of evading repayment of debts, thereby seriously damaging the interests of the creditors of the Company, the said shareholder shall bear joint liabilities for the Company's debts.

- (V) to fulfill other obligations stipulated by the laws, administrative regulations, regulations of the authorities, regulatory documents and listing rules of the stock exchange where the Company's shares are listed and these 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 63** Shareholders holding more than 5% of the voting shares of the Company who pledge their shares shall send a written notice to the Company as of the date of such pledge.

**Article 64** Except the obligations required in the laws, administrative regulations, regulations of the authorities, normative documents and listing rules of the stock exchange where the Company's shares are listed, when the controlling shareholder exercises its power of shareholder, it shall not make any decision detrimental to the interests of all or some of shareholders on the following issues in order to exercise its voting right:

- (I) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (II) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of other persons), in any manner, of the Company's assets, including (without limitation) any opportunity beneficial to the Company;
- (III) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of other persons) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights save for a restructuring of the Company submitted to the shareholders' general meeting for approval in accordance with these Articles of Association.

**Article 65** Except the obligations required by the laws, administrative regulations, regulations of the authorities, normative documents and listing rules of the stock exchange where the Company's shares are listed, the controlling shareholders or de facto controllers of the Company shall not use their associated relationship to damage the Company's interests. In case of a contravention of the requirements which results in damage to the Company, they shall be liable to compensate.

The controlling shareholders and de facto controllers of the Company have fiduciary duties towards the Company and public shareholders of the Company. The controlling shareholders shall strictly exercise their rights as a capital contributor according to law. The controlling shareholders cannot make use of methods such as distribution of profits, restructuring of assets, external investment, misappropriation of assets, borrowing or loan guarantee to damage the lawful interests of the Company and public shareholders. They shall not make use of their controlling position to damage the lawful interests of the Company and public shareholders.

The Company shall not provide funds to the controlling shareholders, de facto controllers or their related parties, including 1. lending the Company's capital at a consideration or nil consideration for use by the controlling shareholders, de facto controllers and other related parties; 2. providing entrusted loans to the controlling shareholders, de facto controllers and other related parties through a bank or a non-bank financial institution; 3. entrusting the controlling shareholders, de facto controllers and other related parties to carry out investment activities on its behalf; 4. issuing trade acceptance bills without a real transaction background for the controlling shareholders, de facto controllers and other related parties; 5. repaying debts for the controlling shareholders, de facto controllers and other related parties; 6. other means stipulated by relevant laws and regulations.

The controlling shareholders or de facto controllers of the Company shall not use their controlling status to expropriate the Company's assets. The Company shall regulate related party transactions and strictly prohibit such behavior of defaulting on balance of related party transactions.

The directors, supervisors and senior management shall safeguard the Company's funds. If any director or senior management of the Company is found to have assisted or tolerated the controlling shareholder and its affiliates to misappropriate the assets of the Company, the Board of Directors of the Company shall punish the personnel who is directly accountable for such misconduct and discharge the director who is to assume material responsibility, subject to the seriousness of such events.

The Board of Directors of the Company shall set up a mechanism called "freezing upon misappropriation" on the Company's shares held by the controlling shareholders. Under such mechanism, if in any case any asset embezzlement by any of its controlling shareholders is found, the Board of Directors of the Company shall immediately apply to the relevant people's court for judiciary freeze of the shares held by such controlling shareholders according to law. In the event that the embezzled asset is unable to be settled by the controlling shareholders in cash, those shares juridically frozen shall be disposed to repay the asset embezzled by such controlling shareholders through relevant legal procedures.

The chairman of the Board of Directors of the Company shall act as the first accountable person for the "freezing upon misappropriation" mechanism, whose relevant work shall be assisted by the person-in-charge of finance and the secretary to the Board.

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

**Article 66** The shareholders' general meetings are the Company's organ of power, which shall exercise the following powers in accordance with the law:

- (I) Decide on the Company's business policy and investment plan;
- (II) Elect and replace directors and supervisors who are not held by employee representatives, and decide on the remuneration of directors and supervisors;
- (III) Review and approve the report of the board of directors;
- (IV) Review and approve the report of the board of supervisors;
- (V) Review and approve the Company's annual financial budget plan and final account;
- (VI) Review and approve the Company's profit distribution and loss recovery plan;
- (VII) Review and approve the Company's annual report;
- (VIII) Make a resolution on the increase or decrease of the Company's registered capital;
- (IX) Make resolutions on the issuance and listing of corporate bonds or other securities;
- (X) Make resolutions on company merger, division, dissolution, liquidation or the change of company form;
- (XI) Amend the Articles of Association;
- (XII) Make a resolution on the Company's hiring, dismissal or no longer hiring an accounting firm;
- (XIII) Consider proposals by shareholders who individually or collectively hold more than 3% of the Company's voting shares;
- (XIV) Review and approve the guarantee matters stipulated in Article 67 of the Articles of Association;
- (XV) Deliberate the Company's purchase or sale of major assets within one year that exceed 30% of the Company's total assets listed in the most recent audit report;
- (XVI) Consider and approve related party transactions or connected transactions in which the Company's transactions with related or connected persons amount to more than RMB30 million and account for more than 5% of the absolute value of the Company's most recent audited net assets (except for the cash assets and guarantees company receives and debts that simply reduce or exempt the Company's obligations), and related transactions or connected transactions between the Company and the Company's directors, supervisors, senior managers and their spouses;

(XVII) Review and approve matters concerning the use of raised funds of A Shares;

(XVIII) Review the equity incentive plan;

(XIX) Review other matters that should be decided by the shareholders' meeting as stipulated in laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are listed, or the Articles of Association.

The above-mentioned powers of the general meeting of shareholders shall not be exercised by the board of directors or other institutions or individuals through authorization.

**Article 67** The following guarantee matters incurred by the Company shall be submitted to the general meeting of shareholders for deliberation after the board of directors has approved it.

- (I) Any guarantee provided after the total amount of external guarantees of the Company and its controlled subsidiaries reaches or exceeds 50% of the Company's most recent audited net assets;
- (II) Any guarantee that exceeds 30% of the Company's most recent audited total assets in accordance with the principle of cumulative calculation of the guarantee amount for twelve consecutive months;
- (III) Any guarantee provided for those whose asset-liability ratio exceeds 70%;
- (IV) Any single guarantee with an amount exceeding 10% of the Company's most recent audited net assets;
- (V) According to the principle of accumulative calculation of the guarantee amount for twelve consecutive months, any guarantee that exceeds 50% of the Company's most recent audited net assets, and the absolute amount exceeds RMB50 million;
- (VI) Guarantees provided to shareholders, actual controllers and their related parties;
- (VII) Where the Company provides guarantees to related parties, regardless of the amount, it shall be disclosed in a timely manner after the board of directors has approved it and submitted to the general meeting of shareholders for deliberation; the above-mentioned regulation shall be followed if the Company provides guarantees for shareholders holding less than 5% of the shares, and the relevant shareholders shall avoid voting at the general meeting of shareholders;
- (VIII) Any guarantee provided after the Company's total external guarantees reach or exceed 30% of the most recent audited total assets;
- (IX) Other guarantees specified in laws, administrative regulations, departmental rules, regulatory documents, the requirements of the listing rules of the stock exchange where the Company's shares are listed, or this Articles of Association.

For guarantee matters within the scope of power of the board of directors, in addition to approval by more than half of all directors, the approval of more than two-thirds of the directors present at the board meeting shall also be obtained; the guarantee in item (2) of the preceding paragraph shall be approved by more than two-thirds of the voting rights held by shareholders attending the meeting.

**Article 68** The general meeting of shareholders consists of annual general meeting and extraordinary general meeting. The annual general meeting is held once a year and shall be held within 6 months after the end of the previous fiscal year.

**Article 69** Under any of the following circumstances, the Company shall convene an extraordinary general meeting of shareholders within 2 months from the date of occurrence:

- (I) When the number of directors is less than the minimum number (5) specified in the Company Law or 2/3 of the number specified in this Articles of Association;
- (II) When the Company's unrecovered losses reach 1/3 of the total paid-in share capital;
- (III) At the request of shareholders who individually or collectively hold more than 10% of the Company's shares;
- (IV) When the board of directors deems it necessary;
- (V) When the board of supervisors proposes to convene;
- (VI) Other circumstances specified in laws, administrative regulations, departmental rules, regulatory documents, listing rules of the stock exchange where the Company's shares are listed, or this Articles of Association.

**Article 70** The place where the Company convenes the shareholders meeting shall be the place specified in the notice of the shareholders meeting.

The general meeting of shareholders shall set up a venue and be held in the form of an on-site meeting.

The company will also provide online voting to facilitate shareholders' participation in general meetings. Shareholders who participate in the general meeting of shareholders through the above methods shall be deemed to have attended.

The time and venue of the on-site meeting should be convenient for shareholders to attend. After the notice of the general meeting of shareholders is issued, the venue of the on-site meeting of the general meeting of shareholders shall not be changed without proper reason. If it is necessary to change, the convener shall make an announcement and explain the reason at least 2 working days before the on-site meeting.

When the general meeting of shareholders considers one of the following matters, the Company shall arrange to adopt an online voting system:

- (I) The company issues stocks, convertible corporate bonds and other types of securities approved by the China Securities Regulatory Commission;
- (II) The company's major asset reorganization;
- (III) The company temporarily uses idle raised funds exceeding 10% of the current raised funds to supplement working capital;



- (IV) The company has used over-raised funds of RMB100 million or more than 10% (inclusive) of the actual net funds raised in a single transaction or within 12 months;
- (V) Significant related transactions where the Company intends to purchase assets of related parties at a price exceeding 100% of the book value;
- (VI) The company's equity incentive plan;
- (VII) Shareholders repay the debts owed to the Company by the equity of the Company held by them;
- (VIII) Relevant matters that have a major impact on the interests of the Company and public shareholders;
- (IX) Matters required by the Company's Articles of Association to provide online voting;
- (X) Other matters required by the China Securities Regulatory Commission and exchanges to provide online voting.

**Article 71** When a company convenes a general meeting of shareholders, it shall hire a lawyer to issue legal opinions and make an announcement on the following issues:

- (I) Whether the convening and procedures of the meeting comply with the provisions of laws, administrative regulations and the Articles of Association;
- (II) Whether the qualifications of the persons attending the meeting and the qualifications of the convener are legal and valid;
- (III) Whether the voting procedures and voting results of the meeting are legal and valid;
- (IV) Legal opinions issued on other relevant issues at the request of the Company.

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

**Article 72** Independent directors have the right to propose to the board of directors to convene an extraordinary general meeting of shareholders. Independent directors shall obtain at least 1/2 of all independent directors' consent when exercising the above-mentioned powers.

For independent directors' proposal to convene an extraordinary general meeting, the board of directors shall, in accordance with laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed, and the provisions of this Articles of Association, propose to agree or disagree to convene an extraordinary general meeting within 10 days after receiving the proposal in a written form.

If the board of directors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days after the resolution of the board of directors is made; if the board of directors does not agree, it shall explain the reasons and make an announcement.

Where the securities regulatory authority of the place where the Company's shares are listed has other regulations, those regulations shall prevail.



**Article 73** The board of supervisors has the right to propose in writing to the board of directors to convene an extraordinary general meeting of shareholders. The board of directors shall, in accordance with laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed, and the provisions of this Articles of Association, provide written feedback on whether or not it agrees to convene an extraordinary general meeting within 10 days after receiving the proposal.

If the board of directors agrees to convene an extraordinary general meeting of shareholders, a notice of convening the general meeting of shareholders shall be issued within 5 days after the resolution of the board of directors is made. Any changes to the original proposal in the notice shall be approved by the board of supervisors.

If the board of directors does not agree, or fails to provide feedback within 10 days after receiving the proposal, it is deemed that the board of directors cannot perform or fails to perform its duties of convening the general meeting of shareholders, and the board of supervisors may convene and preside over it by itself.

**Article 74** Shareholders who individually or collectively hold more than 10% of the voting shares at the proposed meeting have the right to request in writing the board of directors to convene an extraordinary general meeting of shareholders or a class shareholders' meeting, in which they should also list the topic of the meeting. The board of directors shall, in accordance with the laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed, and the provisions of this Articles of Association, provide written feedback on whether or not to agree to convene an extraordinary general meeting of shareholders or a class shareholders' meeting within 10 days after receiving the written request.

If the board of directors agrees to convene an extraordinary general meeting of shareholders or a class shareholders' meeting, it shall issue a notice of convening within 5 days after the resolution of the board of directors is made. Any changes to the original request in the notice shall obtain the approval of the relevant shareholders.

If the board of directors does not agree, or fails to provide feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the voting shares at the proposed meeting shall have the right to propose to the board of supervisors, in writing, to convene an extraordinary general meeting of shareholders or a class shareholders' meeting.

If the board of supervisors agrees to convene an extraordinary general meeting of shareholders or a class shareholders' meeting, it shall issue a notice of convening within 5 days of receiving the request. Changes to the original proposal in the notice shall obtain the approval of the relevant shareholders.

If the board of supervisors fails to issue a notice of a general meeting of shareholders or a class shareholders meeting within the prescribed time limit, it shall be deemed that the board of supervisors does not convene and preside over the general meeting of shareholders or class shareholders meeting, and shareholders holding individually or collectively more than 10% of the shares that have voting rights at the proposed meeting for more than 90 consecutive days can convene and preside over relevant general meetings by themselves.

**Article 75** Where the board of supervisors or shareholders decide to convene a shareholders' meeting on their own, they must notify the board of directors in writing, and at the same time file with the agency of the Chinese securities regulatory authority where the Company is located and the stock exchange where the Company's shares are listed.

Prior to the announcement of the resolutions on the general meeting of shareholders, the shareholding ratio of the convening shareholders shall not be less than 10% of the total shares of the Company. The convening shareholders shall apply for locking the shares held by them during the aforementioned period before issuing the notice of the general meeting.

The convening shareholders shall submit relevant certification materials to the office of the Chinese securities regulatory authority where the Company is located and the exchange where the Company's shares is listed when issuing the notice of the shareholders meeting and the announcement of the resolutions on the shareholders meeting.

If an emergency occurs during the shareholders' general meeting that prevents the meeting from being held normally, the Company shall immediately report to the stock exchange where the Company's shares are listed, explain the reason and disclose the relevant circumstances and the special legal opinion issued by the lawyer.

**Article 76** The board of directors and the board secretary shall support the general meeting of shareholders convened by shareholders or the board of supervisors. The board of directors shall provide a register of shareholders on the date of equity registration. If the board of directors fails to provide the register of shareholders, the convener may apply to the securities registration and settlement institution to obtain by submitting the relevant announcement of the notice of convening the general meeting of shareholders. The register of shareholders obtained by the convener shall not be used for any purpose other than convening a general meeting of shareholders.

**Article 77** For the general meeting of shareholders convened by the board of supervisors or by the shareholders, the expenses necessary for the meeting shall be borne by the Company and deducted from the amount owed to the negligent director by the Company.

#### **Section 4 Proposal and Notice of Shareholders' General Meetings**

**Article 78** The contents of the proposals of the general meeting shall fall within the scope of the shareholders' meeting's powers, have clear topics and specific resolutions, and comply with laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed, and the relevant provisions of this Articles of Association.

**Article 79** When the Company convenes a general meeting of shareholders, the board of directors, supervisors and shareholders who individually or collectively hold more than 3% of the Company's shares have the right to make proposals to the Company.

Shareholders who individually or collectively hold more than 3% of the Company's shares may submit an interim proposal 10 days before the general meeting of shareholders to the convener in writing. The convener shall issue a supplementary notice of the general meeting of shareholders within 2 days after receiving the proposal to announce the content of the temporary proposal. The content of the interim proposal should fall within the scope of the shareholders' general meeting, and have clear topics and specific resolutions.

Except for the circumstances specified in the preceding paragraph, the convener may not modify the proposals listed in the notice of the shareholders meeting or add new proposals after issuing the notice of the shareholders meeting.

For proposals that are not listed in the notice of the general meeting of shareholders or that do not meet the requirements of Article 78 of these Articles of Association, the general meeting of shareholders shall not vote and make resolutions.

**Article 80** When a company convenes an annual general meeting of shareholders, it shall issue a written notice 21 days before the meeting; convening an extraordinary general meeting of shareholders shall issue a written notice 15 days before the meeting is held. The written notice shall inform all registered shareholders of the matters to be considered at the meeting and the date and place of the meeting.

When calculating the aforementioned starting period, it does not include the day of the meeting and the day of notification. The business day mentioned above refers to the day when the Hong Kong Stock Exchange opens for securities trading.

