

# **LEPU BIOPHARMA CO., LTD.**

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

## **ARTICLES OF ASSOCIATION**

(Passed at the 2024 second extraordinary general meeting of the Company on January 31, 2024)

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** In order to safeguard the legitimate interests of Lepu Biopharma Co., Ltd. (hereinafter referred to as the “Company”), its shareholders and creditors, and regulate the organization and conduct of the Company, these Articles of Association are hereby formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”) and other laws, administrative regulations, departmental rules, normative documents and requirements of the relevant regulatory authorities and with reference to the Guidelines on Articles of Association of Listed Companies.

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

With all shareholders of original Lepu Biopharma Co., Ltd. (樂普生物科技股份有限公司) as the promoters, through the overall conversion of the audited book net assets of original Lepu Biopharma Co., Ltd. (樂普生物科技股份有限公司) as at August 31, 2020 into the shares of the Company, the Company was incorporated by way of promotion. The Company was registered with the Shanghai Municipal Administration for Market Regulation and obtained the Business License with the Uniform Social Credit Code 91310112MA1GBW57XW.

The promoters of the Company are: Ningbo Houde Yimin Information Technology Co., Ltd. (寧波厚德義民信息科技有限公司), Lepu Medical Technology (Beijing) Co., Ltd. (樂普(北京)醫療器械股份有限公司), Miracogen Limited, Su Rongyu (蘇榮譽), Lvyuan (Shanghai) Technology Co., Ltd. (律元(上海)科技有限公司), Kington Capital No. 1 Equity Investment Limited Partnership (蘇州翼樸一號股權投資合夥企業(有限合夥)), Suzhou Danqing II Innovation Pharmaceutical Industry Investment Limited Partnership (蘇州丹青二期創新醫藥產業投資合夥企業(有限合夥)), Shanghai Chunrui Zongheng Technology Limited Partnership (上海純瑞縱橫科技合夥企業), Tianjin Pingan Consumption Technology Investment Limited Partnership (天津市平安消費科技投資合夥企業(有限合夥)), Haitong Capital Securities Investment Co., Ltd. (海通創新證券投資有限公司), Sunshine Insurance Company Limited by Shares (陽光人壽保險股份有限公司), Suzhou Industrial Park Guochuang Kaiyuan II Investment Center (Limited Partnership) (蘇州工業園區國創開元二期投資中心(有限合夥)), SDIC Unity Capital Investment Fund (Limited Partnership) (國投創合國家新興產業創業投資引導基金(有限合夥)), China Reform Guangzhou Investment Fund (Limited Partnership) (國新央企運營(廣州)投資基金(有限合夥)), Beijing Ronghui Sunshine Xinxing Industry Investment Management Center (北京融匯陽光新興產業投資管理中心(有限合夥)), Suzhou Suzi Investment Limited Partnership (蘇州蘇梓投資合夥企業(有限合夥)), Qingdao Minxin Qiyuan Investment Center (Limited Partnership) (青島民芯啟元投資中心(有限合夥)), Suzhou Xinrui Qiyuan Investment Center (Limited Partnership) (蘇州新銳啟源投資中心(有限合夥)), Jiaxing Danqing Investment Limited Partnership (嘉興丹青投資合夥企業(有限合夥)), Linzhi Lecheng Medical Industry Development Co., Ltd. (林芝樂成醫療產業發展有限公司), Guo Tongjun (郭同軍), Wang Lei (王磊), Wang Xinglin (王興林), Shenzhen Haihui Quanxing Investment Consultation Limited Partnership (深圳市海匯全興投資諮詢合夥企業(有限合夥)), Wei Zhanjiang (魏戰江), Wang Yong (王泳), Zhang Xia (張霞), Chen Juan (陳娟), Xinye Guangzhou Equity Investment Limited Partnership (新業(廣州)股權投資合夥企業(有限合夥)) and Lin Yi (林儀).

**Article 3** As approved by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) on June 24, 2021, the Company has issued 126,876,000 overseas-listed foreign shares (hereinafter referred to as “H Shares”) on the Main Board of the Hong Kong Stock Exchange Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) and 899,000 H Shares upon the exercises of over-allotment on February 23, 2022 and March 22, 2022, respectively.

**Article 4** Chinese name of the Company: 樂普生物科技股份有限公司  
English name of the Company: Lepu Biopharma Co., Ltd.  
Address of the Company: Room C280, Building 1, No. 1628 Su Zhao Road,  
Minhang District, Shanghai  
Postal code: 201114  
Telephone No.: (86) 021-67696099  
Fax No.: (86) 021-67696770

**Article 5** The registered capital of the Company is RMB1,659,444,838.

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

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

**Article 8** All of the assets of the Company shall be divided into shares of equal value. Each shareholder shall be liable to the extent of the shares subscribed. The Company is liable for its debts to the extent of all of its assets.

**Article 9** When these Articles of Association come into effect, these Articles of Association shall be legally binding on the Company's organization and conduct, the rights and obligations between the Company and the shareholders, and amongst the shareholders themselves as well as the Company, its shareholders, Directors, Supervisors, senior management members, with such personnel being entitled to claim for rights on matters relating to the Company in accordance with these Articles of Association.

Pursuant to these Articles of Association, a shareholder may claim against the other shareholders, and the shareholders may claim against the Company's Directors, Supervisors and senior management members. The shareholders may claim against the Company. The Company may claim against its shareholders, Directors, Supervisors and senior management members.

For the purposes of the preceding paragraph, the term "claim" shall include the initiation of proceedings in a court or application to an arbitration institution for arbitration.

**Article 10** The senior management members referred to in these Article of Association include the CEO, vice presidents (including senior vice presidents), the financial officer, chief medical officer, chief technology officer, the Secretary of the Board and such other personnel confirmed by the regulatory authorities or resolved and confirmed by the Board of Directors to hold important positions.

**Article 11** Within the scope specified in laws and regulations, the Company may invest in other institutions including limited liability companies and joint stock limited companies, and assume liabilities for the enterprise invested to the extent of its capital contribution or the shares subscribed. The Company shall not be any unlimited liability shareholder of any profit-making organization.

In light of the needs of business development and with the approval of the securities regulatory authorities of the state (hereinafter referred to as the "securities regulatory authorities") and other governmental departments, the Company may set up, change or dissolve entities, including but not limited to subsidiaries, branches and representative offices, at home and abroad in accordance with laws, administrative regulations, departmental rules and these Articles of Association.

When the Company sets up branches and subsidiaries, it shall apply for registration to the company registration authorities and obtain the business licenses.

The Company may invest in and set up subsidiaries to carry out direct investment business in compliance with laws, administrative regulations and the requirements of the securities regulatory authorities.

## CHAPTER 2 OPERATIONAL OBJECTIVE AND SCOPE

**Article 12** The operational objective of the Company is to drive development with technology, care for life with innovation and develop high-quality and affordable pharmaceuticals for the treatment of serious diseases.

**Article 13** The business scope of the Company includes: Permitted items: pharmaceutical production (excluding the application of processing techniques, such as steaming, frying, roasting and calcination, to ready-to-use Chinese medicinal ingredients and the production of confidential prescription-related products of proprietary Chinese medicines); the contract manufacturing of pharmaceuticals (excluding the application of processing techniques, such as steaming, frying, roasting and calcination, to ready-to-use Chinese medicinal ingredients and the production of confidential prescription-related products of proprietary Chinese medicines); the wholesale of pharmaceuticals; and the retail of pharmaceuticals. (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by relevant authorities and the specific business items are subject to the approval documents or permits of the relevant authorities) General items: medical research and experimental development (excluding the development and application of human stem cells, genetic diagnosis and treatment technologies); technical services, technology development, consultancy, exchange, transfer and promotion; marketing planning; supply chain management services; the import and export of goods; the import and export of technologies; property management; non-residential property leasing; car parking services. (Except for the items subject to approval in accordance with the laws, business activities can be carried out independently with the business licenses in accordance with the laws)

The above business scope shall be subject to the items approved by the company registration authorities.

The Company may adjust the business scope based on the changes in domestic and overseas markets, business development and its own capabilities and shall handle relevant procedures on industrial and commercial registration of changes according to regulations.

## CHAPTER 3 SHARES

### Section 1 Issuance of Shares

**Article 14** The shares of the Company shall be issued in the form of share certificates.

**Article 15** The Company shall issue shares in an open, fair and just manner, and each share of the same class shall have the same right.

All shares of the same class issued at the same time shall be issued under the same conditions and at the same price; the same price shall be paid for each share subscribed for by any entities or individuals.

**Article 16** All the shares issued by the Company shall have a nominal value, with each share having a nominal value of RMB1.00.

**Article 17** With the registration/filing with the securities regulatory authorities or other relevant regulatory authorities, the Company may issue its shares to domestic and foreign investors.

The term “foreign investors” mentioned in the preceding paragraph refers to foreign, Hong Kong Special Administrative Region of the PRC (hereinafter referred to as “Hong Kong”), Macao Special Administrative Region or Taiwan investors who subscribe for shares issued by the Company. The term “domestic investors” refers to the investors within the territory of the PRC (other than the above-mentioned regions) who subscribe for the shares issued by the Company.

**Article 18** Shares issued by the Company to domestic investors for subscription in RMB are referred to as domestic shares. Shares issued by the Company for foreign investors to subscribe in foreign currencies are referred to as foreign shares. The foreign shares, which are listed on an overseas stock exchange, are referred to as overseas listed foreign shares. Holders of domestic shares and overseas listed foreign shares of the Company have equal rights in any distribution by way of dividend or otherwise.

The foreign shares issued by the Company which are listed on the Hong Kong Stock Exchange shall be H Shares. H Shares are the RMB-denominated shares approved to be listed by the Hong Kong Stock Exchange and subscribed for and traded in Hong Kong dollars.

Foreign currencies mentioned in the preceding paragraph refer to legal tenders of other countries or regions other than RMB that are recognized by the competent authorities of the State Administration of Foreign Exchange for contribution of share capital to the Company.

The Company’s shareholders may list and trade their unlisted shares on overseas stock exchange(s) upon approvals of the State Council or the securities regulatory authorities. Listing and trading of such shares on overseas stock exchange(s) shall comply with the regulatory procedures, provisions and requirements of overseas securities market(s).

**Article 19** The promoters of the Company include 9 natural persons and 21 non-natural persons. Upon the overall conversion of Lepu Biopharma Co., Ltd. (樂普生物科技股份有限公司) into a joint stock company in December 2020, the abovementioned shareholders contributed with the net assets of original Lepu Biopharma Co., Ltd. (樂普生物科技股份有限公司) owned by them as at August 31, 2020, which were converted into 1,492,692,648 shares. The promoters, the number of shares held, the contribution form and the contribution date are as follows:

No.	Name of shareholders	Number of shares held (shares)	Contribution form	Contribution date
1	Ningbo Houde Yimin Information Technology Co., Ltd. (寧波厚德義民信息科技有限公 司)	433,239,436	Shares converted from net assets	2020.12.10
2	Lepu Medical Technology (Beijing) Co., Ltd. (樂普(北京)醫療器械股份有限公 司)	225,352,113	Shares converted from net assets	2020.12.10
3	Miracogen Limited	138,978,106	Shares converted from net assets	2020.12.10
4	Su Rongyu (蘇榮譽)	100,000,000	Shares converted from net assets	2020.12.10
5	Lvyuan (Shanghai) Technology Co., Ltd. (律元(上海)科技有限公 司)	90,000,000	Shares converted from net assets	2020.12.10
6	Kington Capital No. 1 Equity Investment Limited Partnership (蘇州翼樸一號股 權投資合夥企業(有限合夥))	78,873,251	Shares converted from net assets	2020.12.10
7	Suzhou Danqing II Innovation Pharmaceutical Industry Investment Limited Partnership (蘇州丹青二期創新醫藥產 業投資合夥企業(有限合夥))	70,422,536	Shares converted from net assets	2020.12.10
8	Shanghai Chunrui Zongheng Technology Limited Partnership (上海純瑞縱橫科技合夥企業)	50,000,000	Shares converted from net assets	2020.12.10
9	Tianjin Pingan Consumption Technology Investment Limited Partnership (天津 市平安消費科技投資合夥企業(有限 合夥))	43,949,259	Shares converted from net assets	2020.12.10
10	Haitong Capital Securities Investment Co., Ltd. (海通創新證券投資有限公 司)	35,159,408	Shares converted from net assets	2020.12.10
11	Sunshine Insurance Company Limited by Shares (陽光人壽保險股份有限公 司)	35,159,408	Shares converted from net assets	2020.12.10
12	Suzhou Industrial Park Guochuang Kaiyuan II Investment Center (Limited Partnership) (蘇州工業園區國創開元二期投資中 心(有限合夥))	28,169,014	Shares converted from net assets	2020.12.10



No.	Name of shareholders	Number of shares held (shares)	Contribution form	Contribution date
13	SDIC Unity Capital Investment Fund (Limited Partnership) (國投創合國家新興產業創業投資引導基金(有限合夥))	26,369,556	Shares converted from net assets	2020.12.10
14	China Reform Guangzhou Investment Fund (Limited Partnership) (國新央企運營(廣州)投資基金(有限合夥))	26,369,556	Shares converted from net assets	2020.12.10
15	Beijing Ronghui Sunshine Xinxing Industry Investment Management Center (北京融匯陽光新興產業投資管理中心(有限合夥))	26,369,556	Shares converted from net assets	2020.12.10
16	Suzhou Suzi Investment Limited Partnership (蘇州蘇梓投資合夥企業(有限合夥))	19,718,310	Shares converted from net assets	2020.12.10
17	Qingdao Minxin Qiyuan Investment Center (Limited Partnership) (青島民芯啟元投資中心(有限合夥))	17,579,704	Shares converted from net assets	2020.12.10
18	Suzhou Xinrui Qiyuan Investment Center (Limited Partnership) (蘇州新銳啟源投資中心(有限合夥))	14,084,507	Shares converted from net assets	2020.12.10
19	Jiaxing Danqing Investment Limited Partnership (嘉興丹青投資合夥企業(有限合夥))	11,267,606	Shares converted from net assets	2020.12.10
20	Linzhi Lecheng Medical Industry Development Co., Ltd. (林芝樂成醫療產業發展有限公司)	5,633,802	Shares converted from net assets	2020.12.10
21	Guo Tongjun (郭同軍)	5,273,911	Shares converted from net assets	2020.12.10
22	Wang Lei (王磊)	2,636,956	Shares converted from net assets	2020.12.10
23	Wang Xinglin (王興林)	1,757,970	Shares converted from net assets	2020.12.10
24	Shenzhen Haihui Quanxing Investment Consultation Limited Partnership (深圳市海匯全興投資諮詢合夥企業(有限合夥))	1,757,970	Shares converted from net assets	2020.12.10
25	Wei Zhanjiang (魏戰江)	1,230,579	Shares converted from net assets	2020.12.10
26	Wang Yong (王泳)	878,985	Shares converted from net assets	2020.12.10
27	Zhang Xia (張霞)	878,985	Shares converted from net assets	2020.12.10
28	Chen Juan (陳娟)	791,087	Shares converted from net assets	2020.12.10
29	Xinye Guangzhou Equity Investment Limited Partnership (新業(廣州)股權投資合夥企業(有限合夥))	439,493	Shares converted from net assets	2020.12.10
30	Lin Yi (林儀)	351,594	Shares converted from net assets	2020.12.10
	Total	1,492,692,648	-	-

**Article 20** Domestic shares issued by the Company are deposited under the centralized custody of the securities depository institution that meets relevant requirements. The H Shares of the Company are mainly deposited under the custody of entrusted Hong Kong securities clearing companies and such shares may also be held under the personal names of shareholders.

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

**Article 21** The Company may, based on its business and development needs and in accordance with the laws, administrative regulations, normative documents, departmental rules and the listing rules of the places where the shares of the Company are listed, increase its capital in the following manners upon resolutions being adopted by the general meetings:

- (I) by public offering of shares;
- (II) by non-public offering of shares;
- (III) by placing shares to its existing shareholders;
- (IV) by distributing bonus shares to its existing shareholders;
- (V) by capitalizing its capital common reserve;
- (VI) by other means permitted by the law, administrative regulations or approved by the securities regulatory bodies.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of these Articles of Association, be conducted in accordance with the procedures stipulated in the relevant laws, administrative regulations, departmental rules, normative documents in the PRC and the procedures provided in the listing rules of the places where the shares of the Company are listed.

**Article 22** The Company may reduce its registered capital. The Company may reduce its registered capital in accordance with the procedures provided in the Company Law and other relevant requirements and these Articles of Association.

If the Company reduces its registered capital, a balance sheet and an inventory of assets should be prepared.

Where the Company reduces its registered capital, the Company shall notify the creditors and make a public announcement in accordance with provisions of the Company Law, and repay its debts or provide corresponding guarantees as required by the creditors in accordance with laws.

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

**Article 23** Under the following circumstances, the Company may, after being approved according to the procedures provided in the laws, regulations and these Articles of Association, repurchase its outstanding shares in accordance with statutory procedures:

- (I) reducing the Company's registered capital;
- (II) merging with companies which hold shares in the Company;
- (III) applying the shares for the purpose of employee stock ownership plan or equity-based incentives;
- (IV) acquiring shares held by shareholders, who vote against any resolutions proposed in any general meeting on the merger or division of the Company, upon their request;
- (V) converting the shares into corporate bonds issued by the Company that could be converted into shares;
- (VI) where it is necessary in order to maintain the Company's value and the shareholders' equity;
- (VII) other circumstances as permitted by the laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed and other relevant regulations.

The Company shall not purchase or sell the Company's shares except under the aforesaid circumstances.

**Article 24** Where the Company repurchases its own shares for the purposes of items (I) and (II) of Article 23 herein, it shall obtain approval at a general meeting. Where the Company repurchases its own shares for the purposes of items (III), (V) and (VI) of Article 23, it shall be subject to approval by way of Board resolution at a Board meeting attended by more than two-thirds of the Directors. Following the repurchase of its shares in accordance with Article 23, such shares shall be cancelled within ten days from the date of repurchase in the case of item (I) above and transferred or cancelled within six months in the case of items (II) and (IV) above; and such shares shall be transferred or cancelled within three years in the case of items (III), (V) and (VI) above and in case of the total number of shares of the Company held by the Company shall not exceed 10% of the total number of shares issued by the Company. The nominal value of such Shares which have been cancelled shall be reduced from the registered capital of the Company, and the Company shall promptly apply for registration with the original company registration authorities of the change of registered capital of the Company.

**Article 25** The Company may repurchase its shares in any one of the following manners:

- (I) making of a repurchase offer in the same proportion to all shareholders;
- (II) repurchase through open transactions on a stock exchange;
- (III) repurchase by agreement outside of a stock exchange;
- (IV) other methods recognized by laws, regulations and relevant regulatory authorities.

Any acquisition by the Company of its shares under the circumstances as required in Article 23(3), (5) and (6) shall be conducted through open centralized trading.

**Article 26** Where the Company repurchases its shares through an off-market agreement, it shall seek prior approval of the general meeting in accordance with these Articles of Association. The Company may terminate or amend an agreement entered into in the aforementioned manner or waive any of its rights thereunder with prior approval of the general meeting obtained in the same manner.

The agreement for the share repurchase referred to in the preceding paragraph includes but not limited to agreements assuming obligations of share repurchase and acquiring the rights of the shares repurchased.

The Company shall not assign an agreement for repurchasing its own shares or any of its rights thereunder.

With regard to the redeemable shares that the Company has the right to redeem, if they are not repurchased on the market or by way of tender, the purchase prices of these shares shall not exceed certain maximum price; if they are repurchased by way of tender, the tenders shall be available and proposed to all shareholders in the same manner.

**Article 27** After the shares are repurchased by the Company pursuant to the laws, the Company shall cancel such shares repurchased within the period prescribed by laws and administrative regulations, and shall apply to the original company registration authorities for registration of the change in the registered capital.

The amount of the Company's registered capital shall be reduced by the aggregate nominal value of those cancelled shares.

**Article 28** Unless the Company is under liquidation, it shall comply with the following provisions in respect of the repurchase of its outstanding shares:

- (I) where the Company repurchases its shares at nominal value, the amount thereof shall be deducted from the book balance of the distributable profits of the Company and/or from the proceeds of a new issue of shares made for the repurchase of shares;
- (II) where the Company repurchases its shares at a price higher than nominal value, the portion corresponding to the nominal value shall be deducted from the book balance of the distributable profits of the Company and/or from the proceeds of a new issue of shares made for the repurchase of shares. The portion in excess of the nominal value shall be handled as follows:
  - (1) if the shares repurchased were issued at nominal value, payment shall be deducted from the book balance of the distributable profits of the Company;
  - (2) if the shares repurchased were issued at a price higher than their nominal value, payment shall be deducted from the book balance of the distributable profits of the Company and/or from the proceeds of a new issue of shares made for the buy-back of shares, provided that the amount deducted from the proceeds of the new issue of shares shall not be more than the aggregate of premiums received by the Company at the time of the issue of the shares repurchased nor shall it be more than the amount of the Company's capital common reserve account (including the premiums on the new issue of shares) at the time of such repurchase;
- (III) payment by the Company for the following purposes shall be paid out of the Company's distributable profits:
  - (1) acquisition of rights to repurchase shares of the Company;
  - (2) modification of any agreement for repurchasing shares of the Company;
  - (3) release of any of the Company's obligations under any agreement for repurchasing its shares;

- (IV) after the aggregate nominal value of the cancelled shares has been deducted from the registered capital of the Company in accordance with the relevant requirements, the amount deducted from the distributable profits for payment for repurchasing shares at their nominal value shall be accounted for in the Company's capital common reserve account.

Where the laws, administrative regulations, departmental rules, normative documents and relevant requirements of the securities regulatory authorities in the places where the shares of the Company are listed contain any other provisions in respect of the accounting treatment related to the aforementioned share repurchase, such provisions shall prevail.

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

**Article 29** Save as otherwise specified by laws, administrative regulations, departmental rules, normative documents and relevant provisions of the securities regulatory authorities in the places where the shares of the Company are listed, shares of the Company may be transferred free from any liens in accordance with the laws. Transfer of overseas listed foreign shares listed in Hong Kong shall be registered with the share registrar designated by the Company.

**Article 30** All fully paid overseas listed foreign shares listed on the Hong Kong Stock Exchange may be transferred freely in accordance with these Articles of Association. However, the Board of Directors may refuse to recognize any instrument of transfer without any reasons unless the following conditions are satisfied:

- (I) instrument of transfer and any other documents related to or affecting the title of any shares shall be registered, and payment shall be made to the Company for such registration according to the standard charges stipulated by the Hong Kong Listing Rules;
- (II) the instrument of transfer only relates to the overseas listed foreign shares listed on the Hong Kong Stock Exchange;
- (III) the stamp duty required by the laws of Hong Kong for the instrument of transfer has been paid;
- (IV) the relevant share certificates and evidence reasonably required by the Board of Directors showing that the transferor has the right to transfer such shares shall be provided;
- (V) if the shares are to be transferred to joint holders, the number of joint shareholders registered shall not exceed four (4);
- (VI) the relevant shares are free from all liens of the Company.

If the Board of Directors refuses to register the transfer of shares, a notice of the rejection of registration of such transfer of shares shall be issued to the transferor and the transferee within two (2) months upon the duly submission of transfer application.

**Article 31** All transfers of overseas listed foreign shares listed in Hong Kong may be effected by instruments of transfer in writing in a common form of the places where the shares of the Company are listed or in any other form acceptable to the Board of Directors. Transfers of overseas listed foreign shares may be effected by the standard instrument of transfer specified by Hong Kong Stock Exchange. The instruments of transfer may be signed by hand only or (where the transferor or transferee is a recognized clearing house as defined by the Securities and Futures Ordinance of Hong Kong, or its nominee) by hand or in a machine-imprinted format.

All instruments of transfer shall be deposited with the legal address of the Company, address of the share registrar of the Company or such places as the Board of Directors may designate from time to time.

**Article 32** The Company shall not accept its own shares as the subject matter of a pledge.

**Article 33** The shares of the Company held by the promoters shall not be transferred within one (1) year after the incorporation of the Company. Shares already issued by the Company before the public offering shall not be transferred within one (1) year after the Company's shares are listed and traded on the stock exchange.

The Directors, Supervisors and senior management of the Company shall report to the Company their shareholdings and changes thereof and shall not transfer more than twenty-five percent (25%) of the total number of their shares in the Company during their terms of office; the shares they hold in the Company shall not be transferred within one (1) year after the shares of the Company are listed and traded on the stock exchange. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.

**Article 34** If the Company's Directors, Supervisors, senior management, and shareholders holding five percent (5%) or more of the shares of the Company sell shares within six (6) months after buying the same or buy shares within six (6) months after selling the same, the earnings arising therefrom shall be attributed to the Company and the Board of Directors shall claim back the said earnings. However, the six-month restriction shall not be applicable to any sale of shares by an underwriter holding five percent (5%) or more of the Company's shares as a result of its underwriting of the untaken shares.

If the Board of Directors of the Company does not comply with the provision of preceding paragraph, the shareholders can request the Board of Directors to do so within thirty (30) days. If the Board of Directors fails to enforce such right within the aforesaid period, the shareholders are entitled to file a lawsuit with a people's court in their own names for the interests of the Company.

If the Board of Directors of the Company fails to comply with the first paragraph of this Article, the accountable Directors shall assume joint and several liabilities in accordance with laws.

## **Section 4 Financial Assistance for Purchase of Company Shares**

**Article 35** The Company or its subsidiaries (including affiliated companies of the Company) shall not, by any means and at any time, provide any financial assistance to purchasers or potential purchasers of the Company's shares. The aforesaid purchasers include persons directly or indirectly undertaking obligations due to purchase of the Company's shares.

The Company or its subsidiaries (including affiliated companies of the Company) shall not, by any means and at any time, provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.

The provisions of this Article shall not apply to the circumstances described in Article 37 of these Articles of Association.

**Article 36** The term "financial assistance" mentioned in this section shall include (but not limited to) the following:

- (I) gift;
- (II) guarantee (including the undertaking of liability or provisions of property by the guarantor in order to guarantee the performance of the obligation by the obligor), indemnity (excluding, however, indemnity arising from the Company's own fault) and termination or waiver of rights;
- (III) provision of a loan or signing of a contract under which the obligations of the Company are to be fulfilled prior to the fulfillment of the obligations of the other party to the contract, and a change in the party to such loan or contract as well as the assignment of rights under such loan or contract;
- (IV) financial assistance in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a significant reduction in the Company's net assets.

For the purposes of this section, the term "undertake obligations" shall include the undertaking of an obligation by the obligor by entering into a contract or making an arrangement, whether or not such contract or arrangement is enforceable and whether or not such obligation is assumed by the obligor individually or jointly with any other person, or by changing its financial position in any other way.

**Article 37** The acts listed below shall not be regarded as the acts prohibited under Article 35 of these Articles of Association:

- (I) the Company provides the relevant financial assistance in the interests of the Company in good faith, and the primary purpose of the said financial assistance is not to purchase the Company's shares, or the said financial assistance is a part of a master plan of the Company;
- (II) the Company distributes its assets as dividends in accordance with the laws;
- (III) the Company distributes dividends in the form of shares;



- (IV) the Company reduces its registered capital, repurchases its shares and adjusts the equity structure in accordance with these Articles of Association;
- (V) the Company provides a loan for its normal business operations within its business scope (provided that such financial assistance shall not result in a reduction in the net assets of the Company, or in the event of such reduction, such financial assistance is provided out of the distributable profit of the Company);
- (VI) the Company provides the funding for employee share schemes (provided that such financial assistance shall not result in a reduction in the net assets of the Company, or in the event of such reduction, such financial assistance is provided out of the distributable profit of the Company).

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

**Article 38** The various parts of the register of shareholders shall not overlap with each another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the law of the places where each part is kept. The Company must ensure that all of the title documents of the securities listed on the Hong Kong Stock Exchange (including share certificates) include the statements as follows. The Company shall instruct and procure the share registrars not to register the subscription, purchase or transfer of shares in the name of any individual holder unless and until he/she submits such properly executed forms to the share registrars which shall include the statements as follows:

- (I) The share purchasers and the Company and each of the shareholders, and the Company and each of the shareholders shall agree to observe and comply with the requirements of the Company Law, other relevant laws and regulations and the Articles of Association;
- (II) The share purchasers and the Company, each of the shareholders, Directors, Supervisors and senior management members of the Company shall agree, and the Company acting for itself and on behalf of each Director, Supervisor and senior management member shall agree with each shareholder, that all disputes or claims incurred as a result of the Articles of Association or disputes or claims incurred as a result of the rights and obligations provided by the Company Law or other relevant laws or regulations of the PRC or in relation to the affairs of the Company shall be submitted to arbitration in accordance with the Articles of Association, and any submission 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 share purchasers and the Company and each of the shareholders agree that the shares of the Company may be freely transferred by the holder thereof;
- (IV) The share purchasers authorize the Company to enter into a contract on their behalf with each of the Directors and senior management members. Pursuant to the contract, the Directors and senior management members undertake to observe and fulfill their responsibilities to the shareholders under the Articles of Association.