**Article 81** The extraordinary general meeting of shareholders shall not decide on matters not stated in the notice.

**Article 82** The notice of the shareholders meeting shall meet the following requirements:

- (I) Made in writing;
- (II) Designate the time, place and duration of the meeting;
- (III) Explain the matters and proposals submitted to the meeting for deliberation;
- (IV) Provide shareholders with information and explanations needed to enable shareholders to make wise decisions on the matters to be discussed; this includes but is not limited to when the Company proposes a merger, repurchase of shares, capital reorganization or other reorganization, it shall provide the specific conditions and contracts (if any) of the transaction, and a detailed explanation of its causes and consequences;
- (V) If any directors, supervisors, general managers and other senior managers have important interests in the matters to be discussed, the nature and extent of their interests shall be disclosed; if the impact of the matters to be discussed have on the directors, supervisors, general managers and the influence of other senior managers as shareholders is different from that on other shareholders of the same category, the difference shall be explained;
- (VI) The full text of any special resolutions contained, which propose to be passed at the meeting;
- (VII) Explain in clear text: all shareholders have the right to attend the shareholders' meeting, and may entrust an agent in writing to attend the meeting and participate in voting. The shareholder's agent does not need to be a shareholder of the Company;
- (VIII) State the convener of the meeting;

- (IX) State the time and place of the service of the proxy voting agent at the meeting;
- (X) Designate the equity registration date of shareholders entitled to attend the general meeting;
- (XI) The name and phone number of the permanent contact person for conference affairs.

The notice and supplementary notice of the general meeting of shareholders shall fully and completely disclose all the specific contents of all proposals. Where the matters to be discussed require independent directors to express their opinions, the independent directors' opinions and reasons shall be disclosed at the same time when the notice or supplementary notice of the general meeting is issued.

Where the general meeting of shareholders is held online or in other methods, the voting time and procedures online or in other methods shall be clearly stated in the notice of the general meeting. The start time of voting of general meetings held online or in other methods shall not be earlier than 3:00 pm on the day before the on-site general meeting, and shall not be later than 9:30 am on the day of the on-site general meeting, and the end time shall not be earlier than 3:00 pm on the day of the end of the on-site general meeting.

The interval between the equity registration date and the meeting date should be no more than 7 working days. Once the equity registration date is confirmed, it cannot be changed.

**Article 83** Where the general meeting of shareholders intends to discuss the election of directors and supervisors, the notice of the general meeting shall fully disclose the detailed information of the candidates for directors and supervisors, including at least the following:

- (I) Personal information such as educational background, work experience, and part-time job;
- (II) Whether there is an associated relationship with the Company, shareholders holding more than 5% of the Company's shares (including controlling shareholders), actual controllers, other directors, supervisors, and senior managers of the Company;
- (III) Whether there is any situation as specified in Article 209 of the Articles of Association;
- (IV) Disclosure of the number of shares of the Company the candidates hold;
- (V) Whether the candidate has been punished by China's securities regulatory authority and other relevant departments and the stock exchange;
- (VI) Information about newly appointed, re-elected or transferred directors or supervisors required to be disclosed under the Hong Kong Listing Rules.

In addition to the cumulative voting system for electing directors and supervisors, each candidate for directors and supervisors shall be proposed in a single proposal.

**Article 84** Except as otherwise provided by laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed, or the Articles of Association, the notice of the shareholders meeting shall be sent to shareholders (regardless of whether they have voting rights at the shareholder meeting) by a dedicated person or mail with prepaid postage, and the address of the recipient shall be the address registered in the register of shareholders. For domestic shareholders, the notice of the general meeting may also be made by public announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority of the State Council or on the website of the Shanghai Stock Exchange or on the media that meets the requirements of the securities regulatory agency of the State Council within 20 days before the annual general meeting and 15 days before the extraordinary shareholders meeting. Once the announcement is made, all domestic shareholders shall be deemed to have received the notice of the relevant shareholders meeting. When calculating the above-mentioned starting period, the Company shall not include the date of announcement.

Subject to the requirements of laws, administrative regulations, departmental rules and the listing rules and the implementation of relevant procedures of the stock exchange where the Company's shares are listed, for H-share shareholders, the Company can also issue the notice of the general meeting of shareholders by the Company's website and the website designated by the Hong Kong Stock Exchange, or other methods permitted by Hong Kong Listing Rules and this Articles of Association, instead of sending it by designated person or by postage paid mail. Once the announcement is made, all H-share shareholders shall be deemed to have received the notice of the relevant general meeting.

**Article 85** After the notice of the general meeting of shareholders is issued, the general meeting of shareholders shall not be postponed or cancelled without justifiable reasons, and the proposals listed in the notice of the general meeting shall not be cancelled. In the event of postponement or cancellation, the convener shall make an announcement and explain the reason at least 2 trading days before the original scheduled date. If the shareholders' meeting is postponed, the Company shall announce the postponed date in the notice.

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

**Article 86** The company's board of directors and other conveners shall take necessary measures to ensure the normal order of the shareholders' meeting, and to stop any acts that interfere with the shareholders' meeting, provoke, and infringe upon the legitimate rights and interests of shareholders and report to relevant departments for investigation and punishment.

**Article 87** All shareholders or their proxies registered on the equity registration date shall have the right to attend the general meeting of shareholders and exercise their voting rights in accordance with relevant laws, regulations, the listing rules of the stock exchange where the Company's shares are listed, and the Articles of Association.

If the shareholder is a recognized clearing house or its agent as defined by the relevant laws and regulations in the place where the Company's shares are listed, the shareholder may authorize one or more persons he thinks fit to act as his representative at any general meeting of shareholders or any class meeting; However, if more than one person is authorized, the power of attorney shall specify the number and type of shares involved in each such person's authorization, and the power of attorney shall be signed by the authorized personnel of the recognized clearing house. The authorized person can attend the meeting on behalf of the recognized clearing house (or its agent, without presenting the shareholding certificate, notarized authorization and/or further evidence to prove that it is officially authorized), and exercise the rights as if the person is an individual shareholder of the Company.

Any shareholder who has the right to attend and vote at the shareholders' meeting may attend the shareholders' meeting in person, or appoint one or more person (the person may not be a shareholder) as his proxy to attend and vote on his behalf. The shareholder's proxy may exercise the following rights in accordance with the shareholder's authorization:

- (I) Speak at the general meeting of shareholders;
- (II) Request to vote by ballot by himself or jointly with others;
- (III) Exercise voting rights by a show of hands or by ballot, but when more than one person are appointed, such shareholder proxies can only exercise their voting rights by ballot.

The HKSCC shall have the right to appoint representatives or company representatives to attend the general meetings of shareholders and creditors' meetings of the issuer, and such representatives or company representatives shall be entitled with the same statutory rights as other shareholders, including the right to speak and vote.

**Article 88** Individual shareholders who attend the meeting in person shall present their ID card or other valid certificates and stock account card that can show their identity; if they authorize others to attend the meeting, the agent shall present their valid ID and shareholder's power of attorney.

Legal person shareholders shall be attended by the legal representative or an agent authorized by the legal representative. If the legal representative attends the meeting, he shall present his ID card and a valid certificate proving his qualification as a legal representative; if an agent is authorized to attend the meeting, the agent shall present his ID card and written power of attorney issued by the legal representative of the legal person shareholder according to law.

**Article 89** Shareholders shall appoint an agent in writing, signed by the principal or by an agent entrusted by him in writing; if the principal is a legal person, it shall be affixed with the official seal or signed by a director or an agent officially appointed.

The power of attorney issued by shareholders to authorize others to attend the general meeting of shareholders shall contain the following contents:

- (I) The name of the agent;
- (II) Whether it has the right to vote;
- (III) The amount of shares represented by the representative;
- (IV) Instructions to vote for, against or abstain from voting for each item included in the agenda of the general meeting of shareholders;



(V) The issuance date and validity period of the power of attorney;

(VI) Signature (or seal) of the shareholder, If the shareholder is a legal person, its official seal shall be affixed.

**Article 90** The format of any power of attorney issued by the Company's board of directors to shareholders for appointing proxies shall allow shareholders to freely choose to instruct the proxies to vote for or against, and to vote on each issue of the meeting separately. The power of attorney should state whether the shareholder's proxies can vote according to their will if the shareholder does not give specific instructions.

**Article 91** The voting proxy form shall be placed at the Company's residence or other places specified in the notice of the meeting at least 24 hours before the relevant meeting entrusted to vote by the power of attorney, or 24 hours before the designated voting time. If the proxy voting power of attorney is signed by someone authorized by the shareholder, the power of attorney or other authorization documents authorized to be signed shall be notarized. The notarized power of attorney or other authorized documents, and the voting proxy power of attorney must be placed in the Company's residence or other places specified in the notice of the meeting.

If the shareholder is a legal person, his legal representative or a person authorized by the resolution of the board of directors or other decision-making organs may attend the Company's shareholders meeting as a representative.

**Article 92** If the shareholder has passed away, incapacitated, withdrawn the appointment, withdrawn the authorization to sign the appointment, or the relevant shares have been transferred before the voting, as long as the Company has not received written notice of such matters before the start of the relevant meeting, voting made by the shareholder's proxies in accordance with the power of attorney is still valid.

**Article 93** The meeting register of participants shall be prepared by the Company. The register contains the name of the participants (or the name of organizations), ID number (or business license registration number), address, the amount of voting shares held or represented, and the name of the principal (or the name of organizations), etc..

**Article 94** The convener and the lawyer hired by the Company shall jointly verify the legality of shareholder qualifications based on the register of shareholders provided by the securities registration and settlement institution, and register the names of the shareholders and the number of voting shares they hold. The participation registration of the meeting shall be terminated before the meeting chairperson announces the number of shareholders and proxies present at the meeting and the total number of voting shares held by them.

**Article 95** When the general meeting of shareholders is held, all directors, supervisors and board secretary of the Company shall attend the meeting, and the general manager and other senior management personnel shall attend the meeting as nonvoting delegates.

**Article 96** The general meeting of shareholders shall be convened by the board of directors and chaired by the chairman of the board. When the chairman of the board is unable to perform his duties or fails to perform his duties, it shall be chaired by a director jointly elected by more than half of the directors.



The general meeting of shareholders convened by the board of supervisors is presided over by the chairman of the board of supervisors. When the chairman of the board of supervisors is unable to perform his duties or fails to perform his duties, he shall be chaired by a supervisor jointly elected by more than half of the supervisors.

A general meeting of shareholders convened by shareholders shall be presided over by a representative elected by the conveners. If, for any reason, the convener is unable to elect a representative to preside over the meeting, the shareholder with the most voting shares among the conveners (including shareholders' proxies) shall preside over the meeting.

When the general meeting of shareholders is convened, if the chairman of the meeting violates the rules of procedure, preventing the general meeting of shareholders from proceeding, the general meeting of shareholders may elect one person as the chairman of the meeting and continue the meeting with the consent of the majority of the shareholders present at the general meeting of shareholders with voting rights.

**Article 97** The company shall formulate the rules of procedures for the general meeting of shareholders, and specify in detail the convening and voting procedures of the general meeting of shareholders, including notification, registration, review of proposals, voting, vote counting, announcement of voting results, formation of meeting resolutions, meeting minutes and their signs, announcements, etc., as well as the principle of authorization of the shareholders meeting to the board of directors (the authorization should be clear and specific). The rules of procedure of the general meeting of shareholders shall be drafted by the board of directors, approved by the general meeting of shareholders and attached to the Articles of Association.

**Article 98** At the annual general meeting of shareholders, the board of directors and the board of supervisors shall report to the meeting on their work in the past year. Each independent director shall also make a report on his work to explain the performance of his/her duties. The annual work report of an independent director shall be disclosed no later than the issuance of the notice of the annual general meeting by the Company.

**Article 99** Directors, supervisors, and senior management personnel shall provide explanations and description on the inquiries and suggestions of shareholders at the general meeting of shareholders.

**Article 100** The chairperson of the meeting shall announce the number of shareholders and proxies present at the meeting and the total number of voting shares held by the meeting before voting, but the numbers listed in the meeting register shall prevail.

**Article 101** The general meeting of shareholders shall have meeting minutes, and the board secretary shall be responsible for it. The minutes of the meeting shall record the following:

- (I) Meeting time, place, agenda and name of the convener;
- (II) The names of the chairperson of the meeting and the directors, supervisors, secretary of the board of directors, general manager and other senior management personnel who attend the meeting;
- (III) The number of domestic shareholders (including shareholders' proxies) and the number of H-share shareholders (including shareholders' proxies) present at the meeting, the total number of voting shares held by them, and their proportion to the Company's total shares;

- (IV) Regarding the review process, key points of speech and voting results of each proposal, when recording the voting results, the voting results of domestic shareholders and H-share shareholders on each resolution shall also be recorded;
- (V) Shareholders' inquiries or suggestions and corresponding answers or explanations;
- (VI) The names of the lawyer, the vote-counter and the scrutineer;
- (VII) Other content that should be included in the meeting minutes as stipulated in the Articles of Association.

**Article 102** The convener shall ensure that the contents of the meeting minutes are true, accurate and complete. The directors, supervisors, secretary of the board of directors, convener or their representatives, and the chairperson of the meeting who are present at the meeting shall sign the minutes of the meeting.

The minutes of the meeting shall be kept together with the signature book of the shareholders present at the scene, the proxy forms, and effective materials obtained from the network and other channels, with a retention period of 10 years.

**Article 103** Shareholders may consult the copies of meeting minutes during company office hours for free. If any shareholder asks the Company for copies of relevant meeting minutes, the Company shall send the copies within seven days after receiving reasonable expenses.

**Article 104** The convener shall ensure that the shareholders' meeting is held continuously until the final resolution is reached. If the shareholders' meeting is suspended or unable to make resolutions due to special reasons such as force majeure, necessary measures shall be taken to resume the general meeting of shareholders as soon as possible or terminate this general meeting of shareholders directly, and make a timely announcement. At the same time, the convener shall report to the dispatched office of the China Securities Regulatory Commission where the Company is located and the stock exchange where the Company's shares are listed.

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

**Article 105** The resolutions of the general meeting of shareholders consists of ordinary resolutions and special resolutions.

An ordinary resolution made by the general meeting of shareholders shall be passed by more than 1/2 of the voting rights held by the shareholders (including proxies) present at the general meeting.

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

**Article 106** The following matters shall be passed by ordinary resolutions of the general meeting of shareholders:

- (I) Work reports of the board of directors and the board of supervisors;
- (II) The profit distribution plan and loss recovery plan drawn up by the board of directors;

- (III) The appointment and removal of members of the board of directors and the board of supervisors, as well as their remuneration and payment methods;
- (IV) The company's annual budget plan, final accounts, balance sheet, profit statement and other financial statements;
- (V) The company's annual report;
- (VI) Matters other than those should be passed by a special resolution according to laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed, or the Articles of Association.

**Article 107** The following matters shall be passed by a special resolution of the general meeting of shareholders:

- (I) The company increases or decreases its registered capital and issues any kind of stocks, warrants and other similar securities;
- (II) Issuing corporate bonds;
- (III) Division, merger, dissolution and liquidation of the Company;
- (IV) Amendments to the Articles of Association;
- (V) The company purchases or sells major assets within one year or the amount of guarantee exceeds 30% of the Company's most recent audited total assets;
- (VI) A guarantee that exceeds 30% of the Company's most recent audited total assets in accordance with the principle of cumulative calculation of the guarantee amount for twelve consecutive months;
- (VII) Equity incentive plan;
- (VIII) Matters that should be passed by a special resolution according to laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are listed or the Articles of Association, and other matters that need to be passed by special resolutions that are determined by the general resolution of the general meeting of shareholders to have a significant impact on the Company.

**Article 108** When shareholders (including proxies of shareholders) vote at the general meeting of shareholders, they shall exercise their voting rights based on the number of voting shares they represent, and each share shall have one vote.

When the general meeting of shareholders considers major issues that affect the interests of small and medium investors, the votes of small and medium investors shall be counted separately. The results of the separate vote counting shall be publicly disclosed in a timely manner in accordance with relevant laws and regulations and the listing rules of the stock exchange where the Company's shares are listed.

The shares held by the Company have no voting rights, and this part of the shares is not included in the total number of voting shares attending the general meeting.

The board of directors, independent directors and shareholders who meet the relevant requirements may solicit shareholders' voting rights, in which they shall fully disclose specific voting intentions and other information to the solicited. It is prohibited to solicit shareholders' voting rights in a paid or disguised form of compensation. The company shall not impose restrictions on the minimum shareholding ratio for the solicitation of voting rights.

**Article 109** When the general meeting of shareholders deliberates on related transactions, related shareholders shall not participate in voting, and the number of voting shares they represent shall not be included in the total number of valid votes; resolutions of the general meeting of shareholders shall fully disclose the votes of non-related shareholders.

When the general meeting of shareholders deliberates on related transactions, the related shareholders shall proactively declare the relationship to the general meeting and avoid voting. If a shareholder does not take the initiative to explain the associated relationship and withdraw, other shareholders may request it to explain the relationship and withdraw. The convener shall review whether the shareholder is a related shareholder and whether the shareholder should withdraw in accordance with relevant regulations.

Related shareholders who should withdraw can participate in the discussion of related transactions involving themselves, and can provide explanations and descriptions to the general meeting of shareholders on matters such as the reasons for the related transactions, the basic conditions of the transactions, and whether the transactions are fair and legal.

If there are special circumstances where the related shareholders cannot withdraw, the Company can vote in accordance with the normal procedures after obtaining the consent of the China securities regulatory authority and make a detailed explanation in the resolution of the general meeting of shareholders.

After the general meeting of shareholders, if other shareholders discover that there are related shareholders participating in voting on related transactions, or shareholders have objections to whether the withdrawal should be applied, they have the right to bring it to the people's court on the relevant resolutions in accordance with the relevant provisions of the Articles of Association.