Where the laws, administrative regulations, departmental rules, normative documents and requirements of relevant stock exchanges or regulatory authorities at the place where the shares of the Company are listed contain provisions which stipulate the period of closure of the register of shareholders prior to a shareholders' general meeting or the reference date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

**Article 39** When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities requiring the identification of shareholders, the convener of the Board meeting or general meeting shall decide the record date. The shareholders whose names appear on the register of shareholders at the close of trading on the record date shall be entitled to the relevant rights.

**Article 40** The Hong Kong branch register of members must be available for inspection by shareholders; however, the Company is allowed to close the register of members on terms equivalent to section 632 of the Companies Ordinance. If any person objects to the register of shareholders and requests to have his/her name (title) recorded in or deleted from the register of shareholders, the said person may apply to the court with jurisdiction to correct the register of shareholders.

**Article 41** If any shareholder in the register of shareholders or any person requesting to have his/her name (title) recorded in the register of shareholders loses his/her share certificates (i.e. "the Original Share Certificates"), the said shareholder or person may apply to the Company to issue replacement certificates in respect of the said shares (i.e. "the Relevant Shares").

If a shareholder whose share certificate of domestic shares has been lost applies to the Company for a replacement new share certificate, it shall be dealt with in accordance with the relevant provisions of the Company Law.

If a shareholder whose share certificate of overseas listed foreign shares has been lost applies to the Company for a replacement new share certificate, it may be dealt with in accordance with the laws, rules of the stock exchange or other relevant provisions of the place where the original register of holders of overseas listed foreign shares is maintained.

If a shareholder whose share certificate of overseas listed foreign shares has been lost, the issue of a replacement new share certificate shall comply with the following requirements:

- (I) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and the evidence of the pilferage, loss or destruction, and declaring that no other person is entitled to have his/her name entered in the register of shareholders in respect of the Relevant Shares.
- (II) Before the Company decides to issue the replacement new share certificate, no statement made by any person other than the applicant declaring that his/her name shall be entered in the register of shareholders in respect of such shares has been received.
- (III) The Company shall, if it decides to issue a replacement new share certificate, publish an announcement in respect of the issue of a replacement new share certificate in such newspapers as may be designated by the Board of Directors; the period of announcement shall be ninety (90) days and the announcement shall be reissued at least once every thirty (30) days.
- (IV) The Company shall, prior to the publication of the announcement of its proposed issue of a replacement new share certificate, submit to the stock exchange on which its shares are listed a copy of the announcement to be published, and may publish the announcement upon receiving confirmation from such stock exchange that the announcement has been exhibited at the premises of the said stock exchange. Such announcement shall be exhibited at the premises of the said stock exchange for a period of ninety (90) days. If the application for replacement of a share certificate is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a photocopy of the announcement to be published.
- (V) If, upon expiry of the ninety (90)-day period referred to in Items (III) and (IV) of this Article, the Company has not received from any person any objection to such application in respect of the issue of replacement share certificate, the Company may issue a replacement new share certificate to the applicant accordingly.
- (VI) Where the Company issues a replacement new share certificate under this Article, it shall immediately cancel the Original Share Certificates and record the cancellation and replacement issue in the register of shareholders accordingly.
- (VII) All expenses relating to the cancellation of the Original Share Certificates and the issue of a replacement new share certificate by the Company shall be borne by the applicant and the Company is entitled to refuse to take any action until the applicant has provided reasonable security.

**Article 42** Where the Company issues a new replacement share certificate pursuant to these Articles of Association, the name (title) of a bona fide purchaser gaining possession of such new share certificate or the person who is subsequently entered in the register of shareholders as holder of such shares (if he/she is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 43** The Company shall not be liable for any damages suffered by any person arising from the cancellation of the Original Share Certificates or the issuance of a new replacement share certificate, unless the claimant can prove that the Company has committed a fraudulent act.

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

### **Section 1 Shareholders**

**Article 44** A shareholder of the Company is a person who lawfully holds shares of the Company and has his/her name (title) recorded in the register of shareholders. The Company shall set up the register of shareholders in accordance with certificates from the share registrar. The register of shareholders shall be conclusive evidence of the holding of the Company's shares by a shareholder.

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

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

- (I) the Company shall not register more than four persons as joint holders of any share;
- (II) the joint holders of any share shall assume joint and several liabilities for all amounts payable for relevant share;
- (III) if any of the joint shareholders deceases, only the surviving joint shareholders shall be deemed as having title to the relevant shares, but the Board may, for the purpose of modifying the register of shareholders, require the surviving joint shareholders to provide a death certificate as it deems appropriate;
- (IV) for joint shareholders of any share, the person whose name stands first in the register of shareholders shall be entitled to receive share certificate of the relevant share or receive notice from the Company, attend the general meetings of the Company or exercise all voting rights of the relevant shares, and the service of notice to the aforesaid person shall be deemed as service of notice to all joint shareholders.

Where one of the joint shareholders delivers receipt to the Company as regards to any dividends, bonus or return of capital which shall be distributed to such joint shareholders, such receipt shall be deemed as valid receipt from such joint shareholders to the Company.

**Article 45** The original register of shareholders of overseas listed foreign shares listed in Hong Kong shall be maintained in Hong Kong.

The Company shall maintain a duplicate of the register of shareholders of overseas listed foreign shares at its place of domicile and shall be open for inspection by the shareholders, provided that the issuer may suspend the registration of shareholders under a clause equivalent to Section 632 of the Companies Ordinance. The designated overseas agent(s) shall ensure consistency between the original version and the duplicate register of holders of overseas listed foreign shares at all times.

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

**Article 46** The shareholders of the Company shall enjoy the following rights:

- (I) the right to receive dividends and other distributions in proportion to their shareholdings;
- (II) to file a petition to convene, hold and attend shareholders' general meetings personally or by proxy, and exercise their corresponding voting rights according to the laws;
- (III) the right to supervise the Company's business operations, to present proposals or to raise enquiries;
- (IV) the right to transfer, give as a gift or pledge shares in accordance with laws, administrative regulations, normative documents and relevant requirements of the securities regulatory authorities of the places where the shares of the Company are listed as well as these Articles of Association;
- (V) the right to obtain relevant information in accordance with these Articles of Association, including:
  - 1. obtaining a copy of these Articles of Association, subject to payment of cost;
  - 2. the right to inspect and copy, subject to payment of reasonable charges:
    - (1) all parts of the register of shareholders;
    - (2) personal information of the Directors, Supervisors and senior management of the Company, including:
      - (A) current and previous names and aliases;
      - (B) main address (domicile);
      - (C) nationality;

- (D) full-time and all other part-time occupations and duties;
  - (E) identification credentials and their numbers.
- (3) the status of the Company's share capital;
  - (4) special resolutions of general meetings of the Company;
  - (5) reports showing the aggregate nominal value, quantity, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;
  - (6) minutes of general meetings;
  - (7) the latest audited financial report;
  - (8) a copy of the latest Annual Inspection Form that has been filed with the PRC Administration for Industry and Commerce or other competent authorities.

Documents of Items (1) to (8) (except Item (2)) mentioned above shall be made available by the Company, according to the requirements of the listing rules, at the Company's address in Hong Kong, for the public shareholders and holders of overseas listed shares to inspect free of charge (minutes of general meetings are available for inspection by the shareholders only). If the information to be inspected and photocopied involves business secrets or inside information of the Company, the Company may refuse to provide the same.

- (VI) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the shareholdings;
- (VII) with respect to shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company, the right to demand the Company to repurchase their shares;
- (VIII) other rights under laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed and these Articles of Association.

The Company shall not exercise any rights to freeze or otherwise prejudice any rights attached to the shares held by any person who directly or indirectly has interest in the Company solely for the reason that such person fails to disclose to the Company any such interests.

**Article 47** When a shareholder requests to inspect the relevant information mentioned in the preceding article or obtain such materials, he/she shall provide the Company with such written documents evidencing the class and amount of his/her shareholding in the Company. The Company may provide such information per the shareholder's request after verifying his/her identity, and may charge reasonable fees for providing copies of the foregoing materials.

**Article 48** If any resolution of the general meeting or the Board meeting is in violation of laws and administrative regulations, the shareholders shall be entitled to request the people's court to invalidate the said resolution.

If the convening procedure or voting method of the general meeting or the Board meeting is in violation of laws, administrative regulations or these Articles of Association, or if the content of any resolution is in violation of these Articles of Association, the shareholders shall be entitled to apply to the people's court for revocation within sixty (60) days after the resolution being adopted.

Where shareholders file lawsuits in accordance with the provisions of the preceding paragraph, the Company may apply to the people's court for requiring the shareholders to provide corresponding guarantee.

If the change of registration has been made by the Company in accordance with the resolution of the general meeting or the Board meeting, after the people's court announces such a resolution being void or rescinded, the Company shall apply to the registration authorities for revocation of the change of registration.

**Article 49** If any Director or senior management violates laws, administrative regulations or these Articles of Association in fulfilling their duties, thereby causing any loss to the Company, the shareholders individually or jointly holding one percent (1%) or more of the shares of the Company for one hundred and eighty (180) or more consecutive days shall be entitled to request the Supervisory Committee in writing to institute legal proceedings to the people's court. If the Supervisory Committee violates laws, administrative regulations or these Articles of Association in fulfilling its duties, thereby causing any loss to the Company, the shareholders shall be entitled to request the Board of Directors in writing to institute legal proceedings to the people's court.

If the Supervisory Committee or the Board of Directors refuses to institute legal proceedings after receipt of the aforesaid written request from the shareholders or does not institute legal proceedings within thirty (30) days after receipt of the said request, or if the circumstance is urgent and any delay of legal proceedings may cause irreparable damage to the interests of the Company, the shareholders as specified in the preceding paragraph shall be entitled to directly institute legal proceedings to the people's court in their own names for the interests of the Company.

If any other person infringes upon the legitimate rights and interests of the Company, thereby causing any loss to the Company, the shareholders as mentioned in the first paragraph of this Article may institute legal proceedings to the people's court according to the provisions of the two preceding paragraphs.

**Article 50** If any Director or senior management violates laws, administrative regulations or these Articles of Association, thereby causing any loss to the shareholders, the shareholders may institute legal proceedings to the people's court.

**Article 51** The shareholders of the Company shall have the following obligations:

- (I) to abide by laws, administrative regulations and these Articles of Association;
- (II) to pay capital contribution for the shares subscribed for in the prescribed method of subscription;
- (III) except as otherwise provided by laws and regulations, withdrawal of share capital shall be permitted;
- (IV) not to remove any Director, Supervisor or senior management members of the Company without the approval by the general meeting and/or the Board of Directors;
- (V) not to interfere with the operation and management of the Company in violation of any requirement of laws, administrative regulations or these Articles of Association;
- (VI) not to abuse shareholder's right to prejudice the interests of the Company or other shareholders; not to abuse the independent status of legal person of the Company or shareholder's limited liability to prejudice the interests of the creditors of the Company. Shareholders of the Company who abuse their shareholder's rights and thereby causing loss to the Company or other shareholders shall be liable for compensation according to the law. Where shareholders of the Company abuse the independent status of legal person of the Company and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.
- (VII) to fulfill other obligations as stipulated by laws, administrative regulations and these Articles of Association.

Shareholders shall not be liable for further contribution to share capital other than the conditions agreed to as a subscriber of the shares at the time of subscription.

**Article 52** Where a shareholder holding five percent (5%) or more voting shares of the Company pledge any shares in his/her possession, he/she shall notify the Company in writing within the same day after he/she pledges his/her shares.



**Article 53** The controlling shareholders and the actual controllers of the Company shall not use the connected relations to prejudice the interests of the Company; otherwise, they shall be liable for compensation for the loss suffered by the Company.

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

Save for the obligations imposed by laws, administrative regulations, departmental rules, normative documents or required by the listing rules of the places where the shares of the Company are listed, the controlling shareholders shall not, in the exercise of their shareholders' rights, make decisions prejudicial to the interests of all or part of the shareholders in the exercise of their voting rights on the issues set forth below:

- (I) releasing the responsibility of a Director or Supervisor to act in good faith in the best interests of the Company;
- (II) approving the expropriation by a Director or Supervisor for his/her own or others' benefits, in any guise, of the Company's assets, including but not limited to opportunities beneficial to the Company;
- (III) approving the expropriation by a Director or Supervisor for his/her own or others' benefit of the personal interests of other shareholders, including but not limited to any rights to distributions and voting rights, but excluding restructuring of the Company submitted to general meeting for approval in accordance with these Articles of Association.

**Article 54** The Board of Directors of the Company shall set up a mechanism called "freezing upon misappropriation" on the shares of the Company held by the controlling shareholders. Under such mechanism, if in any case any asset embezzlement by its controlling shareholders or their subsidiaries is found, the Board of Directors shall immediately apply for judiciary freeze of the shares held by such controlling shareholders. In the event that the embezzled assets are unable to be settled in cash, they shall be disposed to repay the assets embezzled by such controlling shareholders.

The Board of Directors of the Company shall be obliged to keep the Company's funds from being misappropriated by controlling shareholders. If any Director or senior management of the Company is found to have assisted or tolerated a substantial shareholder to misappropriate the assets of the Company, the Board of Directors of the Company shall punish the personnel directly accountable for such misconduct based on the seriousness of the circumstances.

**Article 55** The Chairman of the Board of the Company shall act as the first accountable person for the “freezing upon misappropriation” mechanism, whose relevant work shall be assisted by the secretary of the Board and the financial officers. Specific procedures are as follows:

- (I) The secretary of the Board of the Company shall regularly or irregularly inspect fund transactions between the Company and its controlling shareholders and their subsidiaries and check if the assets of the Company are misappropriated by its controlling shareholders and their subsidiaries.
- (II) The financial officers of the Company shall report to the Chairman of the Board in writing immediately on the day when they find the misappropriation of the assets of the Company by its controlling shareholders or their subsidiaries. The contents of the report shall include but not be limited to the name of shareholders with misappropriation, the name of assets misappropriated, the location of assets misappropriated, the assets misappropriation time, the amount involved and the proposed settlement period. If any Director, Supervisor or senior management of the Company is found to have assisted or tolerated its controlling shareholders or their subsidiaries to misappropriate the assets of the Company, the financial officers shall also state the name of Directors, Supervisors or senior management and the details of assisting or tolerating the abovementioned embezzlement.
- (III) After receiving the written report, the Chairman of the Board shall urge the secretary of the Board to issue a notice of the Board meeting and convene a Board meeting to consider the settlement period required on the controlling shareholders, the punishment decisions on Directors, Supervisors and other senior management involved, the application to relevant judicial authorities for freezing the shares of the controlling shares and other relevant matters. Connected Directors shall abstain from voting on the abovementioned matters.
- (IV) Based on the written report of the financial officers, the Chairman of the Board shall urge the secretary of the Board to notify all Directors and convene an emergency meeting to consider the settlement period required on the controlling shareholders, the actual controllers and their connected persons and the punishment decisions on Directors or senior management involved. For Directors, Supervisors or senior management who are to assume material responsibility, the Board of Directors shall submit relevant punishment decisions to the general meeting of the Company for consideration after considering them.
- (V) The secretary of the Board shall send the notice on settlement within a prescribed period to the controlling shareholders and other connected persons, implement the punishment decisions on Directors, Supervisors or senior management and conduct information disclosure based on the resolutions of the Board of Directors. For Directors, Supervisors or senior management who are to assume material responsibility, the secretary of the Board shall notify the Directors, Supervisors or senior management in question in a timely manner after relevant matters are considered and approved at the general meeting of the Company and handle relevant procedures.