The resolutions made by the general meeting of shareholders on related transactions must be passed by more than half of the voting rights held by non-related shareholders present at the general meeting of shareholders. However, when the matter involves matters that need to be passed by special resolutions as required by the Articles of Association or laws and regulations, the resolution must be approved by more than two-thirds of the voting rights held by non-related shareholders attending the general meeting of shareholders.

**Article 110** The company shall, on the premise of ensuring that the general meeting of shareholders is legal and effective, through various methods and channels, give priority to providing modern information technology such as online voting platforms to facilitate shareholders' participation in the general meeting.

**Article 111** Except for special circumstances such as the Company's crisis, unless approved by a special resolution of the general meeting of shareholders, the Company will not enter into an agreement with anyone other than directors, supervisors, general managers and other senior management that assigns the person responsible for the management of all or important business of the Company.

**Article 112** The list of candidates for directors and supervisors shall be submitted to the shareholders meeting for voting by proposals. In addition to the cumulative voting system for electing directors and supervisors, each candidate for directors and supervisors shall be proposed by a single proposal. The board of directors shall disclose the resumes and basic information of directors and supervisor candidates to shareholders.

When the general meeting of shareholders votes on the election or replacement of two or more directors and supervisors, the cumulative voting system shall be implemented in accordance with the provisions of the Articles of Association or the resolutions of the general meeting of shareholders. That is, when the general meeting of shareholders elects directors or supervisors, each share has the same voting rights as the number of directors or supervisors to be elected, and the voting rights owned by shareholders can be used collectively.

The specific operating procedures of the cumulative voting system are as follows:

- (I) The independent directors, non-independent directors and supervisors of the Company shall be elected separately and voted separately.
- (II) When electing independent directors, the number of votes each shareholder is entitled to is equal to the number of shares he holds multiplies by the number of independent directors he has the right to elect. The number of votes can only be cast to independent director candidates, and who have received more votes are elected, but the number of votes for each elected independent director must exceed one-half of the valid voting shares held by shareholders attending the general meeting (based on the number of shares not accumulated).
- (III) When electing non-independent directors and supervisors, the number of votes each shareholder is entitled to is equal to the number of shares held by him multiplies by the number of non-independent directors and supervisors that he has the right to elect. The votes can only be cast to candidates for non-independent directors and supervisors of the Company, and candidates who have more votes are elected, but the number of votes for each elected non-independent director or supervisor must exceed half of the number of valid voting shares held by shareholders attending the general meeting (based on the number of shares not accumulated).
- (IV) When the number of candidates exceeds the number specified in the Articles of Association, the number of independent directors, non-independent directors and supervisors selected by each shareholder shall not exceed the number of independent directors, non-independent directors and supervisors specified in the Articles of Association. The total number of votes cast shall not exceed the number of votes that shareholders are entitled to, otherwise the vote will be invalid.
- (V) The scrutineers and vote-counters at the general meeting of shareholders must carefully verify the above conditions to ensure the fairness and effectiveness of the cumulative voting.

**Article 113** Except for the cumulative voting system, the general meeting of shareholders shall vote on all proposals one by one. If there are different proposals on the same matter, the voting shall be carried out in the order in which the proposals were submitted. Except for the suspension of the general meeting of shareholders or the inability to make resolutions due to special reasons such as force majeure, the general meeting of shareholders shall not shelve or refrain from voting on proposals.

Where there are different proposals on the same matter, shareholders (including shareholders' proxies) shall not vote for different proposals on the same matter at the same time at the general meeting.

**Article 114** When the shareholders' general meeting is deliberating on a proposal, the proposal shall not be amended, otherwise, the relevant change shall be regarded as a new proposal and shall not be voted on at this general meeting of shareholders.

**Article 115** The same voting right can only choose one of on-site, online or other voting methods. In the event of repeated voting with the same voting right, the result of the first voting shall prevail.

**Article 116** In accordance with the Hong Kong Listing Rules, unless the chairperson of the meeting decides on the principle of good faith to allow the resolution of purely procedural or administrative matters to be voted by a show of hands, any vote made by shareholders at a general meeting of shareholders must be done by voting.

**Article 117** If the matter required to be voted by way of ballot is to elect the chairperson of the meeting or to suspend the meeting, the voting shall be carried out immediately; for other matters requiring voting by way of ballot, the chairperson of the meeting shall decide when to hold the voting and the meeting can continue to discuss other matters, while the voting result is still regarded as the resolution passed at the meeting.

**Article 118** When voting by ballot, shareholders who have two or more votes (including proxies of shareholders) do not have to vote for or against the proposal with their all voting rights.

**Article 119** When the objection and approval votes are equal, the shareholder who serves as the chairperson of the meeting has one more vote, whether by a show of hands or a ballot.

**Article 120** The general meeting of shareholders shall adopt a registered voting method.

**Article 121** Before the general meeting of shareholders votes on a proposal, it shall nominate two shareholder representatives to participate in the counting and monitoring of votes. Where the matter under consideration has an interest relationship with the shareholders, the relevant shareholders and proxies shall not participate in the counting and scrutiny of votes.

When the general meeting of shareholders votes on a proposal, the lawyers, shareholder representatives and supervisor representatives shall be jointly responsible for counting and monitoring votes, and the voting results shall be announced on the spot, and the voting results of the resolutions shall be recorded in the meeting minutes.

Shareholders or their proxies who vote online or by other means have the right to check their voting results through the corresponding voting system.



**Article 122** The conclusion time of the on-site shareholders meeting shall not be earlier than the that of meetings held through Internet or other methods. The chairperson of the meeting is responsible for deciding whether the resolutions of the shareholders meeting shall be passed according to the voting situations and results of each proposal. The decision shall be final and shall be made public at the meeting and included in the minutes of the meeting. The company must appoint its accounting firm, share registrar or an external accountant qualified as its accounting firm, as the scrutineer of the counting of votes.

Before the official announcement of the voting results, the companies, vote counters, scrutineers, major shareholders, network service providers and other relevant parties involved in the on-site, online or other voting methods of the shareholders' meeting have the obligation to keep the voting situation confidential.

**Article 123** The shareholders attending the general meeting of shareholders shall express one of the following opinions on the proposals submitted for voting: agree, oppose or abstain. The securities registration and settlement institution is the nominal holder of the Shanghai-Hong Kong Stock Connect shares, except for declaration based on the actual holder's intention.

Unfilled, incorrectly filled, unrecognizable votes, and unvoted votes are all deemed to be a voter's waiver of voting rights, and the voting results of the shares held by them shall be counted as "abstentions".

If the Hong Kong Listing Rules require any shareholder to abstain from voting on a resolution, or restrict any shareholder to only vote for or against a resolution, if there is any violation of the relevant regulations or restrictions, the number of votes made by such shareholders or their representatives shall not be counted.

**Article 124** If the chairperson of the meeting has any doubts about the results of the resolution submitted for voting, he may organize a count of the vote cast; if the chairperson of the meeting does not count the votes, the shareholders or their proxies present at the meeting disagree with the results announced by the chairperson, they have the right to request a counting of votes immediately after the result of the voting is announced, and the chairperson shall organize the counting immediately.

If votes are counted at the general meeting of shareholders, the result of the vote shall be included in the minutes of the meeting. The minutes of the meeting, together with the signature books of the shareholders present and the power of attorney for proxy attendance, shall be kept in the Company's residence.

**Article 125** The resolutions of the general meeting of shareholders shall be announced in a timely manner. The announcement shall specify the number of shareholders and proxies present at the meeting, the total number of voting shares held, and the proportion to the total voting shares of the Company, the voting method, and the voting results of the proposal and the details of the resolutions passed. In the announcement, the attendance and voting of domestic shareholders and H-share shareholders shall be separately counted and announced.

Major issues that have not been disclosed shall not be notified to shareholders at the general meeting of shareholders.

**Article 126** If the proposal is not passed, or the current general meeting of shareholders changes the resolution of the previous general meeting, a special reminder shall be made in the resolution of the shareholders' general meeting.



**Article 127** If the shareholders' general meeting passes the proposal for the election of directors and supervisors, unless otherwise specified, the new directors and supervisors shall take office on the day when the resolutions of the shareholders' general meeting are passed.

**Article 128** If the shareholders' general meeting passes the proposal on cash distribution, bonus shares, or capitalization of capital reserves, the Company will implement specific plans within 2 months after the shareholders' general meeting ends.

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

**Article 129** Shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall enjoy the rights and assume the obligations in accordance with the laws, administrative regulations and these Articles of Association.

Apart from the holders of other classified shares, the holders of domestic shares and the H shareholders are deemed as different class shareholders.

The Company shall ensure adequate voting rights for the holders of preference shares under appropriate circumstances.

**Article 130** Any plan of the Company of changing or abolishing the rights of a class shareholder is subject to the approval of the general meeting in the form of a special resolution and the approval of the affected class shareholders at a separately convened the shareholders' meeting in accordance with Articles 132 to 136 of these Articles of Association before it can be implemented.

**Article 131** The rights of a class shareholder shall be deemed as changed or abolished under the following circumstances:

- (I) increase or decrease the number of the classified shares, or increase or decrease the number of classified shares with equal or more voting rights, distribution rights, other privileges than this type of classified shares;
- (II) convert all or part of the classified shares into other classes, or convert another class of shares, partly or wholly, into the shares of such class or authorize such conversion rights;
- (III) remove or reduce the right of the classified shares to accrued dividends generated or rights to cumulative dividends;
- (IV) reduce or remove a dividend preference or a preference to distributions of assets in a liquidation of the Company attached to shares of such class;
- (V) add, remove or reduce the right of the classified shares to convert share rights, options rights, voting rights, transfer rights, pre-emptive rights, and the right to obtain the securities of the Company;
- (VI) remove or reduce the right of the classified shares to receive funds payable of the Company in specified currencies;

- (VII) create new classified shares entitled to equal or more voting rights, distribution rights, or other privileges than the classified shares;
- (VIII) restrict the transfer or ownership of the classified shares or increase such restrictions;
- (IX) issue subscription or conversion rights for this or other classified shares;
- (X) increase the rights and privileges of other classes of shares;
- (XI) the restructuring plan of the Company may constitute different classes of shareholders to assume responsibilities disproportionately in restructuring; and
- (XII) amend or abolish clauses stipulated in this section.

**Article 132** Whether or not the affected class shareholders have voting rights at the general meeting, in the event of matters described above from items (II) through (VIII), (XI) to (XII) in Article 131 of these Articles of Association, they have voting rights at the class shareholders' meeting, but the interested shareholders shall have no voting rights at the class shareholders' meeting.

The term "interested shareholders" in the preceding paragraph shall have the following meanings:

- (I) where the Company makes a repurchase offer to all the shareholders at the same ratio according to Article 29 of these Articles of Association or repurchase their own shares through public transaction in the stock exchange, interested shareholders refer to controlling shareholders as defined in Article 284 of these Articles of Association;
- (II) where the Company repurchases its own shares through reaching an agreement outside the Stock Exchange in accordance with Article 29 of these Articles of Association, interested shareholders shall mean the shareholders who are relevant to such agreement; and
- (III) in the Company's reorganization plan, interested shareholders shall mean shareholders who bear liability at a rate that is lower than other shareholders in the same class or who hold different interests with other shareholders in the same class.

**Article 133** The resolution of the class shareholders' meeting shall be passed by votes representing more than two thirds of shareholding with voting rights attending the class shareholders' meeting in accordance with Article 132 of the Articles of Association.

**Article 134** When the Company is to convene a class shareholders meeting, the Company shall inform all registered shareholders of the classified shares at least 21 days before convening an annual general meeting, or 15 days before convening an extraordinary general meeting. In calculating the above starting period, it should not include the date convening the meeting and the date of the notice. The above business day refers to a day on which the Hong Kong Stock Exchange is open for trading in securities.

In the event that the number of the voting shares represented by the shareholders intending to attend the meeting is more than half of the total number of voting shares of that class, the Company may convene a class shareholders meeting. Otherwise, the Company shall within five days notify the shareholders once again, by way of public announcement, of the matters to be considered at the meeting and the date and place of the meeting. Upon notification by public announcement, the Company may then proceed to convene the shareholders class meeting.

Where there are special rules in the listing rules of the stock exchange where the shares of the Company are listed, the special rules prevail.

**Article 135** Notice of the class shareholders meeting shall be served only on the shareholders entitled to vote thereat.

**Article 136** Insofar as possible, any class shareholders' meeting shall be held in accordance with the same procedures as those of the general meeting, and any clause that relates to the procedures for convening the general meeting in these Articles of Association shall apply to the class shareholders' meeting. The special procedures for voting by the class shareholders shall not apply under the following circumstances:

- (I) upon the approval by a special resolution at the general meeting, the Company either separately or concurrently issues domestic shares and H shares once every 12 months, and the number of those domestic shares and H shares to be issued shall not account for more than 20% of each of its outstanding shares;
- (II) the plan to issue domestic shares and H shares upon the establishment of the Company is completed within 15 months of the date of approval by the securities regulatory authorities of the State Council or the validity period of its approval documents; and
- (III) upon the approval by the securities regulatory authorities of the State Council, the domestic shareholders of the Company transfer its shares to foreign investors and list them for trading on overseas stock exchanges.

## **CHAPTER V BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 137** Directors shall be elected or changed by the general meeting. The term of office of a director is three years. A director may serve consecutive terms if re-elected.

Any director with unexpired term of office may be removed by the general meeting by an ordinary resolution in accordance with relevant laws and regulations and the listing rules of the stock exchange where the shares of the Company are listed provided that the director's right to claim damages based on any contract shall not be affected.

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

**Article 138** The methods and procedures of nomination of a director shall be as follows:

- (I) The Board of Directors and shareholders individually or jointly holding more than 3% of the Company's shares shall have the right to submit nomination of candidates for independent directors to the Board of Directors. The Board of Directors shall submit the proposal to the general meeting after asking the proxy's opinion and examine their qualifications
- (II) The methods and procedures of nomination of an independent director shall be carried out in accordance with the relevant provisions of laws, administrative regulations, department rules and the listing rules of the stock exchange where the shares of the Company are listed.
- (III) The intention to nominate a candidate for director and a written notice stating the candidate's consent to be nominated as director shall be served upon the Company 7 days prior to date of the general meeting (such 7-day notification period shall begin from no earlier than the next day following the dispatch of the notice of the general meeting and end no later than 7 days prior to the date of the general meeting). The Company shall provide at least 7 days (which begins from the next day following the dispatch of the notice of the general meeting) for the nominators and the director candidates to submit the abovementioned notice and documents. The director candidate who has given his/her consent to be nominated shall undertake that his/her personal information as disclosed are truthful and complete and that he/she will conscientiously perform his/her duties as director if so elected.

**Article 139** The Company shall:

- (I) publish an announcement or issue a supplementary circular upon receipt of a notice from a shareholder to propose a person for election as a director at the general meeting where such notice is received by the Company after publication of the notice of the general meeting;
- (II) include in the announcement or supplementary circular the particulars required under Rule 13.51(2) of the Hong Kong Listing Rules of such person proposed to be elected as a director;
- (III) publish such circular not less than 10 business days before the date of the relevant general meeting; and
- (IV) assess whether or not it is necessary to adjourn the meeting for the election of a director to give shareholders at least 10 business days to consider the relevant information disclosed in the announcement or supplementary circular.

**Article 140** Procedures for shareholders to propose a person for election as a director:

- (I) After the publication of the notice of a general meeting by the Company, if a shareholder wishes to propose an individual (the "Candidate") for election as a director of the Company at the general meeting, a written notice (the "Nomination Notice") shall be deposited at the Company's registered office.

- (II) The Nomination Notice shall (i) include the personal information of the Candidate required to be disclosed by Rule 13.51(2) of the Hong Kong Listing Rules; and (ii) be signed by the shareholder concerned and signed by the Candidate indicating his/her willingness to accept appointment and consent of publication of his/her personal information.
- (III) The period for lodgment of the Nomination Notice shall commence on the day after the dispatch of the notice of the general meeting for the election and end no later than 7 days prior to the date of such general meeting.
- (IV) In order to allow the Company's shareholders to have sufficient time to consider the proposal of election of the Candidate as a director of the Company, shareholders who wish to make the proposal are urged to submit and lodge the Nomination Notice as early as practicable before the relevant general meeting.

**Article 141** Shareholders may request the Company to convene an extraordinary general meeting to nominate candidates for directors of the Company in accordance with Article 74 of these Articles of Association.

**Article 142** The term of office of a director shall commence from the date of taking the position until the expiry of the term of office of the current session of the Board of Directors. Where a re-election fails to be carried out in a timely manner upon the expiry of the term of office of a director, such director shall continue to perform his/her duties as a director in accordance with relevant laws, administrative regulations, department rules, the listing rules of the stock exchange where the shares of the Company are listed and these Articles of Association until the newly elected director assumes the office.

Subject to the relevant laws and regulations, as well as regulatory rules of the place where the shares of the Company are listed, if the Board of Directors appoints a new director to fill a vacancy or as an additional director, the term of office of the appointed director shall expire at the next general meeting of the Company and such director shall be eligible for re-election. All the directors appointed to fill causal vacancies shall accept shareholder election at the first general meeting after acceptance of the appointment.

The senior management may serve concurrently as directors, provided that the total number of such directors who concurrently serve as the senior management shall not exceed 1/2 of the total number of the directors of the Company.

The Board of Directors of the Company comprises no directors who concurrently serve as employee representatives.

**Article 143** A director may be removed at the general meeting in accordance with the provisions of paragraph II of Article 137 of these Articles of Association. In addition, a director may be removed at the general meeting prior to the expiry of the term of office of the director in the following circumstances:

- (I) submit resignation;
- (II) not allowed to act as a director in accordance with the provisions of laws and regulations of the state or these Articles of Association;

(III) cannot perform duties; and

(IV) being incompetent to act as a director due to serious illness.

**Article 144** If any director fails to attend Board meetings, either in person or by authorizing another director to act on his/her behalf, for two consecutive times, the said director shall be deemed as failing to perform his/her duties, and the Board of Directors shall propose at the general meeting to replace the said director.

**Article 145** Directors shall comply with the laws, administrative regulations, the listing rules of the stock exchange where the shares of the Company are listed and these Articles of Association, and shall fulfill obligations to the Company as follows:

- (I) not to abuse his/her position to accept bribes or other illegal income or misappropriate the properties of the Company;
- (II) not to misappropriate the funds of the Company;
- (III) not to set up accounts in his/her own name or in the name of any other person for the purpose of depositing any of the assets or funds of the Company;
- (IV) not to lend funds of the Company to any other person or use the property of the Company to provide guarantee for any other person without the consent of the general meeting or the Board of Directors in contravention of the provisions of these Articles of Association;
- (V) not to enter into contracts or carry out transactions with the Company in contravention of the provisions of these Articles of Association or without the consent of the general meeting;
- (VI) not to, without the consent of the general meeting, abuse his/her position to seize business opportunities for himself/herself or for other persons which should otherwise belong to the Company, or operate a business similar to that of the Company for himself/herself or for other persons;
- (VII) not to misappropriate commissions derived from transactions entered into by the Company;
- (VIII) not to disclose confidential information of the Company without permission;
- (IX) not to abuse his/her connections with the Company to jeopardize the interests of the Company;
- (X) to perform duties honestly and faithfully, exercise rights within their terms of reference in the interests of the Company and all shareholders as a whole, avoid actual and potential conflicts in interests and positions and prioritize the interests of the Company and all shareholders over their own benefits;
- (XI) other faithful obligations as required by the laws, administrative regulations, department rules, the listing rules of the stock exchange where the shares of the Company are listed and these Articles of Association.

Any income derived by a director in violation of the provisions of this article shall belong to the Company. The director shall be liable for indemnifying the Company against any loss incurred.

**Article 146** Directors shall observe laws, administrative regulations, the listing rules of the stock exchange where the shares of the Company are listed and these Articles of Association, and fulfill the following obligations of diligence to the Company:

- (I) to attend the Board meetings in person in principle, act in a normally and reasonably prudent and diligent manner and express explicit opinions over the matters considered. If they cannot attend the Board meetings in person for certain reasons, they shall prudently select and appoint other directors in writing to attend such meetings. Independent directors shall not appoint non-independent directors to attend such meetings;
- (II) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company in compliance with the laws, administrative regulations and economic policies of the state, not beyond the business scope specified in the business license;
- (III) to treat all shareholders impartially;
- (IV) to keep informed of the business operation and management of the Company; carefully read all commercial and financial reports, and reports related to the Company on public media, and keep timely informed of and continuously pay attention to the business operation and management situation and significant events occurred or may occur and their impact, timely report the issues existing in the Company's operation activities to the Board of Directors, and shall not shirk their responsibilities on the grounds of not directly engaging in operation and management or not aware of the relevant issues and situations;
- (V) to sign written opinions on the regular reports of the Company; and to ensure the information disclosed by the Company being truthful, accurate and complete;
- (VI) to honestly provide the Supervisory Committee with relevant circumstances and information, and not to prevent the Supervisory Committee or supervisors from exercising their functions and powers; and
- (VII) to fulfill other obligations of diligence stipulated by laws, administrative regulations, department rules, the listing rules of the stock exchange where the shares of the Company are listed and these Articles of Association.

**Article 147** A director may resign prior to the expiry of his/her term of office. A director shall submit a written resignation to the Board of Directors in resigning his/her duties. The Board of Directors will disclose relevant information within two days.



If the number of members of the Board of Directors of the Company falls below the quorum as a result of the resignation of any director or the number of independent directors is less than one third of members of the Board of Directors or there are no accounting professionals among independent directors as a result of the resignation of any independent director, such director's resignation shall not become effective until the vacancy resulting from such resignation is filled up by a succeeding director. The proposed resigning director shall continue to perform his/her duties in accordance with laws, administrative regulations, department rules, the listing rules of the stock exchange where the Company's shares are listed and these Articles of Association before the resignation takes effect.

Save as provided in the preceding paragraph, a director's resignation shall take effect upon the delivery of the written resignation to the Board of Directors.

**Article 148** The Company shall enter into confidential agreements with the directors. Directors shall handle all handover procedures to the Board of Directors upon the effectiveness of their resignation or the expiry of their terms of office. Their obligation of keeping confidentiality of the trade secrets of the Company shall remain valid after the end of their terms of office until such trade secrets become public information and they shall not conduct same or similar businesses with the list company by taking advantage of the core technology of the Company. Other obligations of loyalty to the Company and shareholders assumed by directors shall remain valid for three years after their resignation date.

The obligation of keeping confidentiality and loyalty after resignation referred to in this paragraph shall also apply to supervisors and senior management at the same time.

**Article 149** Any director shall not act on behalf of the Company or the Board of Directors under his/her name without legal authorization in accordance with these Articles of Association or by the Board of Directors. When a director acts under his/her name while third parties reasonably consider that such director acts on behalf of the Company or the Board of Directors, such director shall state his/her position and capacity in advance.

**Article 150** If a director violates laws, administrative regulations, department rules of the place where the shares of the Company are listed or these Articles of Association in the course of performing the Company's duties, thereby causing losses to the Company, he or she shall be liable for damages.

**Article 151** The qualifications, nomination and election procedures, term of office, resignation, duties and other matters of independent directors shall be subject to relevant provisions of laws, administrative regulations, department rules and the listing rules of the stock exchange where the shares of the Company are listed. Independent directors can tender their resignation prior to the expiry of their terms of office. The Company shall complete the by-election within 60 days from the date of resignation of the independent director. Where at any time the number, qualification or independence of the independent directors of the Company does not meet the requirements of the Hong Kong Listing Rules, the Company must inform the Hong Kong Stock Exchange immediately and disclose the details and reasons by way of a public announcement.

## **Section 2 Board of Directors**

**Article 152** The Company shall establish the Board of Directors which shall be accountable to the general meeting. The Board of Directors shall comprise 9 directors and shall have 1 chairman. Of which, at least 4 shall be independent directors, who account for no less than one third of all the directors.

**Article 153** The Board of Directors exercises the following powers:

- (I) convene the general meeting and report on work to the general meeting;
- (II) implement the resolutions of the general meeting;
- (III) determine the business and investment plans of the Company;
- (IV) formulate the annual financial budget and closing account plans of the Company;
- (V) formulate the earnings distribution and loss offset plans of the Company;
- (VI) formulate the plans for increasing or decreasing the Company's registered capital, the issuance of bonds or other securities, as well as the listing plans;
- (VII) formulate plans for major acquisitions of the Company, the buy-back of shares of the Company, corporate merger, separation of the Company and changing the form of the Company;
- (VIII) determine such matters as the Company's external investment, purchase of assets, asset pledge, external guarantee, entrusted wealth management and connected transactions within the scope authorized by the general meeting;
- (IX) decide on the setup of the Company's internal management organization;
- (X) based on the nomination of the chairman, appoint or dismiss the general manager of the Company and the secretary of the Board of Directors; based on the nomination of the general manager, appoint or dismiss senior management of the Company such as the vice manager, the person-in-charge of finance, and determine their remuneration, rewards and punishment;
- (XI) set the basic management systems of the Company;
- (XII) make the modification plan to these Articles of Association;
- (XIII) manage the disclosure of company information;
- (XIV) propose the appointment or replacement of the accounting firm that performs audits for the Company at the general meeting;
- (XV) listen to the work report of the Company's general manager and review the work of the general manager; and

(XVI) other powers and duties authorized by the laws, administrative regulations, department rules, the listing rules of the stock exchange where the shares of the Company are listed or these Articles of Association and the general meeting.

The above resolutions adopted by the Board of Directors, except those in (VI), (VII) and (XII) and those subject to laws, administrative regulations, department rules, the listing rules of the stock exchange where the Company's shares are listed and these Articles of Association must be approved by more than a two-thirds vote of the directors, may be approved by more than half of the votes by the directors.

Matters beyond the scope of authorization of the general meeting should be submitted to the general meeting for consideration.

**Article 154** When disposing fixed assets, the Board of Directors shall not, without prior approval of the general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate amount of the expected consideration for the proposed disposal and the proceeds from any such disposal of any fixed assets of the Company completed within 4 months immediately preceding the proposed disposal exceeds 33% of the value of fixed assets of the Company as shown in the latest balance sheet considered at the general meeting.

For the purposes of this article, disposal of fixed assets includes the transfer of interest in assets but does not include the charge of fixed assets as security.

The validity of a disposal of fixed assets by the Company shall not be affected by any breach of the first paragraph of this article.

**Article 155** The Board of Directors shall explain at the general meeting with respect to any nonstandard audit opinions that any certified public accountant issues for the financial report of the Company.

**Article 156** The Board of Directors shall formulate the rules of procedures of the Board meetings to ensure the implementation of the resolutions of the general meeting by the Board of Directors, so as to improve the efficiency of work and ensure scientific decision-making. The rules of procedures of the Board meetings shall be included in the Articles of Association as an appendix thereto and shall be formulated by the Board of Directors and approved by the general meeting.

**Article 157** The Board of Directors shall determine the scope of external investment, acquisition and disposal of assets, asset mortgage, external guarantee, entrusted wealth management, connected transactions, etc., and establish strict examination and decision-making procedures; major investment projects shall be assessed by relevant experts and professionals engaged for this purpose and proposed to the general meeting for approval.

- (I) Subject to the laws, regulations and other provisions of these Articles of Association and for the purchase or disposal of assets; external investments (including entrusted wealth management, consigned loans, etc.); provision of financial assistance; lease of assets; asset and business management as consignor or consignee; donating or taking of assets; credit and debt reorganization; conclusion of franchise agreements; transfer of research and development projects as transferor or transferee and other transaction activities satisfying one of the following standards, they shall be approved by the Board of Directors upon the authorization at the general meetings:

1. the total amount of assets involved in the transaction (if the assets involved have both book value and valuation, whichever is higher) accounts for over 10% of the latest audited total assets of the Company;
2. the net assets involved in the subject matter (such as equity) of the transaction (if the assets involved have both book value and valuation, whichever is higher) accounts for over 10% of the latest audited net assets of the Company, and the absolute amount exceeds RMB10 million;
3. the transaction value (including liabilities and expenses incurred) accounts for over 10% of the latest audited net assets of the Company, and the absolute amount exceeds RMB10 million;
4. the profit derived from the transaction accounts for over 10% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB1 million;
5. the relevant operating income of the subject matter (such as equity) of the transaction in the latest accounting year accounts for over 10% of audited operating income of the Company in the latest accounting year, and the absolute amount exceeds RMB10 million;
6. the relevant net profit of the subject matter (such as equity) of the transaction in the latest accounting year accounts for over 10% of the net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB1 million.

Where the figure in the calculation of the above indicators is a negative value, its absolute value shall be taken.

Subject to the laws, regulations and other provisions of the Articles of Association and for the purchase or disposal of assets; external investments (including entrusted wealth management, consigned loans, etc.); provision of financial assistance; lease of assets; asset and business management as consignor or consignee; donating or taking of assets; credit and debt reorganization; conclusion of franchise agreements; transfer of research and development projects as transferor or transferee and other transaction activities satisfying one of the following standards, they shall be submitted to the general meeting for consideration and approval before implementation after being submitted to the Board of Directors for consideration and approval:

1. The total amount of assets involved in the transaction (if the assets involved have both book value and valuation, whichever is higher) accounts for over 50% of the latest audited total assets of the Company;
2. The net assets involved in the subject matter (such as share equity) of the transaction (if the assets involved have both book value and valuation, whichever is higher) accounts for over 50% of the latest audited net assets of the Company, and the absolute amount exceeds RMB50 million;
3. The transaction value (including liabilities and expenses incurred) accounts for over 50% of the latest audited net assets of the Company, and the absolute amount exceeds RMB50 million;

4. The profit derived from the transaction accounts for over 50% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB5 million;
5. The relevant operating income of the subject matter (such as equity) of the transaction in the latest accounting year accounts for over 50% of the audited operating income of the Company in the latest accounting year, and the absolute amount exceeds RMB50 million;
6. The relevant net profit of the subject matter (such as equity) of the transaction in the latest accounting year accounts for over 50% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB5 million.

If the data involved in the above index calculation is negative, the absolute value of the data shall be taken.

Subject to the laws, regulations and other provisions of the Articles of Association, if the external investments of the Company do not meet any of the above standards, the investment department and other business departments shall, after examination and assessment, report to the chairman of the Board of Directors for approval for implementation.

Notwithstanding the aforesaid provisions, if the investment made by the Company may constitute a related-party/connected transaction and/or a notifiable transaction under the Shanghai Stock Exchange Listing Rules and the Hong Kong Listing Rules, the Company shall execute the related-party/connected transaction in accordance with the Shanghai Stock Exchange Listing Rules, the Hong Kong Listing Rules and the related-party transaction management system of the Company at the same time.

The power to conduct investment in derivatives by the Company shall not be authorized to individual Directors or the operation management of the Company without review and approval by the Board of Directors or the shareholders' meeting of the Company.

When the Company and the same counterparty simultaneously carry out two transactions other than external investments (including entrusted wealth management, consigned loans, etc.), provision of financial assistance and provision of guarantees in opposite directions, the disclosure standard shall be calculated in accordance with the higher of the indicators involved in the transaction in single direction.

If the transaction subject is equity and a purchase or disposal of equity will result in a change in the scope of the consolidated statement of the Company, the total assets and operating income of the company attributable to such equity shall be deemed to be the total assets involved in such transaction and the operating income related to the subject matter of such transaction, respectively.

The above assets purchased or sold do not include the purchase of raw materials, fuel and power, and the sale of products, commodities and other assets related to daily operations, but the assets involved in the purchase and sale of such assets in the asset swap are still included.

When a transaction of the Company only meets the standards as set out in the item 3 or item 5 above, and the absolute value of the earnings per share in the latest financial year of the Company is less than RMB0.05, the Company may apply to the stock exchange for waiver from the review provisions at the general meeting as set out in the item 3 or item 5.

When the transaction satisfies the standard for submitting to the general meeting for consideration in this paragraph and if the subject matter of such transactions is the Company's equity, the Company shall provide an audit report issued by an audit firm with relevant qualifications to conduct securities and futures business in respect of the financial accounting report of the subject matter of such transactions for the latest year and period prepared under the Accounting Standards for Business Enterprises. The period between the cut-off date of the audit and the date on which a general meeting is convened in respect of the audit of such transaction shall be no more than 6 months; if the subject matter of such transactions is other non-cash asset other than equity, the Company shall provide a valuation report issued by an asset valuer with relevant qualifications to conduct securities and futures business. The period between the cut-off date of evaluation and the date on which a general meeting is convened for consideration of such matter shall be no more than 1 year.

When the transaction satisfies the standard for submitting to the general meeting for consideration in this paragraph and if the stock exchange deems necessary, the Company shall provide an audit report or a valuation report issued by an accounting firm or an asset valuer.

When the Company conducts the provision of financial assistance, entrusted wealth management and other matters, the amount incurred shall be used as the calculation standard.

With regard to the same transactions of the Company on the transaction subject within 12 months, the principle of aggregate calculation shall apply to the provisions of this article. If relevant obligations are completed in accordance with this article, the transactions will not be included in the calculation of the total amount.

- (II) The Board of Directors shall have the right to approve other guarantee matters out of the scope of authority of the general meeting provided in Article 67 of these Articles of Association. When the Board of Directors considers the guarantee matters, such matters shall be passed by approval of more than two thirds of the directors present at the meeting besides the approval of over half of all directors. When it considers the external guarantee matters, such matters shall also be passed by approval of more than two thirds of all independent directors. The Company shall not provide guarantees without the approval of the Board of Directors or the general meeting. When the Company provides external guarantees, it shall be disclosed to the public in a timely manner after being considered and approved at the Board meeting or the general meeting.
- (III) A connected transaction between the Company and a connected natural person with the transaction amount exceeding RMB0.3 million (other than those in respect of which the Company provides a guarantee) or between the Company and a connected legal person with the transaction amount exceeding RMB3 million and accounting for over 0.5% of the absolute value of the latest audited net assets of the Company (other than those in respect of which the Company provides a guarantee) shall be considered and approved by the Board of Directors of the Company. A connected transaction between the Company and a connected person with the transaction amount exceeding RMB30 million and accounting for over 5% of the absolute value of the latest audited net assets of the Company shall be submitted to the general meeting for consideration after being considered and approved by the Board of Directors.