- (VI) Except for force majeure, if the controlling shareholders and their connected persons cannot settle within the prescribed period, the Board of Directors of the Company shall apply to relevant judicial authorities for disposing the frozen shares to repay the assets embezzled within 30 days after the expiry of the prescribed period. The secretary of the Board shall conduct relevant information disclosure.

## **Section 2 General Provisions for General Meetings**

**Article 56** The general meeting shall be the authority of power of the Company and shall exercise the following functions and powers according to laws:

- (I) to decide the business operation guidelines and investment plans for the Company;
- (II) to elect, change, appoint and remove Directors and Supervisors who are not employees' representatives, and determine the remunerations of Directors and Supervisors;
- (III) to consider and approve reports of the Board;
- (IV) to consider and approve reports of the Supervisory Committee;
- (V) to consider and approve the annual financial budgets and final accounting proposals of the Company;
- (VI) to consider and approve the Company's profit distribution plans and loss recovery plans;
- (VII) to resolve on the increase or reduction of the registered capital of the Company and issuance of shares of any class, stock warrants or other similar securities;
- (VIII) to resolve on the issuance of bonds of the Company;
- (IX) to resolve on the merger, division, dissolution, liquidation or change in the form of the Company;
- (X) to amend these Articles of Association;
- (XI) to consider and approve the Company's purchase or disposal of major assets, investment or guarantees within one year with the aggregate amount exceeding 30% of the latest audited total assets of the Company;
- (XII) to determine the Company's engagement, removal or discontinuance of engagement of accounting firms;
- (XIII) to consider and approve matters relating to the changes in the use of proceeds;

(XIV) to consider and approve share incentive schemes;

(XV) to consider other matters required to be resolved at the general meeting pursuant to laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where shares of the Company are listed and these Articles of Association.

**Article 57** When considering the resolution of providing guarantees to shareholders, actual controller and connected persons thereof at the general meeting, such shareholders or shareholders controlled by such actual controller shall not vote on such resolution. Such resolution requires a simple majority of the voting rights of other shareholders attending the general meeting to be passed.

**Article 58** Save for special circumstances such as when the Company is in crisis, without approval by a special resolution at the general meeting, the Company shall not enter into a contract to hand over all or material business management of the Company to a person other than to a Director, Supervisor, the CEO or other senior management.

**Article 59** General meetings consist of annual general meetings and extraordinary general meetings. The annual general meeting shall be held once (1) every year within six (6) months after the end of the previous financial year.

**Article 60** The Company shall convene an extraordinary general meeting within two (2) months upon occurrence of the following events:

- (I) when the number of Directors falls below the minimum requirement of the Company Law, or is less than two thirds (2/3) of the number specified by these Articles of Association;
- (II) the unrecovered losses of the Company amount to one third (1/3) of the total amount of its paid-up share capital;
- (III) when shareholders severally or jointly holding ten percent (10%) or more of the Company's shares request(s);
- (IV) the Board of Directors considers it necessary;
- (V) the Supervisory Committee proposes to convene such meeting;
- (VI) other circumstances stipulated by laws, administrative regulations, departmental rules or these Articles of Association.

The number of shares held by the shareholders as described in Item (III) of the preceding paragraph shall be calculated at the close of trading on the date when such shareholders request in writing or on the preceding trading day (if the written request is made on a non-trading day).

**Article 61** The venue of a general meeting of the Company shall be the domicile of the Company or other location specified in the notice of the general meeting.

A general meeting shall usually be in the form of physical meeting held on-site. However, so far as permitted by the securities regulatory authorities or the stock exchange, such meeting may also be held in such other manners as recognized or required by the securities regulatory authorities or the stock exchange. A shareholder who participates in a general meeting in the aforesaid manners shall be deemed to have been present at the meeting.

**Article 62** When the Company convenes a general meeting, a solicitor may be engaged to provide legal advices on the following issues:

- (I) whether the procedures for convening and holding the meeting comply with the laws, administrative regulations and these Articles of Association;
- (II) whether the eligibility of persons attending the meeting and the qualification of the convener are lawful and valid;
- (III) whether the voting process and voting results are lawful and valid;
- (IV) legal advices provided on other issues at the request of the Company.

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

**Article 63** The general meetings shall be convened by the Board of Directors. The Supervisory Committee or shareholders may convene the general meeting on their own initiative, subject to the relevant requirements specified in this section.

Independent Non-executive Directors shall be entitled to propose to the Board of Directors to convene an extraordinary general meeting. The Board of Directors shall, in accordance with laws, administrative regulations and these Articles of Association, inform in writing whether it agrees or disagrees to convene an extraordinary general meeting within ten (10) days upon receipt of the proposal.

If the Board of Directors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five (5) days after the resolution is made by the Board of Directors. Unanimous approval of the Independent Non-executive Directors, who propose to convene an extraordinary general meeting, shall be sought if the original proposal contained in the notice is changed. If the Board of Directors does not agree to hold the extraordinary general meeting, it shall give the reasons and publish an announcement thereof.

**Article 64** The Supervisory Committee shall be entitled to propose to the Board of Directors to convene an extraordinary general meeting, and shall put forward its proposal to the Board of Directors in writing. The Board of Directors shall, pursuant to laws, administrative regulations and these Articles of Association, inform in writing whether it agrees or disagrees to convene the extraordinary general meeting within ten (10) days upon receipt of the proposal.

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

If the Board of Directors does not agree to hold the extraordinary general meeting or fails to respond within ten (10) days upon receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the extraordinary general meeting, and the Supervisory Committee may convene and preside over the meeting itself.

**Article 65** Shareholders severally or jointly holding ten percent (10%) or more of the shares of the Company shall be entitled to request the Board of Directors to convene an extraordinary general meeting, and shall put forward such request to the Board of Directors in writing. The Board of Directors shall, pursuant to laws, administrative regulations and these Articles of Association, inform in writing whether it agrees or disagrees to convene the extraordinary general meeting within ten (10) days upon receipt of the proposal.

If the Board of Directors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five (5) days after the resolution is made by the Board of Directors. In the event of any change to the original proposal set forth in the notice, the consent of relevant shareholders shall be obtained.

If the Board of Directors does not agree to hold the extraordinary general meeting or fails to respond within ten (10) days upon receipt of the proposal, shareholders severally or jointly holding ten percent (10%) or more of the shares of the Company shall be entitled to propose to the Supervisory Committee to convene an extraordinary general meeting, and shall put forward such request to the Supervisory Committee in writing.

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

In case of failure to issue the notice of extraordinary general meeting within the prescribed period, the Supervisory Committee shall be deemed as failing to convene and preside over the general meeting and the shareholders severally or jointly holding ten percent (10%) or more shares of the Company for ninety (90) or more consecutive days may convene and preside over such meeting by itself/themselves.

The shareholding of the convening shareholders shall be no less than ten percent (10%) (on a one-share-one-vote basis) before a resolution passed at the general meeting is announced.

Where the Supervisory Committee or shareholders convene a meeting by themselves in accordance with the provisions of this section, a written notice shall be sent to the Board of Directors and filed with the relevant stock exchanges. The Board of Directors and the secretary of the Board shall cooperate in terms of such meetings. The Board of Directors shall provide the register of shareholders on the shareholding record date. The expenses reasonably accrued therefrom shall be borne by the Company and be deducted from the amounts due by the Company to the negligent Directors.

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

**Article 66** The contents of the proposals of the general meetings to be raised shall be within the scope of duties of the general meetings. It shall have a clear topic and specific matters to be resolved on, and shall be in compliance with relevant requirements of laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed and these Articles of Association. Proposals shall be submitted in writing.

**Article 67** When a general meeting is convened by the Company, the Board of Directors, the Supervisory Committee and shareholders who severally or jointly hold three percent (3%) or more of the shares of the Company, shall be entitled to make proposals to the general meetings.

Shareholders, who severally or jointly hold 3% or more of the shares of the Company, may submit ad hoc proposals in writing to the convener ten (10) days before the convening of the general meeting. The convener shall issue a supplemental notice of the general meeting within two (2) days upon receipt of the proposals and announce the contents of the ad hoc proposals.

Except for circumstances provided in the above paragraph, the convener, after issuing the notice of the general meeting, shall neither modify the proposals stated in the notice of general meetings nor add new proposals.

The general meeting shall not vote or resolve on any proposals which are not contained in a notice of the general meeting or are not in compliance with Article 66 herein.

**Article 68** When the Company convenes a general meeting, a written notice shall be issued 20 days prior to the annual general meeting and 15 days prior to the extraordinary general meeting by the convener to all shareholders. When calculating the time limit of the notice, the date of the meeting convened shall be excluded.

An extraordinary general meeting shall not decide on matters not specified in the notice.

**Article 69** Notice of a general meeting shall satisfy the following requirements:

- (I) be in writing;
- (II) time, venue and duration of the meeting;
- (III) matters and proposals to be considered at the meeting. Any notice and supplementary notice of general meetings shall sufficiently and completely disclose all the details of all proposals;
- (IV) necessary information and explanations to be made available to the shareholders for such shareholders to make sound decisions about the matters to be discussed. This principle includes (but not limited to) the provision of the specific terms and contract(s), if any, of the proposed transaction(s) and serious explanations about the reasons and effects when the Company proposes mergers, repurchase of shares, restructuring of share capital or other restructuring;
- (V) in the event that any of the Directors, Supervisors, the CEO or other senior management has material interests in matters to be discussed, the nature and extent of the interests shall be disclosed. If the matters to be discussed affect any Director, Supervisor, the CEO or other senior management as a shareholder in a manner different from the manner they affect other shareholders of the same class, the difference shall be explained;
- (VI) the full text of any special resolution to be proposed for approval at the meeting;
- (VII) a prominent statement that a shareholder eligible for attending and voting is entitled to appoint one or more proxies to attend and vote at such meeting on his/her behalf, and that such proxy does not need to be a member of the Company;
- (VIII) the time and venue for lodging a proxy form for the meeting;
- (IX) the record date for shareholders who are entitled to attend the general meeting;
- (X) the name and telephone number of the contact person for the meeting.

The interval between the shareholding record date of general meeting and the date of the meeting shall be in compliance with the requirements of relevant regulatory authorities of the place where securities of the Company are listed. The shareholding record date shall not be changed once confirmed.

Any notice and supplementary notice of general meetings shall sufficiently and completely disclose all the details of all proposals. If any matter to be discussed requires opinions of the Independent Non-executive Directors, the opinions and reasons of the Independent Non-executive Directors shall be disclosed together with the issuance of such notice.



**Article 70** Unless these Articles of Association otherwise requires, the notice of a general meeting shall be sent to shareholders and announced in accordance with the relevant requirements in Chapter 10 of these Articles of Association.

The notice of the general meeting may also be given by way of announcement. The announcement referred to in the preceding paragraph shall, within the period from twenty (20) to twenty-five (25) days before the convening of an annual general meeting or fifteen (15) to twenty (20) days before the convening of an extraordinary general meeting, be published in one or more newspapers designated by the securities regulatory authorities of the State Council. Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the relevant notice of the general meeting.

The notices, materials or written statement of the general meeting should be delivered to the shareholders of overseas listed foreign shares 20 days before the convening of an annual general meeting or 15 days before the convening of an extraordinary general meeting in any of the following manners:

- (I) to be delivered to every holder of overseas listed foreign shares by person or by mail to the registered addresses of such holder of overseas listed foreign shares;
- (II) announced at the websites designated by the securities regulatory authorities or the stock exchange of the places where securities of the Company are listed in accordance with relevant laws, administrative regulations and relevant listing rules;
- (III) other manners required by the stock exchanges of the places where securities of the Company are listed and the listing rules.

**Article 71** The accidental omission to give the notice of a meeting to, or the failure to receive the notice of a meeting by any person entitled to receive such notice, shall not invalidate the meeting or the resolutions passed thereat.

**Article 72** Where the election of Directors and Supervisors are proposed to be discussed at a general meeting, the notice of the general meeting shall sufficiently disclose the detailed information about the Director and Supervisor candidate(s) in accordance with laws, regulations, the listing rules of the places where the shares of the Company are listed and the requirements of these Articles of Association, including at least the following contents:

- (I) personal information including education background, work experience and part-time job;
- (II) whether he/she is connected with the Company or its controlling shareholders and actual controller;

(III) his/her shareholding in the Company;

(IV) whether he/she has received any penalty from the securities regulatory authorities and other relevant governmental authorities and any penalty and warning from the stock exchange.

The cumulative voting system may be adopted when voting at the election of Directors and non-employee representative Supervisors at the general meeting.

The cumulative voting system referred to in the preceding paragraph means that when the Directors or Supervisors are elected at the general meeting, each share has the same number of voting rights as the number of Directors and Supervisor to be elected and the shareholder can vote by concentrating the number of shares held.

The specific measures are as follows:

When voting at the election of Directors and non-employee representative Supervisors, the number of votes available equals to the number of shares held by the individual shareholder multiplied by the number of Directors and non-employee representative Supervisors to be elected, and the shareholders may cast the total votes concentratedly to one or several candidates to determine the elected Directors and non-employee representative Supervisors by the number of votes received by the candidate(s) successively. The number of concurring votes received by each elected candidate shall be more than half of the total number of voting shares held by the shareholders (including their proxies) who attend the general meeting.

In addition to the accumulative voting system, election of every Director and Supervisor candidate shall be conducted by a separate resolution.

**Article 73** After the notice of the general meeting is issued, the general meeting shall not be postponed or cancelled, and the proposals set out in such notice shall not be cancelled without valid reasons. In case of adjournment or cancellation of a general meeting under special circumstances, the Company shall promptly report to the local branch of the CSRC of the Company's place of domicile with the reasons for adjournment or cancellation, if necessary, the convener shall publish a notice at least two (2) working days before the original date of the general meeting and state the relevant reasons to every shareholder.

If the general meeting is postponed, the Company shall announce the postponed date in the notice.

When shareholders submit an interim proposal before the convening of the general meeting, the Company shall issue a supplemental notice of the general meeting within the prescribed period to disclose the name and the shareholding proportion of shareholders submitting the interim proposal and the contents of the new proposal.