Any guarantee provided by the Company to the connected persons shall be proposed at the general meeting for consideration after consideration and approval by the Board of Directors, regardless of the amount. When the Company provides guarantee to shareholders holding less than 5% of shares, such shareholder shall abstain from voting at the general meeting with reference to the requirements in this paragraph.

When the Company and the connected person jointly contribute capital to establish a company, the transaction amount shall be the capital contributed by the Company, which is applicable to the requirements of this paragraph. When the capital contributed by the Company reaches the standard for submitting to the general meeting for consideration in this paragraph, and when all parties to the capital contribution contribute capital in cash with their respective shareholdings in the established company confirmed in accordance with their proportion of capital contribution, an application for exemption from applicable requirement of general meetings' consideration can be filed to the Stock Exchange.

The amounts of transactions between the Company and the same related party or the amounts of transactions with different related parties but with related subject matter within a consecutive 12 months shall be calculated in the principle of aggregate calculation.

- (IV) The transactions between the Company and the holding subsidiaries within its consolidation scope or between the holding subsidiaries mentioned above, except as otherwise provided by laws and the systems of the Company, shall be approved by the Board of Directors and subject to the provisions of the articles of association of the holding subsidiaries.
- (V) When the Company conducts securities investment, it shall be submitted to the general meeting for consideration after being considered by the Board of Directors and obtain the approval of more than two thirds of all directors and independent directors.

External investments, the disposal of assets and other transaction matters of the controlled subsidiaries of the Company shall be subject to the provisions of their articles of association provided that the decision-making authority granted to the board of directors or executive directors in accordance with the articles of association of controlled subsidiaries shall not exceed the authority of the Board of Directors of the Company. The Board of Directors or the general meeting of the Company shall make instructions on the voting intention at the general meetings of subsidiaries based on their scope of authority.

Where it is otherwise provided by other laws, administrative regulations, department rules, regulatory documents, the Articles of Association or the Stock Exchange on the above matters, such provisions shall prevail.

**Article 158** The chairman shall be elected or removed by over half of all members of the Board of Directors. The chairman shall serve a term of 3 years, and is eligible for re-election.



**Article 159** The chairman shall exercise the following functions and powers:

- (I) to preside over the general meetings and to convene and preside over the Board meetings;
- (II) to supervise and examine the implementation of the resolutions of the Board of Directors;
- (III) to sign the documents of the Board of Directors and other documents which shall be signed by the legal representative of the Company;
- (IV) to sign the share certificates, corporate bonds and other marketable securities of the Company;
- (V) to exercise the functions and powers as a legal representative;
- (VI) to nominate the general manager and the person-in-charge of finance;
- (VII) in the event of emergency situations such as the occurrence of large-scale natural disasters, to take special steps in handling the Company's business according to the laws and the Company's interest; and to report to the Board of Directors of the Company and the general meetings afterwards; and
- (VIII) Subject to the laws, regulations and other provisions of these Articles of Association and for the purchase or disposal of assets; external investments (including entrusted wealth management, consigned loans, etc.); provision of financial assistance; lease of assets; asset and business management as consignor or consignee; donating or taking of assets; credit and debt reorganization; conclusion of franchise agreements; transfer of research and development projects as transferor or transferee and other transaction activities, please refer to the provisions of paragraph (I) of Article 157 of these Articles of Association for the approval authority of the chairman authorized by the Board of Directors.

**Article 160** The Board of Directors may authorize the chairman to exercise part of the powers of the Board of Directors when it is in recess. The authorization shall be agreed by over half of all directors and made in the form of a Board resolution. The content of the authorization by the Board of Directors to the chairman should be clear and specific.

The authorization shall be automatically terminated when the office term of the Board of Directors expires or the chairman cannot perform his/her duties unless the authorization by the Board of Directors to the chairman has a clear term or the Board of Directors authorizes again. The chairman shall make a timely report to the Board of Directors in terms of the execution of authorization.

**Article 161** Where the chairman is unable or fails to perform his or her duties, more than one half of the directors shall elect a director to discharge the duties of the chairman.

**Article 162** Regular meetings of the Board of Directors shall be held at least 4 times a year. Meetings shall be convened by the chairman. Notice of the regular meeting shall be given to all directors and supervisors in written form 14 days before convening the meeting.

**Article 163** Any shareholder(s) holding more than one-tenth voting rights, more than one third of the directors, more than one half of independent directors or the Supervisory Committee or the general manager may propose the holding of an extraordinary meeting of the Board of Directors. The chairman shall convene and preside over a Board meeting within 10 days after receipt of such proposal.

**Article 164** A notice of extraordinary Board meetings shall be served to all directors and supervisors three days prior to the date of the meeting by personal delivery, post, facsimile, emails or other means provided by these Articles of Association. If it is a must to convene an extraordinary meeting as soon as possible due to emergencies, a meeting notice may be given by phone or other oral means at any time, but the convener shall make an explanation at the meeting.

**Article 165** The notice of the Board meeting shall include the following:

- (I) the time and venue of the meeting;
- (II) the duration of the meeting;
- (III) the reasons and subject matters; and
- (IV) the date of issuing the notice.

**Article 166** A Board meeting shall be attended by more than one half of the directors. Resolutions made by the Board of Directors shall be passed by more than half of all directors.

If the votes for and against a resolution are the same, the chairman shall be entitled to an additional vote.

**Article 167** When the Board of Directors considers the guarantee matters, such matters shall be passed by approval of more than two thirds of the directors present at the meeting. When it considers the external guarantee matters, such matters shall also be passed by approval of more than two thirds of all independent directors.

**Article 168** As for the voting on a Board resolution, each director shall have one vote. If a director has a connected relationship with an enterprise or individual involved in a matter on which a resolution is to be made at a Board meeting, he/she may not exercise his or her right to vote regarding such resolution, nor may he/she exercise the voting right of another director as such director's proxy thereon. Such a Board meeting may be held only if more than one half of the directors without a connected relationship are present, and the resolutions made at such a Board meeting shall require adoption by more than one half of the directors without a connected relationship. If the number of non-connected directors attending the meetings is less than three, the matter shall be submitted to the general meeting for consideration.

**Article 169** Voting of the Board of Directors shall be conducted by a show of hands or in written form.

Unless otherwise provided by the laws, administrative regulations, department rules, regulatory documents of the place where the shares of the Company are listed and the listing rules of the stock exchange where the shares of the Company are listed, the Board of Directors may hold an extraordinary general meeting and make resolutions by means of facsimile or other correspondence means signed by the directors in presence and attending the meeting, provided that the directors have fully expressed his or her opinions.

**Article 170** Directors shall attend Board meetings in person. If any director cannot attend the meeting for any reason, he may authorize in writing another director to act on his behalf. An independent director shall authorize another independent director to act on his behalf. The power of attorney shall set out the name of the proxy, the matters represented, scope of authorization and validity period, and shall be signed or sealed by the appointing director. The appointed director who attends the meeting shall exercise the director's duties within the scope of authorization. In relation to voting on resolutions, the appointer should specify his/her opinions on vote for, vote against or abstain from voting on each of the resolutions in the power of attorney. A director shall not make or accept the appointment or carte blanche without any voting intent on the resolutions, or any appointments that are not well defined. If a director does not attend a Board meeting in person and does not appoint a proxy to attend the meeting, he or she shall be deemed to have waived the voting rights at the meeting.

One director shall not accept appointment by more than two directors to attend one Board meeting on his/her behalf.

Where connected transactions are considered, a non-connected director shall not appoint a connected director to attend the meeting on his/her behalf.

**Article 171** The Board of Directors shall file resolutions passed at the meeting as minutes and minutes shall be signed by the attending directors and the recorder. Directors shall have the right to request to record in the minutes details of the speeches made by them at the meeting.

The minutes of Board meetings shall be kept for the Company's record for a term of 10 years.

**Article 172** The minutes of Board meetings shall consist of the following:

- (I) the date and venue of the meeting and the name of the convener;
- (II) the names of the directors present and names of directors being appointed to attend the meeting on the other's behalf (proxy);
- (III) the agenda;
- (IV) the main points of directors' speeches; and
- (V) the voting method of each resolution and the result (with the voting result to include the number of polls that vote for, against or abstaining).

**Article 173** Directors shall be responsible for the resolutions passed at Board meetings. Any director who votes for a resolution of the Board of Directors which runs counter to laws, administrative regulations or these Articles of Association, thereby causing serious losses to the Company, shall be liable for compensation to the Company; however, a director who has been proved as having expressed dissenting opinions on the resolution and such opinions are recorded in the minutes of the meeting can be exempt from liability.

### **Section 3 Special Committees of the Board of Directors**

**Article 174** The Board of Directors of the Company establishes the Strategic Development Committee, the Audit Committee, the Nomination Committee and the Remuneration and Evaluation Committee. Members of special committees shall be directors and the number of members shall be odd and shall be no less than three. Half or above of the members of the Audit Committee, the Remuneration and Evaluation Committee and the Nomination Committee shall be independent directors with an independent director as the convener. The members of the Audit Committee shall be the non-executive Directors who do not hold senior management positions in the Company, of which the majority shall be independent Directors, and the accounting professionals among the independent Directors shall act as the convener.

**Article 175** The primary duties of the Strategic Development Committee are to study and advise on the long-term strategy and major investment decisions of the Company.

**Article 176** The Audit Committee of the Company shall be responsible for examination and approval of the financial information of the Company and the disclosure thereof, as well as supervision and evaluation of internal and external audit and internal control. The following matters shall be tabled at the Board of Directors for review and consideration after obtaining the consent of more than half of the members of the Audit Committee:

- (1) disclosure of the financial information in financial and accounting reports and regular reports, and the evaluation report on internal control;
- (2) appointment or dismissal of an accounting firm which undertakes audit work of the Company;
- (3) appointment or dismissal of the person-in-charge of finance of the Company;
- (4) amendment of significant accounting error or change in accounting policy or accounting estimate for reasons other than a change in accounting standards; and
- (5) any other matters stipulated by the laws, administrative regulations, the CSRC, and the Articles of Association.

The Audit Committee shall convene at least one meeting each quarter. An extraordinary meeting may be convened when two or more members or the convener deems necessary. A meeting of the Audit Committee shall be convened only when more than two thirds of the members are present.

**Article 177** The Nomination Committee of the Company shall be responsible for formulating the selection standards and procedures for Directors and senior management personnel, conducting selection and examination of the candidates and their qualifications, and making recommendations to the Board of Directors on the following matters:

- (1) nomination or appointment or dismissal of Directors;
- (2) appointment or dismissal of senior management personnel;
- (3) any other matters stipulated by the laws, administrative regulations, the CSRC, and the Articles of Association.

If the Board of Directors does not adopt, or does not fully adopt, the recommendations of the Nomination Committee, the opinion of the Nomination Committee and the specific reasons for not adopting the recommendations shall be recorded in the Board resolutions and disclosed.

**Article 178** The Remuneration and Evaluation Committee of the Company shall be responsible for formulating the appraisal criteria and conduct appraisal on the Directors and senior management personnel, formulate and review the remuneration policies and plans for the Directors and senior management personnel, and make recommendations to the Board of Directors in respect of the following matters:

- (1) remuneration of the Directors and senior management personnel;
- (2) establishment or change of equity incentive scheme or employee stock ownership plan, deciding the conditions for the granting of and the exercise of the awards by the eligible participants;
- (3) arrangement of the shareholding plans for Directors and senior management personnel in the subsidiary to be spun off;
- (4) any other matters stipulated by the laws, administrative regulations, the CSRC, and the Articles of Association.

If the Board of Directors does not adopt, or does not fully adopt, the recommendations of the Remuneration and Evaluation Committee, the opinion of the Remuneration and Evaluation Committee and the specific reasons for not adopting the recommendations shall be recorded in the Board resolutions and disclosed.

**Article 179** Each special committee may engage intermediaries or relevant experts to provide professional advice at the expense of the Company.

**Article 180** All the special committees shall be accountable to the Board of Directors and the proposals of all special committees shall be submitted to the Board of Directors for review and approval.

## **CHAPTER VI GENERAL MANAGER AND OTHER SENIOR MANAGEMENT**

**Article 181** The Company shall have one general manager, several vice general managers, one person-in-charge of finance and one secretary of the Board of Directors and they shall be appointed or dismissed by the Board of Directors.

**Article 182** The provisions under Article 145 in relation to the fiduciary duties of directors and paragraphs (IV), (V) and (VI) under Article 146 of these Articles of Association in relation to the due diligence obligations shall be applicable to the senior management.

**Article 183** The senior management of the Company shall not hold any post other than director or supervisor in the Company, or receive salaries from, its controlling shareholder, de facto controller or any other enterprises under their control.

**Article 184** The terms of office of the senior management of the Company shall be three years and they shall be eligible to offer themselves for re-appointment.

**Article 185** The general manager is accountable to the Board of Directors and exercises the following powers:

- (I) be in charge of the production and operation management of the Company, organize the enforcement of resolutions of the Board of Directors and report to the Board of Directors on work;
- (II) organize the implementation of the annual operation plans and investment schemes of the Company;
- (III) formulate the scheme on the setup of the internal management organization of the Company;
- (IV) formulate the fundamental management systems of the Company;
- (V) formulate the specific management rules of the Company;
- (VI) propose the appointment or dismissal of the Company's vice general manager and the person-in-charge of finance to the Board of Directors;
- (VII) determine to appoint or dismiss other management personnel except those who shall be appointed or dismissed by the Board of Directors; and
- (VIII) other responsibilities authorized by these Articles of Association or the Board of Directors.

**Article 186** The general manager can attend meetings of the Board of Directors. A non-director general manager shall have no right to vote at such meetings.

**Article 187** The general manager shall report to the Board of Directors or the Supervisory Committee on the execution of significant contracts, implementation status, application of funds as well as profit and loss of the Company as requested by the Board of Directors or the Supervisory Committee. The general manager shall ensure the truthfulness of the report.

**Article 188** The Company shall formulate the working rules of the general manager. Such working rules shall be implemented upon approval by the Board of Directors.

**Article 189** The working rules of the general manager shall include the following:

- (I) conditions for the convening of and the procedure for the general manager's meeting, and the persons to attend the meeting;
- (II) specific duties and allocation of work of the general manager and other senior management;
- (III) the authority to utilize the Company's funds and assets and to enter into significant contracts, and the reporting system to the Board of Directors and the Supervisory Committee;



(IV) other matters which the Board of Directors considers necessary.

**Article 190** The vice general manager is directly responsible to and report to the general manager and performs relevant duties based on the setup of the internal management organization of the Company.

**Article 191** Senior management can tender their resignation prior to the expiry of their terms of office. The specific procedures for such resignation shall be governed by the labour contract between the senior management and the Company.

**Article 192** The Company shall have a secretary of the Board of Directors. The secretary of the Board of Directors must be a natural person with the requisite expertise and experience and be appointed by the Board of Directors. The secretary to the Board shall be responsible for the preparations for general meetings and Board meetings, keeping of documentation and management of shareholders' data, matters relating to information disclosure of the Company, etc., to ensure:

- (I) complete organizational documents and records are available for the Company;
- (II) the Company prepares and submits reports and documents required by relevant authorities pursuant to laws; and
- (III) the register of shareholders of the Company is properly established, and that persons entitled to receive relevant records and documents of the Company are given timely access to such records and documents.

The secretary of the Board of Directors shall comply with the relevant provisions of the laws, administrative regulations, department rules, the listing rules of the stock exchange where the Company's shares are listed and these Articles of Association.

Directors or other senior management of the Company may also act as the secretary of the Board of Directors. The accountant(s) of the accounting firm appointed by the Company shall not act as the secretary of the Board of Directors of the Company concurrently.

In the event that a director acts as the secretary of the Board of Directors of the Company concurrently and a certain act has to be performed separately by a director and the secretary of the Board of Directors of the Company, such person who is both a director and the secretary of the Board of Directors shall not perform such act in both capacities.

**Article 193** If senior management violates laws, administrative regulations, department rules or these Articles of Association in the course of performing the Company's duties, thereby causing losses to the Company, he or she shall be liable for damages.

**Article 194** The general manager, in exercising his/her functions and powers, shall perform the obligations of honesty and diligence in accordance with the laws, administrative regulations and these Articles of Association.

## **CHAPTER VII BOARD OF SUPERVISORS**

### **Section 1 Supervisors**

**Article 195** Directors, general manager and other senior management shall not serve as supervisors concurrently.

Spouses and immediate families of directors and senior management shall not serve as supervisors of the Company during their term of office.

**Article 196** The supervisors shall observe laws, administrative regulations, listing rules of stock exchange where the shares of the Company are listed and the Articles of Association, fulfill fiduciary duties and duty of diligence to the Company and faithfully perform their supervisory duties and shall not abuse their powers to accept bribes or other unlawful gains or expropriate the Company's property.

**Article 197** The term of office of a supervisor shall be three years and is renewable upon reelection when it expires.

**Article 198** If the term of office of a supervisor expires but re-election is not made promptly, or if any supervisor resigns during his/her term of office so that the membership of the board of supervisors falls short of the quorum, the said supervisor shall continue to perform the duties of a supervisor pursuant to the laws, administrative regulations, listing rules of stock exchange where the shares of the Company are listed and the Articles of Association until a new supervisor is elected.