## Section 5 Holding of General Meetings

**Article 74** The Board of Directors of the Company and other conveners shall take necessary measures to ensure the good order of the general meeting, take measures to deter any act disturbing the meeting, picking quarrels and provoking troubles and infringing the legitimate rights and interests of any shareholder, and shall report in a timely manner such act to the relevant authority for investigation and punishment.

**Article 75** All shareholders or their proxies whose names appear on the register of shareholders on the shareholding record date are entitled to attend the general meeting and exercise their voting rights in accordance with the relevant laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed and these Articles of Association.

Any shareholder entitled to attend and vote at a general meeting shall have the right to appoint one (who may not be shareholders) to act as his/her proxy to attend and vote at the meeting on his/her behalf. If a shareholder has appointed a proxy to attend any meeting, he/she shall be deemed to have attended the meeting in person. The proxy(ies) so appointed by the shareholder may, pursuant to the instructions of the shareholder, exercise the following rights:

- (I) the shareholders' right to speak at the meeting;
- (II) the right to demand a poll by himself/herself or jointly with others;
- (III) unless otherwise provided by these Articles of Association, the right to exercise voting rights by a show of hands or by a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights by a poll.

**Article 76** Shareholders may attend a general meeting in person or appoint a proxy to attend and vote on their behalf. Individual shareholders attending a general meeting in person shall produce their identity cards or other valid proof or evidence of their identities, in the case of attendance by proxies, the proxies shall produce valid proof of their identities and the proxy forms from shareholders.

Where a shareholder is a legal entity, its legal representative or a proxy entrusted by such legal representative shall attend a general meeting. In case of attendance by legal representatives, they shall produce their identity cards and valid proof of their capacities as legal representatives and, in the case of attendance by proxies of such legal representatives, such proxies shall produce their identity cards and the letters of authorization duly issued by such legal representatives. (other than the recognized clearing house (the "Recognized Clearing House") (as defined under the Hong Kong Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)) or its proxy(ies))

**Article 77** The appointment of a proxy shall be in writing and signed by the appointing shareholder or his/her attorney duly authorized in writing; where the appointing shareholder is a legal person, such appointment shall be affixed with its seal or signed by its Director or attorney duly authorized.

The proxy form to appoint a proxy to attend any general meeting by a shareholder shall contain the following:

- (I) the name of the proxy;
- (II) whether such proxy has any voting rights;
- (III) instruction of voting “for”, “against” or “abstain” for each resolution proposed at any general meeting;
- (IV) the date of signing the proxy form and the effective period for such appointment;
- (V) the signature (or seal) of the principal. If the principal is a corporate shareholder, the seal of the corporate shall be affixed;
- (VI) the number of shares of the principal represented by the proxy;
- (VII) a statement that in the absence of specific instructions from the shareholder, whether the proxy may vote as he or she thinks appropriate. If it is not specified in the instrument of proxy, the proxy is deemed to have the right to vote at his or her discretion for resolutions without specific instructions from the shareholder and the shareholder shall assume the corresponding responsibility for such a vote.

If the shareholder is an Authorized Clearing House or its proxy(ies), such shareholder is entitled to appoint one or more persons it deems suitable to act as its proxy in any general meeting. If one or more persons are appointed as proxies, the power of attorney shall clearly state the number and the class of shares represented by each of the proxies. The proxies so appointed may represent the Authorized Clearing House (or its proxy(ies)) in exercising its rights without presenting the shareholding certificate, notarized authorization and/or further evidence to prove that it is officially authorized as if that proxy is an individual shareholder of the Company. These authorized persons enjoy the same legal rights as other shareholders, including the rights to speak and vote.

**Article 78** The proxy form shall be deposited at the domicile of the Company or such other place as the notice of meeting may specify not less than twenty-four (24) hours prior to convening of the meeting at which the relevant matters will be voted on, or twenty-four (24) hours before the designated voting time. If the principal authorizes any other person to sign the proxy form, the power of attorney or other authorization shall be notarized. The notarized power of attorney or other authorization must be delivered to the domicile of the Company or such other places specified in the notice of the meeting together with the proxy form. If the principal is a legal person, its legal representatives or any other person authorized by its board of directors or other governing body shall attend the general shareholders’ meeting as a representative.

**Article 79** Any proxy forms issued to a shareholder by the Board of Directors of the Company for use in appointing a proxy shall be in such format as to enable the shareholder to instruct the proxy to vote in favor of or against the proposals according to his/her free will, and instructions shall be given in respect of each single matter to be voted on at the meeting. The proxy forms shall contain a statement that in the absence of specific instructions by the shareholder, the proxy may vote as he/she thinks fit.

**Article 80** If the principal dies, loses capacity, withdraws his/her appointment or the authorization to execute the appointment or if relevant shares in respect of which the proxy is given are transferred before voting, the voting made according to the proxy form shall remain valid, provided that the Company has not received any written notice in respect of such matters before the commencement of the meeting.

**Article 81** The convener and the lawyer appointed by the Company shall examine legality of the shareholders' qualifications according to the register of shareholders provided by the securities registrations and clearing organizations. The names of shareholders and the number of voting shares shall be registered. The registration at the meeting shall terminate before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares held.

A registration record for attendees at the meeting shall be compiled by the Company. The registration record shall contain items including but not limited to the names of attendants (or names of organizations), identity card numbers, residential addresses, the number of voting shares held or represented and names of appointers (or name of organizations).

**Article 82** All Directors, Supervisors and the secretary of the Board shall attend general meetings of the Company, and the CEO and other senior management shall be present at the meetings.

**Article 83** The chairman of the Board shall preside over and act as chairman of the general meeting convened by the Board of Directors. Where the chairman of the Board is unable to attend the meeting for any reason, one (1) Director selected by half or more of all Directors shall preside over and act as chairman of the meeting. Where it is unable to select the chairman of the meeting, one (1) person selected by shareholders attending the meeting shall act as chairman of the meeting. Where the shareholders fail to elect a chairman of the meeting for any reason, the shareholder (including his/her proxy) present in person or by proxy who holds the largest number of voting shares shall be the chairman of the meeting.

If the Board of Directors cannot perform or fails to perform the duties of convening a general meeting, the Supervisory Committee shall convene and preside over the meeting in a timely manner. If the Supervisory Committee does not convene and preside over the meeting, shareholders who hold more than ten percent (10%) of the shares of the Company individually or collectively for more than ninety (90) consecutive days may convene and preside over the meeting themselves.

The chairman/chairwoman of the Supervisory Committee shall preside over the general meeting convened by the Supervisory Committee. If the chairman/chairwoman of the Supervisory Committee is unable or fails to fulfill his/her duties, one (1) Supervisor jointly elected by half or more of the Supervisors shall preside over the meeting.

A representative elected by the convener shall preside over the general meeting convened by the Shareholders.

Where a general meeting is held and the chairman of the meeting violates the rules of procedure which makes it impossible for the general meeting to continue, one (1) person may be elected at the general meeting to act as the chairman and continue the meeting, subject to the approval of the attending shareholders with more than half of the voting rights.

**Article 84** The Company shall formulate rules of procedure for general meetings which shall specify the convening and voting procedure of general meetings. The rules of procedures for general meetings shall be attached as an appendix to these Articles of Association, formulated by the Board of Directors and approved by the general meeting.

**Article 85** The Board of Directors and the Supervisory Committee shall report their work for the past year to the general meeting at the annual general meeting. Each Independent Non-executive Director shall also submit his/her work report.

**Article 86** The Directors, Supervisors and senior management shall answer and explain inquiries and proposals made by shareholders at the general meeting.

**Article 87** The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies present at the meeting as well as the total number of voting shares, which shall be the number of shareholders and proxies present at the meeting and the total number of their voting shares as indicated in the meeting's registration record.

**Article 88** Minutes of a general meeting shall be prepared by the secretary of the Board. The minutes shall state the following:

- (I) the time, venue and agenda of the meeting and the name of the convener;
- (II) the name of the chairman of the meeting and the names of the Directors, Supervisors, the CEO and senior management who attend the meeting or are present in the meeting;
- (III) the numbers of shareholders and proxies attending the meeting, number of voting shares they represent and the percentages of their voting shares to the total shares of the Company;

- (IV) the process of review and discussion, summary of any speech and voting results with respect to each proposal;
- (V) shareholders' inquiries, opinions or suggestions and corresponding answers or explanations;
- (VI) the names of lawyers, vote counters and scrutinizers of the voting;
- (VII) other contents to be included as specified in these Articles of Association.

**Article 89** The convener shall ensure that the contents of the minutes are true, accurate and complete. The Directors, the Supervisors, the secretary of the Board, the convener or representative thereof, and the chairman of the meeting shall sign on the minutes of the meeting. The minutes of meeting shall be kept at the Company's domicile together with the attendance record of the attending shareholders, the power of attorney of the proxies and the valid information of online voting and other means of voting for a term of not less than twenty (20) years.

**Article 90** The convener shall ensure that the general meeting is held continuously until final resolutions have been reached. In the event that the general meeting is suspended or the shareholders fail to reach any resolution due to force majeure or for other special reasons, necessary measures shall be taken to resume the meeting as soon as possible or directly terminate the meeting and publish an announcement and report in accordance with the relevant laws, administrative regulations, departmental rules, normative documents and the listing rules of the places where the shares of the Company are listed.

**Article 91** The resolutions of the general meeting shall be announced promptly. Such announcement shall specify the number of shareholders and proxies present at the meeting, the total number of voting shares held by them, the percentage of such voting shares in relation to all the voting shares of the Company, the total number of shares required by the securities regulatory authorities in the place where the shares of the Company shares are listed to abstain from voting in favor and/or abstain from voting (if any), whether shareholders required to abstain from voting have in fact abstained, the voting methods, the voting result of each proposal and the identities of scrutinizers for vote-counting.

## Section 6 Voting and Resolutions at General Meetings

**Article 92** Resolutions of the general meeting include ordinary resolutions and special resolutions.

Ordinary resolutions at a general meeting shall be adopted by more than half of the voting rights held by shareholders (including their proxies) attending the general meeting.

Special resolutions at a general meeting shall be adopted by two thirds (2/3) or more of the voting rights held by shareholders (including their proxies) attending the general meeting.

**Article 93** The following matters shall be resolved by way of ordinary resolutions at a general meeting:

- (I) work reports of the Board and the Supervisory Committee;
- (II) profit distribution plan and loss recovery plan formulated by the Board of Directors;
- (III) appointment or dismissal of the members of the Board of Directors and Supervisory Committee, remuneration and payment methods thereof;
- (IV) annual budgets and final accounting proposals of the Company;
- (V) the Company's annual report;
- (VI) the Company's engagement, removal or discontinuance of engagement of accounting firms;
- (VII) matters other than those requiring approval by special resolutions in accordance with laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed or these Articles of Association.

**Article 94** The following matters shall be resolved by way of special resolutions at a general meeting:

- (I) increase or reduction of the registered capital of the Company and issue of shares of any class, stock warrants or other similar securities;
- (II) issuance of corporate bonds;
- (III) division, merger, dissolution and liquidation or change in the form of the Company;
- (IV) purchase or disposal of major assets or guarantees of the Company within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company;



(V) amendments to these Articles of Association;

(VI) share incentive scheme;

(VII) any other matters as required by laws, administrative regulations, departmental rules, normative documents, listing rules of the place where the shares of the Company are listed or these Articles of Association and matters which, as resolved by way of an ordinary resolution at a general meeting, will have a material impact on the Company and need be approved by way of special resolutions.

**Article 95** Shareholders (including their proxies) shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share.

When major matters affecting the interests of small and medium investors are being considered at a general meeting, the votes of small and medium investors shall be counted separately. The results of separate vote counting shall be publicly disclosed in a timely manner.

Shares in the Company which are held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a general meeting.

Shareholders, who purchase the voting shares of the Company in violation of provisions of the first clause and the second clause of Article 63 of the Securities Law, shall not exercise the voting rights of the shares that exceed the prescribed ratio within 36 months after purchasing them, and such shares shall not be included in the total number of shares with voting rights at a general meeting.

Subject to the applicable laws, administrative regulations, departmental rules, normative documents or the listing rules of the places where the shares of the Company are listed, the Board of Directors, Independent Non-executive Directors, shareholders who meet the relevant requirements or an investor protection institution established in accordance with the laws, administrative regulations or the requirements of the CSRC may solicit voting rights from shareholders. Information including the specific voting preference shall be fully provided to the shareholders for whom voting rights are being solicited. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. Save for statutory conditions, the Company shall not impose any minimum shareholding limitation for soliciting voting rights.

**Article 96** When a connected transaction is considered at a general meeting, connected shareholders shall not vote, and the voting shares held by them shall not be counted in the total number of voting shares.

The announcement of the resolutions of the general meeting shall fully disclose the voting of non-connected shareholders. Where the applicable laws, administrative regulations, departmental rules, normative documents or the listing rules of the places where the shares of the Company are listed provide otherwise, such provisions shall prevail.

Procedures in respect of abstaining from voting and voting by connected shareholders are as follows: for transactions subject to approval at the general meeting, the convener shall make a decision prior to the publication of the notice for the general meeting as to whether such transactions constitute connected transactions pursuant to the laws and regulations. If, based on the judgment of the convener, such transactions to be put forward at the general meeting constitute connected transactions, the convener shall notify the connected shareholders in writing, and disclose the information on the connected persons regarding the resolutions to be passed at the general meeting in the notice of the general meeting.

Connected shareholders shall voluntarily apply for avoidance or be subject to any request for avoidance made by other shareholders at the general meeting. The convener shall investigate whether the shareholders are connected shareholders according to relevant stipulations, and shall decide whether the shareholders shall avoid voting.

In the event there is any disagreement by the connected shareholders on the decisions of the convener, he/she is entitled to report the case to relevant authorities, and may also submit the matters whether there is any connected relationship and whether he/she is entitled to voting or not to the people's court for judgment provided that the exercising of the above right by relevant shareholders shall affect the normal convening of the general meeting.

The connected shareholder can participate to consider its own connected transactions, explain and illustrate to the general meeting whether such connected transactions are fair and legal as well as the reason for entering into such transactions. However, such shareholder shall have no right in participating the voting of such matters.

In the event such connected shareholder does not abstain from voting when he/she should, and the general meeting resolves to pass the resolutions on the relevant connected transactions that result in any loss on the Company, the other shareholders of the Company or any third party, such connected shareholder shall be liable for the corresponding civil liabilities arising therefrom.

**Article 97** Pursuant to the applicable laws, administrative regulations, departmental rules, normative documents and the listing rules of the places where the shares of the Company are listed, where any shareholder shall abstain from voting for any particular resolution, or is restricted to vote only for or against such resolution, any vote in violation of such requirement or restriction by the shareholders (or their proxies) shall not be counted in the voting results.

**Article 98** Any voting made by Shareholders at the general meeting shall be taken by a poll except where the chairman of the meeting in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

**Article 99** If the matter to be resolved by a poll is the election of the chairman of the meeting or the adjournment of the meeting, a poll shall be taken immediately. The chairman can decide when a poll will be taken for any other matters, and the meeting may proceed to discuss other matters, and the results of that poll shall be considered as resolutions passed at the meeting.

**Article 100** On a poll taken at a meeting, a shareholder (including his/her proxy) entitled to two or more votes need not cast all his/her votes for or against in the same way.

**Article 101** Except for cumulative voting, the general meeting shall vote on all the proposed resolutions separately; in the event of several proposed resolutions for the same issue, such proposed resolutions shall be voted on in the order of time at which they are submitted. Unless the general meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposed resolutions shall neither be shelved nor refused at the general meeting.

**Article 102** When considering a proposed resolution at a general meeting, no amendments shall be made thereto. Otherwise, any change made thereto shall be considered as a new proposed resolution, for which the voting shall not proceed in that meeting. The same vote may only be cast once at the location of a general meeting, or by online voting or other means. In the event of multiple casting of the same vote, only the outcome of the first casting of such vote shall be counted.

Before the relevant proposed resolution is voted on at the general meeting, lawyers and two (2) representatives of the shareholders shall be elected to take part in counting the votes and scrutinizing the conduct of the poll and the voting results shall be announced at the general meeting. If any shareholder is connected to the matter under consideration, such shareholder and his/her proxy shall not take part in counting the votes or scrutinizing the conduct of the poll.

When votes are cast on proposed resolutions at the general meeting, the lawyers (if any), representatives of the shareholders and the representative of Supervisors shall be jointly responsible for scrutinizing and counting votes.

**Article 103** A shareholder attending a general meeting shall express one of the following opinions on any proposed resolutions to be voted on: for, against or abstain unless securities registration and settlement institutions, as the nominal holders of shares that can be traded through the Mainland-Hong Kong Stock Connect, make declarations according to the intention of actual holders.

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

**Article 104** The chairman of the meeting shall be responsible for deciding whether or not a resolution at the general meeting has been passed. His/her decision shall be final and shall be announced at the meeting and recorded in the minutes of meeting.

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

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

**Article 105** A shareholder shall be entitled to inspect copies of minutes of meeting(s) free of charge during office hours of the Company. Upon the request of any shareholder for a copy of the relevant minutes of meeting, the Company shall send out the copy of the minutes within seven (7) days of receipt of the reasonable payment therefor.

**Article 106** Where a proposed resolution on the election of Directors or Supervisors is passed at the general meeting, the term of office of the newly-elected Director or Supervisor shall be determined at the same time and shall commence at the passing of the relevant resolution at the general meeting and upon the approval of qualification.

**Article 107** Where a proposed resolution in relation to the payment of cash dividends, the issue of bonus shares or the capitalisation of capital reserves is passed at a general meeting, the Company shall implement the specific plans within two (2) months after the conclusion of the general meeting.

## **CHAPTER 5 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 108** Directors shall be elected and replaced at the general meeting, with a term of three (3) years for each session. A Director may serve consecutive terms if re-elected upon the expiry of his/her term, unless otherwise required by the relevant regulations and these Articles of Association. Prior to the expiry of a Director's term of office, his/her appointment shall not be terminated by the general meeting without reasons.

The term of office of the Directors shall be counted from the date of appointment until the expiration of the term of the current session of the Board of Directors.

A general meeting may remove a Director before expiry of his/her term of office by an ordinary resolution subject to compliance with relevant regulations. Removal of Directors shall not prejudice such Director's right to claim for compensation under any contract.

A Director need not hold any shares in the Company.

**Article 109** If the members of the Board of Directors fall below the minimum requirements stipulated in these Articles of Association because no re-election is timely conducted upon expiry of the term of office of a Director, or due to the resignation of a Director, the existing Director shall continue to perform his/her duties as a Director in accordance with relevant regulations and the provisions of these Articles of Association until a newly elected Director takes office.

A Director may request to resign prior to the expiry of his/her term of office. If a Director resigns, such Director shall tender in writing a letter of resignation to the Board of Directors, and the Board of Directors shall disclose relevant information within two (2) days. Except that the members of the Board of Directors fall below the minimum quorum due to the resignation of a Director set out in this Article, the resignation of a Director shall take effect at the time when the letter of resignation has been served on the Board of Directors, unless a later effective date of resignation is prescribed in the letter of resignation.

**Article 110** When a Director resigns or his/her term of office expires, the Director shall complete all handover procedures with the Board of Directors. The fiduciary duty of such Director towards the Company and the shareholders shall remain for a reasonable period after the termination of the term of office. The length of such period shall be decided upon in accordance with the principle of fairness, taking into account the time elapsed between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company terminates. Their confidentiality obligation in relation to the Company's business secrets shall remain after the expiry of their terms of office until such secrets become public information. The length of such period of other obligations shall be decided upon in accordance with the principle of fairness, taking into account the time elapsed between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company terminates.

**Article 111** A Director shall comply with laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed and these Articles of Association, and shall owe fiduciary duties towards the Company in the following aspects:

- (I) not to use his/her powers and positions to receive bribes or other illegal income or embezzle the properties of the Company or its clients;
- (II) not to misappropriate the assets of the Company or its clients;
- (III) not to deposit the assets or funds of the Company in the accounts in his/her own name or other person's name;
- (IV) not to lend the funds of the Company to any persons or provide guarantee to other persons with the assets of the Company, without the approval of a general meeting or the Board of Directors, in violation of the provisions of these Articles of Association;

- (V) not to lend the funds of clients to any persons or to provide guarantee for any debts of the Company, the shareholders of the Company or any other institutions or individuals with the assets of clients in violation of laws;
- (VI) not to enter into any contracts or transactions with the Company in violation of the provisions of these Articles of Association or without the approval of a general meeting;
- (VII) not to use his/her powers and position to obtain for himself/herself or others any business opportunities which should have been the business opportunities of the Company or to be engaged for himself/herself or others in the same type of business which the Company is engaged in, without the approval of a general meeting;
- (VIII) not to encroach the commission generated as a result of any transaction with the Company;
- (IX) not to disclose any secrets of the Company without any authorization;
- (X) not to prejudice the interests of the Company by using his/her connected relationship;
- (XI) other fiduciary duties as provided for by laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where the shares of the Company are listed and the provisions of these Articles of Association.

Any income obtained by a Director in violation of the above provisions shall be attributable to the Company; if the Company suffers any losses, such Director shall be liable to compensate.

**Article 112** A Director shall comply with laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed and these Articles of Association, and shall owe duties of diligence towards the Company in the following aspects:

- (I) to exercise the rights conferred on him/her by the Company in a prudent, careful and diligent manner to ensure that the business conduct of the Company is in compliance with the requirements of the state laws, administrative regulations and various economic policies and the business activities of the Company are not beyond the business scope as stipulated in the business license;
- (II) to give equal treatment to all shareholders;
- (III) to understand the operation and management of the business of the Company in a timely manner;

- (IV) to confirm any regular reports of the Company by signing on such reports; to ensure that the information disclosed by the Company is true, accurate and complete;
- (V) to provide relevant true information and materials to the Supervisory Committee and not to interfere with the duties and powers exercised by the Supervisory Committee or any Supervisors;
- (VI) other duties of diligence as provided for by laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed and the provisions of these Articles of Association.

**Article 113** The Directors shall, both collectively and individually, fulfill fiduciary duties and duties of skill, care and diligence to a standard at least commensurate with the standard established by the laws of Hong Kong. Every Director must, in the performance of his/her duties as a Director:

- (I) act honestly in good faith in the interests of the Company as a whole;
- (II) act for proper purpose;
- (III) be accountable to the listed issuer for the application or misapplication of its assets;
- (IV) avoid actual and potential conflicts of interest and duty;
- (V) disclose fully and fairly his/her interests in contracts with the listed issuer; and
- (VI) apply such degree of skill, care and diligence as may reasonably be expected of a person of his/her knowledge and experience and holding his/her office as a Director of the listed issuer.

**Article 114** If a Director fails to attend any two (2) consecutive meetings of the Board of Directors in person or by appointing other Directors to attend such meetings on his/her behalf, such Director shall be deemed incapable of performing his/her duties, and the Board of Directors shall make recommendation to a general meeting for replacement.

**Article 115** Without any legal authorization by these Articles of Association or the Board of Directors, no Director shall use his/her personal capacity to act on behalf of the Company or the Board of Directors. If any third parties reasonably believe that a Director acts on behalf of the Company or the Board of Directors while such Director acts in his/her own name, such Director shall make a prior statement as to his/her position and capacity.



**Article 116** If the Company suffers any losses due to the exercise of the duties by a Director in violation of laws, administrative regulations, departmental rules and the provisions of these Articles of Association, such Director shall be liable to compensate.

**Article 117** Unless otherwise required by these Articles of Association, the methods and procedures to nominate Directors are as follows:

- (I) the candidates for Directors may be nominated by the Board of Directors based on the number of Directors to be elected subject to the number specified by these Articles of Association;
- (II) shareholders individually or jointly holding three percent (3%) or more of the shares of the Company may nominate the candidates for Directors, but the number of persons nominated shall comply with the provisions of these Articles of Association and shall not exceed the number of persons to be elected;
- (III) before the convening of general meeting of the Company, candidates for Directors shall make written commitments stating their acceptance of the nomination, confirming that the information of candidates for Directors is true and complete, and undertaking to faithfully perform the duties of Directors if elected;
- (IV) the written notices of the intention to nominate a candidate for election as a Director and the acceptance of nomination by such candidate, shall be given to the Company no less than seven (7) days prior to the date of convening the general meeting;
- (V) the period given by the Company to relevant nominators and nominees to submit the aforesaid notices and documents (which period shall commence from the day following the date of dispatch of the notice of general meeting) shall be no less than seven (7) days.

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

**Article 118** Independent Non-executive Directors refer to the Directors who do not hold any other positions in the Company (other than as a Director of the Company), and are not related to the Company and its shareholders in a way that may hinder their independent and objective judgment, and comply with the independence requirements under the listing rules of the places where the shares of the Company are listed.

The Company's Board of Directors shall include Independent Non-executive Directors. There shall be no less than three (3) Independent Non-executive Directors and they shall constitute no less than one third (1/3) of the Board of Directors. At least one Independent Non-executive Director shall possess the appropriate professional qualifications or have appropriate accounting or related financial management expertise and one Independent Director shall reside in Hong Kong.

Apart from the qualifications and obligations of Independent Non-executive Directors provided in the relevant provisions in Section 1 of this Chapter, an Independent Non-executive Director shall also meet the following requirements:

- (I) shall have 5 years or more of experience in the work of securities, finance, law or accounting;
- (II) shall have a university diploma at or above the undergraduate level, and a bachelor's degree or higher degree;
- (III) shall have the time and capacity necessary for the performance of his/her duties as an Independent Director;
- (IV) shall have the basic knowledge of the operation of a financial institution and be familiar with the relevant laws, regulations and rules, and with a good reputation;
- (V) shall meet the independence requirements provided in the relevant provisions required by the securities regulatory authorities of the State Council and the securities regulatory rules of the places where the shares of the Company are listed.

**Article 119** The term of office of the Independent Non-executive Directors is the same as those of other Directors of the Company. An Independent Director may be re-elected after the expiration of his/her term of office but shall not serve for more than nine (9) consecutive years.

**Article 120** Where the Independent Non-executive Director resigns or be removed during his/her term of office, the Independent Non-executive Director himself/herself and the Company shall separately report and provide a written explanation to the securities regulatory authorities in the Company's place of domicile and the general meeting, respectively.

If at any time the number of the Independent Non-executive Directors of the Company does not satisfy the number, qualifications or independence requirements under the Listing Rules, the Company shall notify the Hong Kong Stock Exchange promptly, and shall state in the form of announcement the particulars and reasons. The Company shall also appoint a sufficient number of Independent Non-executive Directors to meet the requirements of the Listing Rules within three months after its failure to comply with the relevant requirements.

**Article 121** The Independent Non-executive Director shall have the following powers in addition to those powers conferred upon him/her by the Company Law and other relevant laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed and these Articles of Association:

- (I) to propose to the Board of Directors to convene extraordinary general meetings. If the Board of Directors refuses to do so, he/she may propose to the Supervisory Committee to convene extraordinary general meetings;
- (II) to propose to convene Board meetings;
- (III) to engage auditing firms or consultancy firms necessary for performing duties;
- (IV) to offer independent opinions on matters related to the remuneration plans, incentive scheme and so forth for the Company's Directors and senior management members;
- (V) to offer his/her independent opinions on the material connected transactions (as determined according to the criteria issued by the regulatory authorities in the place(s) of listing from time to time);
- (VI) publicly solicit proxies from shareholders before general meetings.

The Independent Non-executive Director shall perform his/her Director's duties independently in accordance with laws, administrative regulations and requirements of the securities regulatory authorities, and shall submit his/her work report at the annual general meeting.

The Independent Non-executive Director who fails to perform his/her duties diligently shall undertake the corresponding responsibilities.

The Company shall ensure that Independent Non-executive Directors will enjoy the same right to information as other Directors.

### **Section 3 Board of Directors**

**Article 122** The Company shall have a Board of Directors which shall be accountable to the general meeting.

**Article 123** The Board of Directors consists of seven (7) to nine (9) members, three (3) of whom are Independent Non-executive Directors.

The number of internal Directors in the Board of Directors shall not exceed one half (1/2) of the number of Directors.

**Article 124** The Board of Directors shall exercise the following powers and duties:

- (I) to convene a general meeting and submit a work report to such meeting;
- (II) to implement the resolutions of a general meeting;
- (III) to decide on the operation plan and investment scheme of the Company;
- (IV) to prepare the draft annual budget and final accounts of the Company;
- (V) to prepare the profit distribution plan and loss recovery plan of the Company;
- (VI) to prepare the plan for the Company to increase or reduce its registered capital, issuance of corporate bonds and other securities and listing plans;
- (VII) to prepare plans of the merger, divisions, dissolution or changes of the form of the Company;
- (VIII) to prepare plans of the Company with respect to material acquisitions, acquisition of the shares of the Company;
- (IX) to appoint or remove the CEO and the Secretary of the Board of the Company; to appoint or remove the vice presidents (including senior vice presidents), chief medical officer, chief technology officer, the chief financial officer and other senior managerial personnel of the Company nominated by the CEO, and to decide on matters concerning remuneration, rewards and punishments thereof;
- (X) to decide on the establishment of the Company's internal management structure;
- (XI) to decide on the composition of the special committees of the Board of Directors and the chairmen (conveners) of each special committee;
- (XII) to establish a basic management system of the Company;
- (XIII) to prepare plans to amend these Articles of Association;
- (XIV) to file a bankruptcy application on behalf of the Company;
- (XV) to prepare plans of the Company with respect to the material external investments, material assets acquisition and disposal, material guarantees and material connected transactions;
- (XVI) within the scope of authorisation granted by the shareholders' general meeting, deciding such matters as external investment, acquisition and sale of assets, mortgage of assets, external guarantee, entrusted management of wealth, connected transactions and external donations;

- (XVII) to examine and approve the listing of the unlisted shares held by the shareholders of the Company on foreign stock exchanges;
- (XVIII) to manage the information disclosure matters of the Company;
- (XIX) to propose to the general meeting the appointment or replacement of an accounting firm for auditing the Company;
- (XX) to hear the work report of the CEO of the Company and inspect his work;
- (XXI) to exercise other powers and duties conferred by laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed, these Articles of Association or the general meeting.