**Article 199** The supervisors shall ensure the information disclosed by the Company is true, accurate and complete.

**Article 200** Supervisors may be present at Board meetings and make inquiries or suggestions in relation to the resolutions of Board meetings.

**Article 201** Supervisors shall not abuse their affiliated relationships to damage the interests of the Company, and shall compensate the Company for any losses caused.

**Article 202** If any supervisor violates the laws, administrative regulations, departmental rules, listing rules of stock exchange where the shares of the Company are listed or the Articles of Association in fulfilling his/her duties, thereby causing the Company to incur any loss, the said supervisor shall be liable for compensation.

### **Section 2 Board of Supervisors**

**Article 203** The Company shall have a board of supervisors. The board of supervisors shall consist of three supervisors, including two shareholder representatives and one employee representative. The shareholder representatives are elected and replaced by the shareholders' general meeting, and the employee representatives are democratically elected and replaced by the employees of the Company.

The members of the board of supervisors shall have the knowledge, skills and qualities necessary to perform their duties, and have a reasonable professional structure to ensure that the board of supervisors can independently and effectively exercise supervision and inspection over the directors, managers and other senior management as well as the Company's financial situation.

The board of supervisors shall have one chairman, who shall be appointed or removed by the votes of more than two thirds of the members of the board of supervisors. The chairman of the board of supervisors shall convene and chair the meetings of the board of supervisors; where the chairman cannot or does not fulfill the duty thereof, more than half of the supervisors may elect a supervisor to convene and chair the meetings of the board of supervisors.

The board of supervisors and shareholders individually or jointly holding 3% or more of the shares of the Company shall be entitled to nominate candidates for supervisors who are shareholder representatives. After the board of supervisors has solicited opinions from the nominees and reviewed their qualifications, they shall propose resolution(s) to the shareholders' general meeting.

**Article 204** The board of supervisors shall be accountable to the shareholders' general meeting and shall exercise the following powers in accordance with the law:

- (I) to review the periodical reports of the Company prepared by the Board and to provide written comments thereon;
- (II) to monitor the financial situation of the Company;
- (III) to supervise the acts of the directors, general manager and other senior management when they have acted in contravention of the laws, administrative regulations or the Articles of Association in discharging their duties and propose the removal of those directors and senior management who violate the laws, administrative regulations, listing rules of stock exchange where the shares of the Company are listed, the Articles of Association or resolutions passed by the shareholders' general meeting;
- (IV) to require any director, general manager and senior management who acts in a manner which is detrimental to the Company's interests to rectify such behavior;
- (V) to examine the financial information such as the financial reports, operating reports and profit distribution plans to be submitted by the Board to the shareholders' general meetings and, should any irregularities be found, to engage, in the name of the Company, certified public accountants or certified auditors for a re-examination of the aforesaid information;
- (VI) to negotiate with the directors on behalf of the Company;
- (VII) to propose to convene extraordinary general meetings and to convene and chair shareholders' general meeting when the Board fails to perform the duty of convening and chairing shareholders' general meetings as required by the Company Law;
- (VIII) to make proposals to the shareholders' general meeting;
- (IX) to bring actions against the directors and senior management according to Article 151 of the Company Law;

(X) to investigate the Company should any abnormal operation situation arise; to engage accounting firms, law firms and other professional institutions to assist in the investigation if necessary at the costs of the Company;

(XI) to exercise other powers stipulated by the Articles of Association.

**Article 205** The meetings of the board of supervisors shall be held at least once every six months, which shall be convened by the chairman of the board of supervisors. Supervisors may propose to convene an extraordinary meetings of the board of supervisors.

Voting at the meetings of the board of supervisors shall be by vote, and each supervisor shall have the right to one vote.

Resolutions of the board of supervisors shall be approved by more than two thirds of the members of the board of supervisors.

**Article 206** The Company shall formulate rules of procedure for the board of supervisors specifying the deliberation method and voting procedure of the board of supervisors to ensure the work efficiency and scientific decision-making of the board of supervisors.

The rules of procedure for the board of supervisors shall set out convening and voting procedures of the meetings of the board of supervisors. The rules of procedure for the board of supervisors shall be an appendix to the Articles of Association and shall be formulated by the board of supervisors and approved at the shareholders' general meeting.

**Article 207** The board of supervisors shall file resolutions considered as minutes, which shall be signed by attending supervisors and the recorder.

Any supervisor shall have the right to have an explanatory note made in the minutes regarding his/her speech at the meeting. The minutes of meetings of the board of supervisors shall be kept as archives of the Company for 10 years.

**Article 208** Notice of meetings of the board of supervisors shall specify:

(I) time, venue and duration of the meeting;

(II) subject matters and proposals;

(III) date on which the notice is sent.

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

**Article 209** A person may not serve as director, supervisor, general manager or other senior management of the Company if such person:

(I) has no civil capacity or has limited civil capacity;

- (II) was sentenced for the offense of corruption, bribery, expropriation, misappropriation of property or for disrupting the order of the socialist market economy, and less than five years has elapsed since the sentence was served, or has been deprived of political rights due to such crimes, and less than five years has elapsed since the deprivation was completed;
- (III) has served as a director, factory manager or manager of a company or an enterprise that was bankrupted and liquidated, and was personally liable for the bankruptcy of such company or enterprise, and less than three years has elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (IV) was a former legal representative of a company or an enterprise which has had its business license revoked and been ordered to close down its business for violating the laws, and was personally liable for that revocation, and less than three years has elapsed since the date of revocation;
- (V) has a substantial amount of debts due and outstanding;
- (VI) was banned from market entry by the China Securities Regulatory Committee and still in the period of banning;
- (VII) has received administrative penalty from the China Securities Regulatory Committee in the most recent three years;
- (VIII) has been publicly condemned or criticized in a circular for over two times by the stock exchange in the most recent three years;
- (IX) has been publicly declared by any stock exchange to be unsuitable for serving as the directors, supervisors and senior managements of any listed company;
- (X) is currently under judicial investigation for criminal offense, and the investigation is not yet concluded;
- (XI) is prohibited from acting as a corporate leader by virtue of any laws and administrative regulations;
- (XII) is not a natural person;
- (XIII) has been convicted by relevant competent authorities for violation of securities related laws and regulations, where such violation involved fraudulent or dishonest acts, and less than five years has elapsed since the date of such conviction;
- (XIV) other contents stipulated by laws, administrative regulations, departmental rules, regulatory documents or listing rules of stock exchange where the shares of the Company are listed.

The aforesaid period shall start from the date of convening the shareholders' general meeting or Board meeting to elect the director, supervisor, general manager and other senior management.

A candidate for director, supervisor, general manager and other senior management shall report to the Board or the board of supervisors as soon as possible when him/her becomes (or ought reasonably to have become) aware of that him/her has been elected as candidate.

Where a candidate for director, supervisor, general manager and other senior management is under any of the circumstances listed in item (I) herein, the Company shall not submit him/her as candidate for director, supervisor, general manager and other senior management to the shareholders' general meeting or the Board meeting for voting.

Where any director, supervisor, general manager or senior management is elected or appointed contrary to this Article, the said election or appointment shall be invalid. The Company shall dismiss any director, supervisor, general manager or senior management involved in any of the circumstances in this Article during his/her term of office.

**Article 210** The validity of an act of a director, general manager or other senior management on behalf of the Company with respect to third parties who act in good faith shall not be affected by any irregularity in their appointment, election or qualification.

**Article 211** In exercising the functions and powers conferred by the Company, directors, supervisors, general manager and other senior management of the Company shall assume the following obligations to each shareholder in addition to the obligations under the laws, administrative regulations or listing rules of stock exchange where the shares of the Company are listed:

- (I) not to cause the Company to operate beyond the scope of business indicated on the business license;
- (II) to act honestly in the best interests of the Company;
- (III) not to expropriate the Company's property in any manner, including, but not limited to, any opportunity beneficial to the Company;
- (IV) not to deprive any shareholders of personal rights and interests, including, but not limited to, the distribution right and voting right, except for restructuring of the Company submitted to the shareholders' general meeting for approval pursuant to the provisions of the Articles of Association.

**Article 212** In exercising their powers and discharging their duties, the directors, supervisors, general manager and other senior management of the Company have the duty to act cautiously, diligently and skillfully as a reasonable prudent person should do in similar circumstances.

**Article 213** In performing their duties, the directors, supervisors, general manager and other senior management of the Company shall observe the principle of honesty and shall not put themselves in a position where their duties and their interests may conflict. The said principle includes, but is not limited to, performance of the following obligations:

- (I) to act in good faith in the best interests of the Company;
- (II) to exercise powers within their terms of reference;



- (III) to exercise the discretion vested in them and not to allow themselves to act under the control of another and, unless and to the extent permitted by the laws, administrative regulations or with the consent of shareholders' general meeting, not to delegate to others to exercise their discretion;
- (IV) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) not to enter into any contract, transaction or arrangement with the Company unless otherwise provided by the Articles of Association or with the consent of shareholders' general meeting;
- (VI) not to use the Company's property for their own benefit without the consent of shareholders' general meeting;
- (VII) not to exploit their positions to accept bribes or other illegal income or expropriate the property of the Company by any means, including but not limited to opportunities advantageous to the Company;
- (VIII) not to accept commissions in connection with the Company's transactions without the consent of a shareholders' general meeting;
- (IX) to observe the Articles of Association, perform their official duties faithfully, protect the interests of the Company, and not to exploit their positions and powers in the Company for their own interests;
- (X) not to compete with the Company in any form without the consent of a shareholders' general meeting;
- (XI) not to misappropriate the Company's funds or lend such funds to others, not to open accounts in their own names or other names for the deposit of the assets of the Company and not to provide guarantee for debts of a shareholder of the Company or other individual(s) with the assets of the Company;
- (XII) unless otherwise permitted by a shareholders' general meeting, not to disclose any confidential information of the Company acquired by them during their terms of office and not to use the said information save for the interest of the Company, save that they may disclose such information to a court or other governmental regulatory authorities in the following circumstances:
  - 1. required by law;
  - 2. required for the interests of the public;
  - 3. required for the interests of the said directors, supervisors, manager and other senior management.

**Article 214** Directors, supervisors, general manager and other senior management of the Company shall not tell the following persons or institutions (hereinafter referred to as “Connected Persons”) to do anything that the directors, supervisors, general manager and other senior management cannot do:

- (I) spouses or minor offspring of directors, supervisors, general manager and other senior management of the Company;
- (II) trustees of directors, supervisors, general manager and other senior management of the Company or the persons set out in (I) herein;
- (III) partners of directors, supervisors, general manager and other senior management of the Company or the persons set out in (I) and (II) herein;
- (IV) companies effectively independently controlled by directors, supervisors, general manager and other senior management of the Company or companies effectively jointly controlled with the persons set out in (I), (II) and (III) herein or other directors, supervisors, general manager and other senior management of the Company;
- (V) directors, supervisors, general manager and other senior management of the companies as set out in (IV) herein.

**Article 215** The fiduciary duties of the directors, supervisors, general manager and other senior management of the Company does not cease with the expiry of their terms of office, and their obligation to keep the Company’s business secrets confidential shall remain valid after expiry of their terms of office. Other obligations may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination and the act concerned and the specific circumstances and terms under which their relationship with the Company was terminated.

**Article 216** The liability of directors, supervisors, general manager and other senior management of the Company for breaching a given obligation may be exempted through an informed consent of a shareholders’ general meeting, save for the circumstances specified in Article 64 of the Articles of Association.

**Article 217** The directors, supervisors, general manager and other senior management of the Company having any direct or indirect material conflict of interests in any executed or proposed contracts, transactions or arrangements (except the employment contracts between the Company and its directors, supervisors, general manager and other senior management), regardless of whether such interests are usually subject to the approval and consent of the Board, such persons shall disclose the nature and extent of the interests to the Board as soon as possible.

Except for the exceptions listed in this Articles of Association permitted by the Hong Kong Stock Exchange, a director shall not vote on any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates (as defined in the Hong Kong Listing Rules) has a material interest, nor shall he/she be counted in the quorum present at the meeting.

Unless the directors, supervisors, general manager and other senior management of the Company with conflict of interests have disclosed their interests to the Board in accordance with the requirements of the preceding paragraph, and the Board has approved the matter without counting the interested persons into the quorum and they have abstained from voting, the Company shall have the right to rescind such contracts, transactions or arrangements, except as against a bona fide party thereto acting without notice of the breach of duty by the interested directors, supervisors, general manager and other senior management.

If the Connected Persons of the directors, supervisors, general manager and other senior management of the Company has any interest in a given contract, transaction or arrangement, the said directors, supervisors, general manager and other senior management shall be deemed as having interest.

**Article 218** If, before concluding relevant contracts, transactions or arrangements with the Company for the first time, the directors, supervisors, general manager and other senior management of the Company have notified the Board in writing that they will have interest in the contracts, transactions or arrangements concluded in the future because of the reasons set out in the notice, they will be deemed as having given disclosure as specified in the preceding article of this chapter with respect to the statement(s) contained in the notice.

**Article 219** The Company shall not pay taxes in any form for its directors, supervisors, general manager and other senior management.

**Article 220** The Company shall not, directly or indirectly, provide loans or loan guarantees to the directors, supervisors, general manager and other senior management of the Company and its parent company, nor shall the Company provide the same to their Connected Persons.

The preceding paragraph shall not apply to the following circumstances:

- (I) loans or loan guarantees provided by the Company to or for its subsidiaries;
- (II) loans, loan guarantees or other funds provided by the Company to the directors, supervisors, general manager and other senior management of the Company pursuant to their employment contracts which were adopted by the shareholders' general meeting, with which the foregoing persons can make payments for the purposes of the Company or for the expenses incurred in performing their duties and responsibilities for the Company;
- (III) where the normal scope of business of the Company includes the provisions of loans and loan guarantees, loans and loan guarantees can be provided by the Company to the relevant directors, supervisors, general manager and other senior management of the Company and their Connected Persons, provided that the loans and loan guarantees are provided on normal commercial conditions.

**Article 221** If the Company provides a loan in breach of the preceding article, the person who has received the loan shall repay it immediately regardless of the conditions of the loan.

**Article 222** The Company shall not be forced to execute the loan guarantee provided in violation of paragraph 1 of Article 220 except in the following circumstances:

- (I) the loan provider does not know that it has provided a loan to the Connected Persons of the directors, supervisors, general manager and other senior management of the Company or its parent company;
- (II) the guarantee provided by the Company has been sold by the loan provider lawfully to a bona fide buyer.

**Article 223** The guarantee as referred to in the preceding article includes the act of the guarantor to undertake the responsibility or provide property to ensure that the obligor fulfills the obligations.

**Article 224** If the directors, supervisors, general manager and other senior management of the Company fail to fulfill the obligations to the Company, the Company has the right to take the following actions in addition to the rights and remedial measures under the relevant laws and administrative regulations:

- (I) require the relevant directors, supervisors, general manager and other senior management to compensate the Company for the losses arising from their dereliction of duty;
- (II) rescind the contracts or transactions concluded between the Company and the relevant directors, supervisors, general manager and other senior management, or between the Company and a third person (if the third person becomes (or ought reasonably to have become) aware of that the directors, supervisors, general manager or other senior management representing the Company have breached their obligations to the Company);
- (III) require the relevant directors, supervisors, general manager and other senior management to surrender the profits made due to a breach of duty;
- (IV) recover monies, including but not limited to commissions, received by the relevant directors, supervisors, general manager and other senior management which should have been received by the Company;
- (V) require the relevant directors, supervisors, general manager or other senior management to surrender interests earned or likely to be earned from monies payable to the Company.

**Article 225** The Company shall conclude written contracts with every director, supervisor, general manager and other senior management, covering at least the following matters:

- (I) the directors, supervisors, general manager and senior management shall undertake to the Company to observe and comply with Company Law, Special Regulations, the Articles of Association, The Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong and other provisions of the Hong Kong Stock Exchange, and agree that the Company is entitled to remedial measures under the Articles of Association and that the said contracts and the position as director or senior management shall not be transferred;

- (II) the directors, supervisors, general manager and other senior management shall undertake to the Company to observe and perform such duties that they should be accountable to the shareholders as provided under the Articles of Association;
- (III) such arbitration clauses as specified in Article 283 of the Articles of Association.

The Company shall enter into written contracts with the directors and supervisors of the Company regarding remuneration which are subject to the prior approval from the shareholders' general meeting. The aforesaid remunerations include:

- (I) remuneration in respect of their service as the directors, supervisors or senior management of the Company;
- (II) remuneration in respect of their service as the directors, supervisors or senior management of the subsidiaries of the Company;
- (III) remuneration in respect of the provision of other services for managing the Company and its subsidiaries;
- (IV) payment by way of compensation to directors or supervisors for loss of office or upon retirement.

Except for the contracts mentioned above, the directors and supervisors shall not initiate litigation against the Company and claim benefits due to them for the foregoing matters.

**Article 226** The Company shall stipulate the following upon entering into a remuneration related contract with a director or supervisor: when the Company is to be acquired, the directors and supervisors of the Company shall, subject to prior approval from the shareholders' general meeting, be entitled to compensation or other funds for loss of their positions or for retirement. The acquisition of the Company mentioned in the preceding paragraph refers to one of the following circumstances:

- (I) a takeover offer made by any person to all shareholders;
- (II) a takeover offer made by any person with the intent of becoming a Controlling Shareholder. The definition of a Controlling Shareholder is the same as that in Article 284 of the Articles of Association.