For the above matters of duties and powers exercised by the Board of Directors which is beyond the scope of authorization of the general meeting or any transaction or arrangement of the Company which shall be considered and approved by a general meeting according to the listing rules of the places where the shares of the Company are listed, shall be submitted to the general meeting for consideration and approval.

The Board of Directors shall define the limits of authority of external investment, acquisition and disposal of assets, mortgage of assets, external guarantee, entrusted management of wealth, connected transaction and external donations, and set up a stringent investigation and decision making procedure. Specialists and professionals should be organized to assess the material external investment and seek shareholders' approval in a general meeting.

**Article 125** In cases where the expected value of fixed assets proposed for disposal by the Board of Directors, when aggregated with value of fixed assets disposed within four months before the proposed disposal, exceeds thirty-three percent (33%) of the fixed assets value set out in the latest balance sheet approved by the general meetings, the Board of Directors shall not dispose of or consent to dispose of such fixed assets without prior approval by the general meeting.

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

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

**Article 126** The Board of Directors shall give explanations at the general meeting on the qualified auditing opinions issued by the certified public accountants to the Company's financial reports.

**Article 127** The Board of Directors shall formulate the rules of procedures for meetings of the Board of Directors to ensure the implementation of the resolutions of the general meeting, improve the efficiency of work and ensure scientific decision-making. The rules of procedures for the Board of Directors shall be appended to these Articles of Association. It shall be formulated by the Board of Directors and approved by the general meeting.

**Article 128** The Company shall establish the corresponding review and decision-making procedures on external investment, acquisition or disposal of assets, pledge of assets, external guarantees, entrusted wealth management, connected transactions and other significant matters and specify the authority of the Board of Directors. Decision-making procedures on significant matters shall be performed in strict compliance with relevant systems. Those exceeding the authority of the Board of Directors shall be submitted to the general meeting for approval.

**Article 129** The Board of Directors shall have one (1) chairman who shall be elected and removed by more than one half of all the Directors. The chairman shall serve a term of three (3) years and may be re-elected upon the expiry of their terms.

**Article 130** The chairman shall exercise the following functions and powers:

- (I) to preside over general meetings and to convene and preside over meetings of the Board of Directors;
- (II) to procure and check the implementation of resolution of the Board of Directors;
- (III) to sign on share certificates, corporation bonds and other securities issued by the Company;
- (IV) to sign on important documents of the Board of Directors;
- (V) to exercise the functions and powers as the legal representative;
- (VI) other functions and powers authorized by the Board of Directors;
- (VII) other functions and powers stipulated in the laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed and these Articles of Association.

**Article 131** When the chairman is unable to or does not carry out his/her duties, they shall be carried out by one (1) Director nominated by half or more of the Directors.

**Article 132** The Board meetings include regular Board meetings and extraordinary Board meetings.

Regular meetings of the Board of Directors shall be held at least four (4) times a year. Meetings of the Board of Directors shall be convened by the Chairman of the Board by giving a notice to all Directors and Supervisors fourteen (14) days before the meeting is held. The required period of notice of regular meetings of the Board of Directors may be waived upon unanimous consent of Directors in writing.

The chairman shall, convene and preside over the extraordinary meeting of the Board of Directors within ten (10) days upon receipt of the proposal in any of the following circumstances:

- (I) proposal of shareholders holding one tenth (1/10) or more of the voting rights;
- (II) when the Chairman considers necessary;
- (III) proposal of one third (1/3) or more of the Directors;
- (IV) proposal of one half or more of the Independent Non-executive Directors;
- (V) proposal of the Supervisory Committee;
- (VI) proposal of the CEO.

The extraordinary Board meetings shall be convened by giving a notice in writing to all Directors five (5) days before the meeting is held. The required period of notice of extraordinary meetings of the Board of Directors may be waived upon unanimous consent of Directors.

When a director has attended a meeting, he/she shall be deemed to have been served with a notice of the meeting if he/she fails to state he/she did not receive the notice of the meeting before or during the meeting.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board of Directors which the Board of Directors has determined to be material, the matter shall be dealt with by way of holding a Board meeting rather than written resolutions. Independent Non-executive Directors who, and whose close associates, have no material interest in the transaction should be present at such Board meeting. Subject to the Articles of Association of the Issuer and the laws and regulations where the Company was incorporated, the Directors can be deemed as attending a Board meeting in person if they attended a meeting through electronic means such as telephone or video conference.

A Board meeting should be held to discuss the appointment and dismissal of the company secretary and the matter should be dealt with by holding a Board meeting rather than a written resolution.

**Article 133** The Board meeting shall be convened by way of on-site meeting, video-conference or teleconference in principle. Should an on-site meeting, video-conference or teleconference be unable to be held in case of emergency or owing to force majeure or other special reasons, it can be held by means of written communication.

Where the Board meeting is convened by way of written communication, sufficient background information of the resolution required for consideration by the Directors shall be provided or supplemented according to the requirements of the Directors when giving the meeting notice, in order to fully listen to the view of Directors on the resolutions and circulate the views to all Directors until final resolutions are reached.

The regular Board meeting shall not be convened by way of written circulation.

**Article 134** A notice of Board meeting shall include the following contents:

- (I) the date, venue and duration of the meeting;
- (II) the method of holding the meeting;
- (III) the subject matters and topics of the meeting;
- (IV) the date of dispatch of the notice.

**Article 135** The Board meeting shall not be held unless more than one half of the Directors are present.

**Article 136** Except for matters set out in Items (VI), (VII) and (XIII) of Article 124 of these Articles of Association which are required to be approved by voting by two thirds (2/3) or more of the Directors, other matters can be approved by voting by more than half of the Directors as resolutions of the Board of Directors.

As for the voting on a Board resolution, each Director shall have one vote only.

**Article 137** When a Director is connected to companies which are the subject of a resolution to be decided at a Board meeting, the related Director shall not vote on that resolution, and shall not vote on behalf of other Directors. Such Board meeting can be held if more than one half of the non-connected Directors attend. Resolutions made by the Board meeting shall be passed by more than one half of the non-connected Directors (resolutions involving Items (VI), (VII) and (XIII) of Article 124 of these Articles of Association shall be approved by voting by two thirds (2/3) or more of the non-connected Directors). The Independent Non-executive Directors shall offer their independent opinions on the material connected transactions. If less than three (3) non-connected Directors attend the Board meeting, the matter shall be submitted to the general meeting for consideration.



**Article 138** The Board meeting shall vote by way of a show of hands, disclosed ballot or other means of voting approved by the regulatory authority. Any resolution made by video-conference, teleconference, facsimile or other communication equipment in the Board meeting shall be signed by the voting Directors.

**Article 139** The Directors shall attend a Board meeting in person. If a Director is unable to attend for any reasons, he/she may appoint another Director in writing to attend on his/her behalf. The authorized Director shall present authorization letters and exercise the voting right to the extent of the authorization given. The authorization letter shall contain the name of the representative, the matters represented, scope of authorization and validity period. It shall be signed or sealed by the principal. If a Director does not attend a Board meeting in person and does not appoint a representative to attend the meeting, he/she shall be deemed to have waived the voting rights in the meeting.

**Article 140** The Board of Directors shall keep minutes of its resolutions on the matters discussed at the meeting. The Directors, who attended the meeting and the recorder, shall sign on the minutes of that meeting.

The minutes of the Board meeting shall be kept as corporate archives for a period of no less than twenty (20) years.

The Directors shall be responsible for the resolutions of the Board of Directors. Where a resolution of the Board of Directors is in violation of laws, administrative regulations or these Articles of Association, thereby causing serious losses to the Company, the Directors who took part in the resolution shall be liable for the damages suffered by the Company. However, where a Director can prove that he/she expressed his/her opposition to such resolution when it was put to the vote, and that such opposition was recorded in the minutes of the meeting, the Director shall be relieved from such liability.

**Article 141** The minutes of the Board meeting shall include:

- (I) the date, venue and convener of the meeting;
- (II) the names of the Directors attending the meeting and the names of the Directors (proxies) appointed by other Directors to attend the meeting;
- (III) the agenda of the meeting;
- (IV) the main points of the speeches of the Directors;
- (V) the methods and results of the voting for each resolution (the voting results shall state the number of votes voting for, against, or in abstention).

## **Section 4 Special Committees under the Board**

**Article 142** The Board of Directors shall establish special committees such as the Strategy Committee, the Nomination Committee, the Audit Committee, the Remuneration and Appraisal Committee and other special committees.

The terms of reference, composition and rules of procedure of the special committees shall be otherwise determined by the Board of Directors. They shall perform their respective duties based on the rules of procedure after being considered and approved by the Board of Directors. Where necessary, the Board of Directors may establish other special committees. A special committee is the special body under the Board of Directors and is responsible for providing advice or recommendations in respect of material decisions to the Board of Directors. The special committees shall not make any decision in the name of the Board of Directors. However, the committees may exercise decision-making power in respect of the authorized matters in accordance with a special power given by the Board of Directors.

The special committees shall all consist of Directors and shall each have at least 3 members.

**Article 143** The special committees may engage external professionals to provide services and the reasonable expenses incurred shall be borne by the Company.

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

**Article 144** The Company shall have a Secretary of the Board. The Secretary of the Board shall be one of the senior management and accountable to the Board of Directors.

**Article 145** The Secretary of the Board shall be a natural person with prerequisite professional knowledge and experience and be nominated by the chairman of the Board and engaged or dismissed by the Board of Directors. The Secretary of the Board serves a term of three (3) years and may serve consecutive terms if re-appointed upon the expiration of his/her term. The provisions in the Articles of Association relating to the circumstances in which a person is not allowed to serve as a Director of the Company shall apply to the Secretary of the Board.

**Article 146** The main duties of Secretary of the Board are:

- (I) to ensure that the Company has a complete set of constitution documents and records;
- (II) to ensure that the Company prepares and submits the reports and documents required by competent authorities according to the laws;
- (III) to ensure that the register of shareholders of the Company is properly created and the persons entitled to obtain the relevant records and documents of the Company obtain such records and documents promptly;

(IV) other duties required by laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed or these Articles of Association.

**Article 147** Any Directors or other senior management members of the Company may serve concurrently as the Secretary of the Board of the Company. The Supervisors of the Company shall not serve concurrently as the Secretary of the Board. The certified public accountants of the accounting firm and the lawyers of the law firm engaged by the Company shall not serve concurrently as the Secretary of the Board of the Company.

In the case of a Director serving concurrently as the Secretary of the Board of the Company, if an act should be made separately by a Director and the Secretary of the Board of the Company, the Director serving concurrently as the Secretary of the Board of the Company shall not make such an act in both capacities.

**Article 148** The Secretary of the Board shall owe diligent and fiduciary duties towards the Company and assume relevant legal responsibilities of senior management. They shall comply with these Articles of Association, perform his/her duties in a faithful manner and protect the Company's interests and not to exploit his/her position and power in the Company to advance his/her own interests.

## **CHAPTER 6 BUSINESS MANAGEMENT ORGANIZATION OF THE COMPANY**

### **Section 1 CEO and Other Senior Management**

**Article 149** The Company shall have one (1) CEO, several vice presidents (including senior vice presidents), one chief medical officer and one chief technology officer who shall be appointed or dismissed by the Board of Directors. The CEO shall serve for a term of three (3) years. The CEO may be re-appointed.

The CEO, vice presidents (including senior vice presidents), chief medical officers, chief technology officer, the chief financial officer and the Secretary of the Board of the Company are senior management of the Company.

**Article 150** The fiduciary duties and duties of diligence of the Directors as contained in these Articles of Association shall also be applicable to any senior management.

**Article 151** A person who serves any administrative roles other than a director or supervisor in the controlling shareholder or actual controller of the Company, shall not serve as senior management member of the Company.

A senior management member of the Company shall only receive remunerations from the Company, instead of being paid by the controlling shareholders.

**Article 152** The CEO is accountable to the Board of Directors and shall exercise the following powers and duties:

- (I) being in charge of managing the Company's production and operation, organizing the implementation of resolutions of the Board of Directors, and report work to the Board of Directors;
- (II) organizing the implementation of annual operating plans and investment programs of the Company and implementing financial budget plan of the Company;
- (III) making inner management organization establishment plan and basic management system of the Company;
- (IV) formulating detailed rules and regulations of the Company;
- (V) recommending to the Board of Directors for appointment or removal of vice presidents (including senior vice presidents), chief medical officer, chief technology officer, the chief financial officer and other senior management of the Company;
- (VI) deciding to appoint or remove the responsible management of the Company other than those to be appointed or removed by the Board of Directors;
- (VII) proposing to hold an extraordinary Board meeting;
- (VIII) the functions and powers stipulated in the work rules of the CEO;
- (IX) other powers and duties prescribed by these Articles of Association or delegated by the Board of Directors.

The CEO of the Company may present at the Board meetings but shall have no voting right if he/she is not a Director.

**Article 153** The CEO shall perform his/her duties as stipulated in the laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed, these Articles of Association and as authorized by the Board of Directors, commence various external activities on behalf of the Company within the authorized scope, and assume the leadership responsibilities in respect of the compliance of the operational activities of the Company and the safety of customers' assets.

The CEO shall formulate his/her working rules, which shall come into effect upon approval by the Board. The working rules of the CEO shall contain the following:

- (1) Conditions for the convening of and the procedure for the CEO's meeting, and the personnel to attend the meeting;
- (2) Specific duties and division of work of the CEO and other senior management;
- (3) the authority to utilize the Company's funds and assets and to enter into material contracts, and the reporting system to the Board and the Supervisory Committee; and
- (4) Other matters which the Board considers necessary.

**Article 154** The CEO may resign before the expiration of his/her terms of office. The precise resignation procedure and method for CEO are set out in the service contracts entered into between the CEO and the Company.