In the event that the relevant directors and supervisors concerned do not comply with the provisions herein, any sum so received by him/her shall belong to those persons who have sold their shares as a result of the acceptance of said offer. The directors and supervisors shall bear the expenses arising from the proportional distribution of such amounts, and such expenses shall not be deducted from the amounts.

## **CHAPTER IX FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT**

### **Section 1 Financial and Accounting System**

**Article 227** The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and the provisions of relevant state authorities. The Company shall prepare financial reports at the end of each financial year, which shall be subject to legal examination and verification.

**Article 228** The Company shall submit an annual financial report to the securities regulatory authorities of the PRC and the stock exchange within four months from the end of each financial year, submit an interim financial report to the office of securities regulatory authorities of the PRC and the stock exchange within two months from the end of the first six months of each financial year, and submit a quarterly financial report to the office of securities regulatory authorities of the PRC and the stock exchange within one month from the end of the first three months and nine months respectively of each financial year.

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

The publication of the first quarterly report of the Company shall not be earlier than that of the annual report of the Company for the previous year.

The Company shall prepare its financial statements in accordance with the PRC accounting standards and regulations, as well as in accordance with international accounting standards or the accounting standards of the overseas locality where the shares of the Company are listed. If there are any material differences between the financial statements prepared in accordance with the two accounting standards, such differences shall be stated in the notes to the financial statements. When distributing the after-tax profits of the relevant financial year, the Company shall take as final the smaller amount of after-tax profits out of the aforesaid two kinds of financial statements.

The interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations, as well as the international accounting standards or the accounting standards of the overseas locality where the shares of the Company are listed.

**Article 229** The Board of the Company shall, at each annual general meeting, submit to the shareholders the financial reports prepared by the Company in accordance with the relevant laws, administrative regulations, and regulatory documents of local governments and competent authorities.

**Article 230** Financial reports of the Company shall be kept in the Company and be accessible to shareholders 20 days before the convening of the annual general meeting. Every shareholder of the Company shall have the right to access the financial reports mentioned in this chapter.



The Company shall send the aforesaid report or directors' report along with the balance sheet (including all documents attached to the balance sheet required by laws and regulations) and profit or loss statement or income and expenditure statement or summary financial report to each holder of H Shares through electronic means, by hand or by pre-paid post, email or other means approved by the Hong Kong Stock Exchange at least 21 days prior to the convening of the shareholders' general meeting. The address of the recipients shall be the address or email address or accounts registered in the register of shareholders.

**Article 231** The Company shall have no accounting books other than the statutory books. The Company's assets shall not be deposited in any account opened under the name of an individual.

**Article 232** When distributing each year's after-tax profits, the Company shall withdraw 10% of the profits as the statutory reserve fund of the Company. Such withdrawal is no longer required when the statutory reserve fund of the Company has accumulated to at least 50% of the registered capital of the Company.

When the Company's statutory reserve fund is insufficient to make up for the losses of the preceding year, the profits of the current year shall first be used to make up for the said losses before any statutory reserve fund is withdrawn as per the preceding paragraph.

After the statutory reserve fund is withdrawn from the after-tax profits by the Company, the discretionary reserve fund may also be withdrawn from the same as per a resolution made at a shareholders' general meeting.

The after-tax profits remaining after makeup of losses and withdrawal of reserves funds shall be distributed by the Company to the shareholders in proportion to their shareholding, except for those not distributed in proportion to their shareholding as required by the Articles of Association.

If the shareholders' general meeting, in violation of the provision in the preceding paragraph, distributes profits to shareholders before recovering losses and withdrawing the statutory reserve fund, the profits thus distributed shall be returned to the Company.

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

**Article 233** The reserve funds of the Company shall be used to make up for the losses, enhance the operating scale or increase the capital of the Company. However, the capital reserve fund shall not be used to recover the losses of the Company.

The capital reserve fund shall include:

- (I) premium arising from issue above the par value of the stock;
- (II) other revenue required by the financial authority under the State Council to be stated as capital reserve fund.

When the statutory reserve fund is converted into capital, the amount of the said fund left shall not be less than 25% of the registered capital of the Company before such conversion.

**Article 234** Within two months after the shareholders' general meeting of the Company adopts a profit distribution plan by way of resolution, or after the Board of Directors has formulated the detailed plan based on the conditions and caps for the distribution of interim dividends in the following year as considered and approved by the annual general meeting, the Board of Directors shall promptly complete the distribution of dividends (or shares) within two months of the convening of shareholders' general meeting. The dividends and other payments the Company pays to holders of domestic shares are denominated and declared in RMB and payable in RMB within two months after the date of the announcement of the dividends. The dividends and other payments the Company pays to holders of foreign shares are denominated and declared in RMB and payable in foreign currency within two months after the date of the announcement of the dividends. The foreign currency required for the Company to pay cash dividends and other payments to shareholders of foreign shares shall be handled in accordance with the relevant foreign exchange administration regulations of the State. Unless otherwise stipulated by relevant laws and regulations, the exchange rate for payments of cash dividends and other payments in foreign currency should adopt the average of the middle exchange rates of relevant foreign currency published on the website of the People's Bank of China for seven working days prior to the date of the announcement of dividends and other payments.

**Article 235** The Company's profit distribution policy:

- (I) Principle of profit distribution: The Company shall adopt consistent and stable profit distribution policy, which should emphasize on investors' reasonable investment return while maintaining the long-term interests and sustainable development of the Company, but the profit distribution shall not exceed the range of the accumulated distributable profits or damage the Company's ability to continue operations.
- (II) Form of the profit distribution: The Company shall distribute dividends in form of cash, shares, or by the combination of cash and shares, and shall adopt cash distribution as the prioritised mean to distribute dividends. The Company may also distribute dividends in form of shares, or by the combination of cash and shares taking into account genuine and reasonable factors such as the cash flow position, business growth and net asset value per share of the Company.
- (III) Interval of profit distribution: The Company shall make distribution at least once a year if profit is recorded for the year. The Board could propose to declare an interim cash dividend with reference to the Company's liquidity position.
- (IV) Specific conditions and proportions of cash and share dividends:

If there is no material investment plans or major cash expenditures (except for investment projects with proceeds), the Company shall first choose to distribute dividends in cash. The profit distributed by the Company in cash every year shall be not less than 15% of the distributable profit realized in current year. The Company may distribute share dividends while distributing the aforesaid cash dividends. Material investment plans or major cash expenditures shall refer to one of the following circumstances:

- (1) the Company's accumulated expenditure for intended external investment, asset acquisition or equipment procurement in the following 12 months reaches or exceeds 10% of the latest audited net assets of the Company;
- (2) the Company's accumulated expenditure for intended external investment, asset acquisition or equipment procurement in the following 12 months reaches or exceeds 5% of the latest audited net assets of the Company.

The implementation of the abovementioned material investment plans or major cash expenditures shall be subject to approval by the Board or the shareholders' general meeting of the Company in accordance with the procedures as stipulated in the Articles of Associations.

The Company shall determine the specific proportion of the profit distributed in cash in the current year to the distributable profit realized in the current year and whether the Company shall distribute dividend in the form of shares according to the specific operating conditions of the current year and the needs of normal business development in the future. Relevant proposals shall be submitted to the Company's shareholders' general meeting for approval after being reviewed by the Board of the Company.

The Company shall consider distributing share dividends under the following two circumstances:

- (1) The Company may consider adopting the profit distribution method of distributing share dividends in facing insufficient cash flow;
- (2) The Company may consider distributing share dividends in light of actual operating conditions when it meets the conditions for cash dividend.

(V) Differentiated cash dividend policies

The Board of the Company shall comprehensively take into account of the features of the industry where the Company operates, its stage of development, its own business model, and profitability and the factors such as whether there is significant capital expenditure arrangement in distinguishing the following situations and form differentiated cash dividend policies in accordance with the procedures as stipulated in the Articles of Association:

1. If the Company is in a mature development stage without significant capital expenditure arrangement, the minimum percentage of cash dividend in this profit distribution shall be 80%;
2. If the Company is in a mature development stage with significant capital expenditure arrangement, the minimum percentage of cash dividend in this profit distribution shall be 40%;
3. If the Company is in a growing development stage with significant capital expenditure arrangement, the minimum percentage of cash dividend in this profit distribution shall be 20%.

If the development stage of the Company with significant capital expenditure arrangement cannot be easily distinguished, cash dividends shall be distributed according to the requirement mentioned above.

(VI) Decision-making mechanism and procedures for profit distribution policy:

The specific plan for dividend distribution submitted to the shareholders' general meeting by the Board shall be approved by vote of more than one half of all the directors under the Board and more than two thirds of all independent directors, shall be considered by the shareholders' general meeting and approved by more than two thirds of the voting rights held by the shareholders attending the shareholder's general meeting.

Independent directors shall give independent opinions on the specific plan for dividend distribution.

The board of supervisors shall consider the specific plan for dividend distribution formulated by the Board, and shall be approved through voting by more than one half of all the supervisors under the board of supervisors.

The Board, board of supervisors and shareholders' general meeting of the Company shall take full account of the opinions of independent directors, external supervisors (if any) and public investors when making decisions and reviewing the profit distribution policy. The Company shall listen and welcome any suggestion from the public investors in respect of the profit distribution matters and their supervision thereof through a variety of channels (including telephone, fax, e-mail and interaction platform of investor relations).

(VII) Decision-making procedures for cash dividend distribution:

When formulating specific plan for cash dividends, the Board shall study and identify with caution the timing, conditions and minimum proportion, conditions for adjustment and requirements for decision-making procedures involved in implementing the cash dividends. The specific plan for cash dividends submitted to the shareholders' general meeting by the Board shall be approved by vote of more than one half of all the directors under the Board and more than two thirds of all independent directors, shall be considered by the shareholders' general meeting and approved by more than two thirds of the voting rights held by the shareholders attending the shareholder's general meeting. Independent Directors shall have the right to express independent opinions if they deem that the detailed cash dividend distribution plan may harm the interests of the Company or minority shareholders. Where the opinions of the independent Directors are not adopted or not fully adopted by the Board of Directors, the opinions of the independent Directors and the specific reason for not adopting the opinions shall be recorded in the Board resolutions and disclosed.

The independent directors may collect opinions from minority shareholders for putting forward a dividend distribution proposal to the Board for consideration.

In considering the specific plan for cash dividends at the shareholders' general meeting, a number of channels shall be adopted to actively communicate and exchange information with the shareholders, especially minority shareholders, by various means (including but not limited to communication by telephone, fax, e-mail and inviting minority shareholders to attend the meeting), take into full account the opinions and requests of minority shareholders and address their concerns in a timely manner.

(VIII) Adjustment in the profit distribution policy

The Company shall maintain the continuity and stability of its dividend distribution policy. Where the company needs to adjust its profit distribution policy based on its own business situation, investment plan and long-term development needs or due to significant changes in the external business environment, the adjusted profit distribution policy shall not violate relevant provisions of the China Securities Regulatory Commission and the stock exchange. The proposal on adjustment in the profit distribution policy shall be formulated by the Board based on the Company's operation condition and relevant provisions of the China Securities Regulatory Commission and submitted to the shareholders' general meeting for consideration, and shall be approved by more than two thirds of the voting rights held by the shareholders attending the shareholders' general meeting. Detailed reviewing and explanation shall be carried out in submitting the proposal at the shareholders' general meeting.

In formulating the proposal on adjustment in the profit distribution policy, the Board of Directors shall fully listen to the opinions of shareholders (in particular the public investors), independent Directors and external supervisors (if any). When the Board of Directors approves the proposal on adjustment in the profit distribution policy, the proposal shall be approved by vote of more than one half of all the Directors under the Board of Directors and more than two thirds of all independent Directors.

The board of supervisors shall consider the proposal on adjustment in the profit distribution policy formulated by the Board, and fully listen to the opinions of external supervisors (if any) who do not hold any positions in the Company. Such proposal shall be approved by vote of more than one half of all the supervisors under the board of supervisors.

When the shareholders' general meeting considers the proposal on adjustment in the profit distribution policy, it shall fully listen to the opinions of the public shareholders. In addition to voting at the on-site meeting, an online voting system shall be provided to support shareholders.

(IX) Disclosure of the profit distribution policy

Where the Company does not make profit distribution or makes the profit distribution in a proportion lower than the cash dividend proportion as stipulated in the Articles of Association in a year, the Board of the Company shall disclose the reason, and independent directors shall express their independent opinions on the reasons for non-distribution and the use of the undistributed profits set aside by the Company. The relevant profit distribution proposal shall be submitted to the shareholders' general meeting for approval after having considered by the Board of the Company, and the reasons for and the specific use of the retained funds shall be detailed in the resolution proposed at the shareholders' general meeting.

(X) If there is misappropriation of funds of the Company by a shareholder in violation of regulations, the Company has the right to deduct that shareholder's cash dividend during profit distribution to reimburse the misappropriated funds.

**Article 236** Monies paid for any shares before dunning shall be entitled to dividends, but the shareholders are not entitled to dividends later announced for the said monies.

Subject to the relevant PRC laws, regulations, departmental rules and regulatory documents, the Company may exercise the right to seize dividends not collected, but such right can only be exercised after expiration of the applicable validity period.

**Article 237** The Company's power to cease sending dividend slips to holders of H Shares by post shall not be exercised until such dividend slips had been left uncashed on two consecutive occasions. Such power may also be exercised after the first occasion on which such dividend slips are returned undelivered.

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

Subject to the relevant laws, administrative regulations, departmental rules, regulatory documents and listing rules of the stock exchange, the Company is entitled to sell the shares of holders of H Shares who are unreachable in a manner the Board deems fit, subject to the following conditions:

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

**Article 238** The Company shall appoint receiving agents for holders of H Shares. The receiving agents shall, on behalf of the relevant shareholders, receive dividends distributed by the Company for H Shares and other payables.

The receiving agents appointed by the Company shall meet the requirements of the laws or the relevant regulations of the stock exchange in the place where the Company is listed. The receiving agents appointed by the Company for holders of H Shares shall be trust companies registered pursuant to the Trustee Ordinance of Hong Kong.

## **Section 2 Internal Audit**

**Article 239** The Company shall implement internal audit system and assign full-time auditors to conduct internal audits and supervise the financial revenues and expenditures and economic activities of the Company.

**Article 240** The internal audit system and duties of the auditors of the Company shall be subject to the approval of the Board. The officer in charge of audit shall be accountable to the Board and report to the same.

## **Section 3 Engagement of Accounting Firm**

**Article 241** The Company shall engage independent accounting firms “qualified for securities related business” to audit its accounting statements, verify its net assets, and provide other relevant consulting services. The term of appointment shall be one year which commences on the date of conclusion of the current shareholders’ general meeting and ends on the date of conclusion of the subsequent shareholders’ general meeting. The term of office may be renewed.

**Article 242** The Company’s appointment of an accounting firm shall be decided by the shareholders’ general meeting. The Board shall not appoint any accounting firm prior to a decision made by the shareholders’ general meeting.

**Article 243** The Company shall undertake to provide the accounting firm with true and complete accounting documents, accounting books, financial accounting reports and other accounting information, and shall not reject, conceal or misstate any information.



**Article 244** An accounting firm appointed by the Company shall have the following rights:

- (I) To inspect, at any time, the Company's account books, records or vouchers, and shall have the right to require the directors, general manager or other senior management to provide relevant data and explanations;
- (II) To require the Company to adopt all reasonable measures to obtain from its subsidiaries data and explanations which the accounting firm requires for the performance of its duties;
- (III) To attend shareholders' meetings and to receive notices of and other information relating to the meetings that any shareholder is entitled to receive, and to speak at any shareholders' meeting in relation to matters concerning its role as the accounting firm of the Company.

**Article 245** In the event that the position of accounting firm is vacant, the Board may appoint an accounting firm to fill such vacancy before convening the shareholders' general meeting. This appointment, however, shall be confirmed at the next shareholders' general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period of vacancy.

**Article 246** Regardless of the terms in the contract concluded between the accounting firm and the Company, the shareholders' general meeting may, through an ordinary resolution, dismiss the said accounting firm before expiration of the term thereof. In relation to any rights claimed by the accounting firm against the Company, the said rights shall not be affected.

**Article 247** The remuneration of the accounting firm or the manner in which the firm is to be remunerated shall be determined by the shareholders' general meeting. The remuneration of the accounting firm appointed by the Board shall be determined by the Board.

**Article 248** Where the Company dismisses or does not continue engaging the accounting firm, 15 days of prior notice shall be issued to the accounting firm, and the accounting firm has the right to state its opinions when the shareholders' general meeting is voting on the dismissal of the accounting firm.

If the accounting firm resigns from its position, it shall make representations to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

The accounting firm may resign by placing a written notice of resignation at the legal address of the Company. The notice shall take effect on the date of delivery to the legal address of the Company or on a later date specified in the notice. Such notice shall contain the following statements:

- (I) a statement to the effect that there are no circumstances in connection 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 other circumstances requiring an explanation.

The Company shall send a copy of the written notice as mentioned in the preceding paragraph to the relevant competent authority within 14 days after its receipt. If the notice contains a statement as mentioned in the preceding sub-paragraph (II), a copy of such statement shall be placed at the Company for the shareholders to inspect. Except as otherwise provided in the Articles of Association, the Company shall also send a copy of the foregoing statement by prepaid mail, or by such other means as may be permitted by the stock exchanges where the shares of the Company are listed, to each shareholder entitled to receive a report of the Company's financial position, to the address registered in the register of shareholders.

If the notice of resignation of the accounting firm contains a statement that any information is to be disclosed, the accounting firm may require the Board to convene an extraordinary general meeting to listen to its explanation concerning the resignation.

**Article 249** The appointment, removal or non-reappointment of an accounting firm by the Company shall be decided by a resolution of the shareholders' general meeting. Such a resolution shall be filed with the securities regulatory authority of the State Council.

The shareholders' general meeting shall comply with the following provisions in passing a resolution to appoint a non-incumbent accounting firm to fill any vacancy, or to continue to appoint an accounting firm appointed by the Board to fill the vacancy, or to dismiss an incumbent accounting firm:

- (I) The proposal for appointment or dismissal shall, before the notice of shareholders' general meeting is sent, be served to the accounting firm to be appointed, or will terminate or has terminated its service in the relevant financial year. The termination of service of an accounting firm may refer to the removal, resignation or retirement of such firm.
- (II) If the accounting firm about to terminate service makes a written statement and requests the Company to notify its shareholders of the said statement, the Company shall take the following actions unless the written statement is received too late:
  - 1. describe in the notice issued for the resolution that the accounting firm about to terminate service has made a statement; and
  - 2. send to the shareholders a copy of the statement as an attachment to the notice in the form specified in the Articles of Association.
- (III) If the Company fails to send out the statement of the accounting firm as per item (II) herein, the relevant accounting firm may require that the said statement be read at the shareholders' general meeting and may lodge a complaint.
- (IV) The resigning accounting firm shall be entitled to attend the following meetings:
  - 1. the shareholders' general meeting at which its term of office would expire;
  - 2. the shareholders' general meeting at which a proposal is made to fill the vacancy caused by its removal;
  - 3. the shareholders' general meeting convened as a result of its resignation.

The resigning accounting firm shall be entitled to receive all notices of, and other information relating to, any such meeting, and to speak at any such meeting which concerns it as a former accounting firm of the Company.

## **CHAPTER X NOTICE AND ANNOUNCEMENT**

### **Section 1 Notice**

**Article 250** Notices of the Company may be served as follows:

- (I) by personal delivery;
- (II) by post, fax or email;
- (III) by announcement;
- (IV) by publication on the websites designated by the Company and stock exchanges subject to the laws, administrative regulations, departmental rules, regulatory documents, listing rules of stock exchange where the shares of the Company are listed and the Articles of Association;
- (V) by other means agreed previously between the Company and the recipient or approved by the recipient;
- (VI) by other means approved by the regulatory authorities in the place where the shares of the Company are listed or specified in the Articles of Association;
- (VII) by other means specified in the Articles of Association.

In respect of the way in which the Company provides or sends corporate communications to holders of H Shares in accordance with the Hong Kong Listing Rules, on the basis of complying with the laws and regulations of the listing place, listing rules and the Articles of Association, the Company may provide or send corporate communications to holders of H Shares through the website designated by the Company and/or the website of Hong Kong Stock Exchange or by electronic means.

The corporate communications referred to in the preceding paragraph refer to any document issued or to be issued by the Company for reference or action by any holders of H Shares or other persons required by the Hong Kong Listing Rules, including but not limited to:

1. annual reports of the Company (including directors' report, annual accounts of the Company, audit reports and summary financial reports, if applicable);
2. interim reports and interim summary reports of the Company (if applicable);
3. meeting notices;
4. listing documents;
5. circulars;

6. proxy forms (as specified in the listing rules of stock exchange where the shares of the Company are listed).

Where a notice is served by announcement in the exercise of the powers prescribed in the Articles of Association, such an announcement shall be published in accordance with the methods prescribed in the Hong Kong Listing Rules.

**Article 251** Subject to the laws, administrative regulations, departmental rules, regulatory documents, listing rules of stock exchange where the shares of the Company are listed and the Articles of Association, where a notice of the Company is served by announcement, the notice shall be deemed as received by the relevant persons once the notice is announced.

**Article 252** Notice of a shareholders' general meeting of the Company shall be served by announcement, personal delivery, post, fax, email or other means specified in the Articles of Association.

**Article 253** Notice of a Board meeting of the Company shall be served by personal delivery, post, fax, email or other means specified in the Articles of Association.

**Article 254** Notice of a meeting of the board of supervisors of the Company shall be served by personal delivery, post, fax, email or other means specified in the Articles of Association.

**Article 255** If the notice of the Company is served by personal delivery, the recipient shall affix their signature (or seal) to the Return on Service and the signing date shall be the date of service; if the notice of the Company is served by post, the third working day after handover to the post office shall be the date of service; if the notice of the Company is sent by fax and email, the day after the date of sending shall be the date of service; if the notice of the Company is served by announcement, the date of first announcement shall be the date of service.

**Article 256** The accidental failure to give notice of meeting to, or non-receipt of notice of meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions adopted at the meeting.

## **Section 2 Announcement**

**Article 257** The Company shall designate the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and other newspapers formulated by the China Securities Regulatory Commission as the media for Company to publish announcements and other to-be-disclosed information to shareholders of domestic shares. If the announcement shall be made to holders of H Shares in accordance with the Articles of Association, the relevant announcement shall also be published in accordance with the methods prescribed in the Hong Kong Listing Rules. The information disclosed by the Company in other public media shall not precede the disclosure in the designated newspapers and websites, and the announcement of the Company shall not be replaced by press release or press conference, or other forms.

The Board shall have the right to decide to adjust the media for information disclosure of the Company, but should ensure that the designated media for information disclosure meets the qualifications and conditions stipulated by the relevant laws and regulations in the PRC and in Hong Kong, as well as the securities regulatory authority of the State Council, the overseas regulatory authority and the stock exchange where the shares of the Company are listed.

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

### **Section 1 Merger, Division, Capital Increase and Capital Reduction**

**Article 258** Merger of the Company may take the form of absorption or establishment of a new company.

One company absorbing another company is merger by absorption, and the company being absorbed shall be dissolved. Merger of two or more companies through establishment of a new company is a consolidation, and the companies being consolidated shall be dissolved.

**Article 259** The merger or division of the Company shall be proposed by the Board for approval in accordance with the procedures as specified in the Articles of Association. Approval for merger or division shall be sought in accordance with the relevant legal requirements. A shareholder who disagrees with the proposed merger or division shall have the right to demand the Company or the consenting shareholders to acquire his/her shares at a fair price. The resolution of merger or division of the Company shall be contained in a special document for inspection by shareholders.

For holders of H Shares of Hong Kong listed companies, the aforesaid documents shall also be delivered by mail or other means permitted by the Hong Kong Stock Exchange.

**Article 260** In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of property. The Company shall notify all creditors within 10 days after adoption of the merger resolution and shall make at least three announcements on the media for information disclosure within 30 days. The creditors may require the Company to repay debts or to provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice.

**Article 261** The credits and debts of the Company during merger shall be inherited by the company subsisting after the merger or by the newly established company.

**Article 262** Where the Company is divided, its properties shall be divided accordingly.

Where the Company is divided, a balance sheet and an inventory of property shall be prepared. The Company shall notify all creditors within 10 days after adoption of the division resolution and shall make at least three announcements on the media for information disclosure within 30 days.

**Article 263** The debts of the Company prior to the division shall be undertaken by the companies after division, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before the division.

**Article 264** The Company shall prepare a balance sheet and an inventory of property when it needs to reduce its registered capital.

The Company shall notify the creditors within 10 days from the date of making the resolution to reduce the registered capital, and make an announcement within 30 days. The creditors may require the Company to repay debts or to provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice.

The registered capital of the Company after the capital reduction shall not be lower than the statutory minimum.

**Article 265** Changes in registered particulars arising from a merger or division of the Company shall be registered with the companies registration authority according to the law. If the Company is dissolved, it shall be deregistered according to the law. If a new company is established, such establishment shall be registered according to the law.

Increase or decrease of the registered capital of the Company shall be registered with the companies registration authority according to the law.

## **Section 2 Dissolution and Liquidation**

**Article 266** The Company may be dissolved for the following reasons:

- (I) the term of operation stipulated in the Articles of Association has expired or circumstances for dissolution specified in the Articles of Association arises;
- (II) a resolution for dissolution is passed at a shareholders' general meeting;
- (III) merger or division of the Company entails dissolution;
- (IV) the business license is revoked or the Company is ordered to close down or be de-registered in violation of laws and administrative regulations according to the law;
- (V) where the Company gets into serious trouble in operation and management and its continuation may cause substantial loss to the interests of shareholders, and no solution can be found through any other channel, shareholders representing more than 10% of the voting rights of all shareholders of the Company may request the people's court to dissolve the Company;
- (VI) the Company is legally declared insolvent due to its failure to repay debts as they become due;

**Article 267** In the circumstance set out in item (I) of Article 266, the Company may continue to subsist by amending the Articles of Association.

Amendments to the Articles of Association pursuant to the preceding paragraph shall be subject to the approval of more than two-thirds of the voting rights held by the shareholders attending the shareholders' general meeting.

**Article 268** If the Company is dissolved pursuant to items (I), (II), (IV) and (V) of Article 266 of the Articles of Association, it shall establish a liquidation committee within 15 days after the circumstance for dissolution arises. The liquidation committee shall consist of members determined by the directors or the shareholders' general meeting.

If the Company is dissolved pursuant to item (IV) of Article 266 of the Articles of Association, a liquidation committee consisting of shareholders, relevant departments and relevant professionals shall be established by the relevant competent authority to carry out the liquidation.



If the Company is dissolved pursuant to item (VI) of Article 266 of the Articles of Association, a liquidation committee consisting of shareholders, relevant departments and relevant professionals shall be established by the people's court in accordance with relevant laws to carry out the liquidation.

If the Company fails to set up the liquidation committee within the period, the creditors may apply to the people's court for appointment of relevant persons to form a liquidation committee and carry out liquidation.

**Article 269** Where the Board resolves to liquidate the Company for any reason other than the declaration of its own insolvency, the Board shall include a statement in its notice convening a shareholders' 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 12 months from the commencement of the liquidation.

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

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

**Article 270** The liquidation committee shall exercise the following powers during the liquidation period:

- (I) to examine and take possession of the assets of the Company and prepare the balance sheet and an inventory of property;
- (II) to inform creditors by notice or announcement;
- (III) to deal with the outstanding affairs of the Company in relation to liquidation;
- (IV) to pay off outstanding taxes as well as taxes arising in the course of liquidation;
- (V) to settle claims and debts;
- (VI) to dispose of the remaining assets of the Company after repayment of debts;
- (VII) to represent the Company in civil proceedings.

**Article 271** The liquidation committee shall notify creditors within 10 days after its establishment and shall make at least three announcements on the media for information disclosure within 60 days. The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice.

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

In the period for the creditor to declare their rights, the liquidation committee shall not make any repayment to the creditors.

**Article 272** After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and an inventory of property, it shall formulate a liquidation plan and submit it to the shareholders' general meeting or the people's court for confirmation.

The Company shall, according to the class and proportion of the shares held by the shareholders, distribute the properties of the Company remaining after payment of the liquidation expenses, employees' salaries, social insurance expenses and statutory compensations, outstanding taxes, and the Company's debts.

The Company shall subsist in the course of liquidation but shall not conduct any business operations unrelated to liquidation. Before liquidation as specified in the preceding paragraphs, the properties of the Company shall not be distributed to shareholders.

**Article 273** If, after examining and taking possession of the assets of the Company and preparing a balance sheet and an inventory of property in connection with the liquidation of the Company, the liquidation committee discovers that the properties of the Company are insufficient to repay the debts of the Company in full, it shall apply to the people's court for a declaration of insolvency according to the law.

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

**Article 274** Upon completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report and a statement of the receipts and payments and the financial accounts for the liquidation period. After verification of the Chinese certified public accountants, it shall submit the same to the shareholders' general meeting or the people's court for confirmation. The liquidation committee shall, within 30 days after obtaining confirmation from the shareholders' general meeting or the people's court, submit the aforesaid documents to the companies registration authority, and apply to cancel the registration of the Company and announce the termination of the Company.

**Article 275** Members of the liquidation committee shall perform their duties with due diligence and carry out their liquidating obligations in accordance with laws.

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

If any member of the liquidation committee causes any loss to the Company or the creditors at will or by serious negligence, the said member shall be liable for compensation.

**Article 276** Where the Company is declared bankrupt according to the law, bankruptcy liquidation shall be implemented pursuant to laws on bankruptcy of enterprises.

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

**Article 277** The Company may amend its Articles of Association in accordance with the laws, administrative regulations and the Articles of Association.

**Article 278** The Company shall amend the Articles of Association in any of the following circumstances:

- (I) after amendments are made to the Company Law or other relevant laws and administrative regulations, the Articles of Association are contrary to the said amendments;
- (II) the conditions of the Company have changed and are not consistent with the matters recorded in the Articles of Association;
- (III) the shareholders' general meeting has resolved to amend the Articles of Association.

**Article 279** Where the amendments to the Articles of Association passed by the shareholders' general meeting require approval of competent authorities, the amendments shall be submitted to the relevant authorities for approval. If such amendments involve any registered particulars of the Company, application shall be made for change of registration in accordance with laws.

**Article 280** The Board shall amend the Articles of Association as per the resolution passed at the shareholders' general meeting to amend the same and the opinions of the relevant competent authority.

**Article 281** Where the amendments to the Articles of Association involve matters requiring disclosure by laws and regulations, the amendments shall be announced in accordance with regulations.

**Article 282** Amendments of the Articles of Association which involve the contents of the Mandatory Provisions shall become effective upon receipt of approvals from the company approval authority authorized by the State Council and the securities regulatory authority of the State Council (if applicable); if the amendments involve registered particulars of the Company, registration of the change shall be carried out in accordance with the law.

## CHAPTER XIII SETTLEMENT OF DISPUTE

**Article 283** The Company shall settle disputes following the rules below:

- (I) In the event of any dispute or claim, between a holder of H Shares and the Company, between a holder of H Shares and a director, supervisor, the general manager or other senior management, and between a holder of H Shares and a holder of domestic shares, arising from rights and obligations specified in the Articles of Association, Company Law and other relevant laws and administrative regulations and relating to the affairs of the Company, the parties concerned shall submit the dispute or claim for arbitration.

The aforesaid dispute or claim submitted for arbitration shall be the entire dispute or claim; all parties involved in the same dispute or claim shall abide by the arbitration if such parties are the Company or its shareholders, directors, supervisors, the general manager, or other senior management.

Disputes in relation to the definition of shareholders and register of shareholders need not be resolved by arbitration.

- (II) A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its Arbitration Rules or the Hong Kong International Arbitration Center 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 the claimant elects for arbitration to be carried out at the 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 Center.

- (III) Settlement of disputes or claims set out in (I) by way of arbitration shall be governed by PRC laws save as otherwise specified by laws and administrative regulations.
- (IV) The award of an arbitration tribunal shall be final and conclusive and binding on all parties.

## CHAPTER XIV SUPPLEMENTARY PROVISIONS

### Article 284 Definitions

- (I) Controlling shareholder: refers to a shareholder who, acting alone or in concert with others, has the right to elect more than half of the Board members; a shareholder who, acting alone or in concert with others, holds more than 30% of outstanding shares of the Company; a shareholder who, acting alone or in concert with others, has the right to exercise or to control the exercise of more than 30% of the voting rights in the Company; and a shareholder who, acting alone or in concert with others, has real control of the Company in any other way.
- (II) De facto controller refers to a person who is not a shareholder of the Company but can effectively control the Company through investment relations, agreement or other arrangements.
- (III) Connected relations refer to the relations between a controlling shareholder, de facto controller, director, supervisor or senior management of the Company and the enterprises directly or indirectly controlled by the same, and such other relationships which may give rise to a transfer of interests of the Company, provided however that there should be no connected relations between state-controlled enterprises solely because they are under the common control of the State.

**Article 285** The Board may formulate by-laws in accordance with the Articles of Association. The by-laws shall not conflict with the Articles of Association.

**Article 286** The Articles of Association are written in Chinese. Where the articles of association in any other language or version is inconsistent with the Articles of Association, the Chinese version of the Articles of Association more recently approved and registered by the branch of Beijing Economic Technology Development Area of Beijing Administration for Industry and Commerce shall prevail.

**Article 287** The term “over”, “within”, “below”, as stated in the Articles of Association shall all include the given figure; the term “other than”, “lower than”, “more than” shall all exclude the given figure.

**Article 288** The Articles of Association shall be subject to the interpretation of the Board of the Company.

**Article 289** Appendixes to the Articles of Association shall include rules of procedure for shareholders’ general meetings, rules of procedure for the board of directors and rules of procedure for board of supervisors.

(Intentionally left blank)

**JOINN Laboratories (China) Co., Ltd.**  
**January 2025**