**Article 155** The vice presidents (including senior vice presidents), chief medical officer, chief technology officer and the chief financial officer of the Company shall be nominated by the CEO and appointed by the Board of Directors. They shall be accountable to and report work the CEO and fulfill relevant duties based on the allocated scope of business.

**Article 156** The Company shall have the financial officers, who are senior management of the Company and are appointed by the Board of Directors.

The financial officers shall be responsible for the financial and accounting work of the Company, including financial management (including budget management, investment management, financing management, cost management, capitals management, dividend distribution management and other contents), accounting calculation and other matters.

**Article 157** If a senior management violates any laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed or the provisions of these Articles of Association in the course of performing his/her duties of the Company and causes losses to the Company, he/she shall be liable for compensation.

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

## CHAPTER 7 SUPERVISORY COMMITTEE

### Section 1 Supervisors

**Article 158** Directors, the CEO and other senior management members, as well as their immediate relatives and primary social contacts, shall not hold the position of Supervisors.

**Article 159** The Supervisors shall comply with the laws, administrative regulations, departmental rules, normative documents, the listing rules of the places where the shares of the Company are listed and these Articles of Association, and perform their duty of loyalty and duty of diligence to the Company. They shall not abuse their positions to accept bribes or other illegal income and not to misappropriate any properties of the Company. The duty of loyalty and duty of diligence of the Directors as contained in these Articles of Association shall also be applicable to the Supervisors.

**Article 160** The Supervisors shall serve for a term of three (3) years. The term of a Supervisor is renewable and subject to re-election upon the expiration of his/her term of office.

A Supervisor may resign prior to the expiry of his/her term of office. The provisions in respect of the resignation of the Directors in these Articles of Association shall be applicable to the Supervisors.

**Article 161** If no re-election is timely conducted upon expiry of the term of office of a Supervisor, or if the number of Supervisors is less than the quorum due to the resignation of a Supervisor during his/her term of office, the original Supervisor shall continue to perform his/her duties as a Supervisor in accordance with the requirements of laws, administrative regulations and these Articles of Association until a newly elected Supervisor takes office.

**Article 162** The Supervisors shall ensure that all information disclosed by the Company are true, accurate and complete, and sign on written confirmation opinions in relation to the regular reports.

**Article 163** The Supervisors may attend Board meetings as non-voting participants, and put forward queries or suggestions regarding resolutions at Board meetings.

**Article 164** The Supervisors shall not exploit their connected relationship with the Company to prejudice the interests of the Company. In the case of damages caused to the Company, they are liable for compensation.

**Article 165** The Supervisors shall discharge supervisory duties in good faith in accordance with the laws, administrative regulations and these Articles of Association.

**Article 166** If a Supervisor violates any laws, administrative regulations, departmental rules or the provisions of these Articles of association in the course of performing his/her duties of the Company and results in losses to the Company, he/she shall be liable for compensation.

## **Section 2 Supervisory Committee**

**Article 167** The Company shall have a Supervisory Committee. The Supervisory Committee shall be comprised of three (3) Supervisors. The Supervisory Committee shall have one chairman, one employee representative Supervisor. The proportion of employee representative Supervisors shall not be less than one third of all Supervisors. Employee representative Supervisors of the Supervisory Committee shall be elected by employee representative meetings.

The Supervisory Committee shall have one (1) chairman, which shall be appointed or dismissed by the votes of two thirds (2/3) (two thirds inclusive) or more of the members of the Supervisory Committee.

**Article 168** The Supervisory Committee shall exercise the following duties and powers:

- (I) to examine the Company's periodic reports prepared by the Board of Directors and give written examination opinions;
- (II) to review the financial position of the Company;
- (III) to supervise the performance of Directors and senior management members of their duties to the Company, and propose dismissal of Directors and senior management members that have violated the laws, administrative regulations, these Articles of Association or the resolutions of the general meetings;
- (IV) to demand rectification by Directors and senior management members when the acts of such persons are prejudicial to the Company's interest;
- (V) to propose the convening of an extraordinary general meeting, and to convene and preside over the general meeting when the Board of Directors fails to perform such duties as specified by the Company Law;
- (VI) to put forward proposals to general meetings;
- (VII) to propose the convening of an extraordinary Board meeting;
- (VIII) to attend the Board meetings as non-voting participants, and put forward queries or suggestions regarding resolutions at Board meetings;
- (IX) to arrange exit audit on senior management members;
- (X) to initiate litigations against Directors and senior management members in accordance with provisions of the Company Law;
- (XI) other duties and powers conferred by the laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where the Company is listed and these Articles of Association.

**Article 169** Meeting of the Supervisory Committee shall be held at least once every six (6) months, and shall be convened and presided over by the chairman/chairwoman of the Supervisory Committee. If the chairman/chairwoman of the Supervisory Committee fails to or is unable to perform and exercise his/her functions and powers, a meeting of the Supervisory Committee shall be convened and presided over by a Supervisor jointly nominated by more than half of the Supervisors.

Any Supervisor may propose the convening of an extraordinary meeting of the Supervisory Committee.

**Article 170** The meeting of the Supervisory Committee shall in principle be convened by way of an on-site meeting, video-conference or teleconference. Should an on-site meeting, video-conference or teleconference be unable to be held in case of an emergency or owing to force majeure or other special reasons, it can be held by means of written communication.

Where the meeting of the Supervisory Committee is convened by way of written communication, sufficient background information of the resolution required for consideration by the Supervisors shall be provided or supplemented according to the requirements of the Supervisors when giving the meeting notice, in order to fully listen to the view of Supervisors on the resolutions and to circulate the views to all Supervisors until final resolutions are reached.

**Article 171** Notices of regular meetings of the Supervisory Committee shall be served to all Supervisors ten days before the meetings are convened. Notices of the extraordinary meetings of the Supervisory Committee shall be served to all Supervisors five days before the meetings are convened. The aforesaid notice period for the meetings of the Supervisory Committee may be exempted if written consent is given by all Supervisors.

The notice for the meetings of the Supervisory Committee shall include the following:

- (I) the date, venue and duration of the meeting;
- (II) the method of holding the meeting;
- (III) the reasons and proposals of the meeting;
- (IV) the date of dispatch of the notice.

**Article 172** A meeting of the Supervisory Committee shall be attended by more than one half of the Supervisors. Each Supervisor has one vote. Supervisors shall attend meetings of the Supervisory Committee in person. In the event a Supervisor is unable to attend the meeting for any reason, he/she may authorize another Supervisor in writing to attend the meeting on his/her behalf. Such power of attorney shall specify the scope of authorization.

Every resolution of the Supervisory Committee shall be passed by the votes representing two thirds (2/3) or more of the members of the Supervisory Committee.



**Article 173** The meeting of the Supervisory Committee shall vote by way of a show of hands, disclosed ballot or other means of voting approved by the regulatory authority. Any resolution made by video-conference, teleconference, facsimile or other communication equipment in the meeting of the Supervisory Committee shall be signed by the voting Supervisors.

**Article 174** All reasonable fees incurred in the engagement of professionals such as lawyers, certified public accountants or practicing auditors by the Supervisory Committee in the exercising of its duties and powers shall be borne by the Company.

**Article 175** The Supervisory Committee shall formulate rules of procedures for the Supervisory Committee, which shall clearly specify the meeting and voting procedures, in order to ensure work efficiency and scientific decision-making. The rules of procedures for the Supervisory Committee shall be an annex to these Articles of Associations, which shall be proposed by the Supervisory Committee and approved by the general meetings of the Company.

**Article 176** The Supervisory Committee shall keep minutes of its resolutions on the matters discussed at the meeting. The Supervisors who attended the meeting, and the recorder shall sign the minutes of that meeting.

Each Supervisor is entitled to request that an explanation of his/her comments made at the meetings be noted in the minutes. The minutes of the Supervisory Committee meetings shall be kept as corporate archives for at least twenty (20) years.

The minutes of the meeting of Supervisory Committee shall include the following:

- (I) the date, venue and convener of the meeting;
- (II) the names of the Supervisors attending the meeting and the names of the Supervisors (proxies) appointed by other Supervisors to attend the meeting;
- (III) the agenda of the meeting;
- (IV) the main points of the speeches of the Supervisors;
- (V) the methods and results of the voting for each resolution (the voting results shall state the number of votes voting for, against, or in abstention).

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

**Article 177** Apart from the appointment conditions as prescribed in other articles of these Articles of Association, a person may not serve as a Director, Supervisor, and senior management member of the Company if any of the following circumstances apply:

- (I) a person without legal capacity or with restricted legal capacity;
- (II) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging social economic order and has been punished for committing such offence; or who has been deprived of his/her political rights, in each case where less than five (5) years have elapsed since the date of the end of such punishment or deprivation;
- (III) a person who is a former Director, factory manager or manager of a company or enterprise, which has entered into insolvent liquidation because of mismanagement and he/she is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (IV) a person who is a former legal representative of a company or enterprise, which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three (3) years have elapsed since the date of the revocation of the business license;
- (V) a person who has a relatively large amount of overdue debts;
- (VI) a person currently subject to restrictions from engaging in the securities market by the securities regulatory authorities;
- (VII) a person convicted of the contravention of provisions of relevant securities regulations by a relevant government authority, and such conviction involves a finding that he/she has acted fraudulently or dishonestly, where less than five (5) years have elapsed since the date of the conviction;
- (VIII) a person who is not eligible for enterprise leadership according to laws and administrative regulations;
- (IX) a non-natural person;
- (X) a person who is under investigation for alleged disciplinary breach, or whose case has been established for investigation by the judicial authorities as a result of violation of the criminal law, and such case has not been closed;
- (XI) other circumstances as determined by the securities regulatory authorities;
- (XII) other contents as prescribed by laws, administrative regulations, departmental rules, normative documents or relevant rules of the securities regulatory authorities where the Company is listed.

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

**Article 178** The validity of an act carried out by a Director, the CEO and other senior management members of the Company on its behalf shall, as against a bona fide third party, not be affected by any non-compliance in his/her office, election or any defect in his/her qualification.

**Article 179** In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which shares of the Company are listed, each of the Company's Directors, Supervisors, the CEO and other senior management members owes the following duties to each shareholder when exercising the functions and powers of the Company entrusted to him/her:

- (I) not to cause the Company to exceed the scope of business stipulated in its business license;
- (II) to act honestly and in the best interests of the Company;
- (III) not to expropriate the Company's property in any way, including, but not limited to, usurpation of opportunities which benefit the Company;
- (IV) not to expropriate individual rights of shareholders, including, but not limited to, rights to distribution and voting rights, except for the restructuring of the Company, which has been submitted to the shareholders for approval in accordance with these Articles of Association.

**Article 180** Directors, Supervisors, the CEO and other senior management of the Company, in the exercise of his/her powers and in the discharge of his/her duties, shall be liable to exercise the care, diligence and skill that a reasonably prudent person would exercise in similar circumstances.

**Article 181** The Directors, Supervisors, the CEO and other senior management of the Company shall exercise his/her powers or perform his/her duties in accordance with the fiduciary principle; and shall not put himself/herself in a position where his/her interest and his/her duty may conflict. This principle includes, but is not limited to, discharging the following obligations:

- (I) to act honestly in the best interests of the Company;
- (II) to act within the scope of his/her powers and shall not exceed such powers;

- (III) to exercise the discretion conferred on him/her in person and shall not allow himself/herself to act under the control of others, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his/her discretion to others;
- (IV) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) unless otherwise provided for in these Articles of Association or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) not to use the Company's property in any way for his/her own benefit, without the informed consent of the shareholders given in a general meeting;
- (VII) not to exploit his/her position to accept bribes or other illegal income or expropriate the Company's property in any way, including, but not limited to, opportunities which are favorable to the Company;
- (VIII) not to accept commissions in connection with the Company's transactions, without the informed consent of the shareholders given in a general meeting;
- (IX) to comply with these Articles of Association, to perform his/her duties in a faithful manner, to protect the Company's interests and not to exploit his/her position and power in the Company to advance his/her own interests;
- (X) not to compete with the Company in any way, except with the informed consent of the shareholders given in a general meeting;
- (XI) not to misappropriate the Company's funds or lend such funds to any other person, not to use the Company's assets to set up deposit accounts in his/her own name or in the name of any other person or to use such assets to provide guarantee for the debts of a shareholder of the Company or any other personal liabilities;
- (XII) not to disclose any confidential information of the Company, which he/she has obtained during his/her term of office, without the informed consent of the shareholders in a general meeting; nor shall he/she use such information other than for the Company's benefit, save that disclosure of such information to the court or other competent governmental authorities is permitted if:
  - (1) disclosure is required by law;
  - (2) required in the public interests;
  - (3) the interests of such Director, Supervisor, CEO or other senior management member so require.

**Article 182** The Directors, Supervisors, the CEO and other senior management of the Company shall not direct the following persons or institutions (hereinafter referred to as the “associate(s)”) to act in a manner, which he/she is prohibited from acting:

- (I) the spouse or minor child of the Directors, Supervisors, the CEO or other senior management of the Company;
- (II) the trustee of the Directors, Supervisors, the CEO or other senior management of the Company or of any person referred to in Item (I) of this Article;
- (III) the partner of the Directors, Supervisors, the CEO or other senior management or any person referred to in Items (I) and (II) of this Article;
- (IV) a company in which the Directors, Supervisors, the CEO or other senior management of the Company, whether alone or jointly with the persons referred to in Items (I), (II) and (III) of this Article or other Directors, Supervisors, the CEO and other senior management, has de facto controlling interest;
- (V) the Directors, Supervisors, the CEO and other senior management of a company, which is being controlled in the manner referred to in Item (IV) of this Article.

**Article 183** The fiduciary duties of the Directors, Supervisors, the CEO and other senior management of the Company do not necessarily cease with the termination of their tenure. Their duties of confidentiality in respect of business secrets of the Company survive the termination of their tenure. Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has elapsed between the termination, the act concerned, the circumstances and the terms under which the relationship between such Directors, Supervisors, the CEO and the senior management and the Company was terminated.

**Article 184** Subject to situations provided under Article 63 of these Articles of Association, the Directors, Supervisors, the CEO and other senior management of the Company may be released from liabilities for specific breaches of his/her duty with the informed consent of the shareholders given at a general meeting.

**Article 185** Where the Directors, Supervisors, the CEO or other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction, arrangement or proposed contract, transaction or arrangement with the Company (other than the service contracts between the Company and the Directors, Supervisors, the CEO and other senior management), he/she shall declare the nature and extent of his/her interests to the Board of Directors at the earliest opportunity, whether or not the matter therefor is otherwise subject to the approval of the Board of Directors.

Unless the interested Directors, Supervisors, the CEO and other senior management of the Company discloses his/her interests in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement is approved by the Board of Directors at a meeting in which the interested Directors, Supervisors, the CEO or other senior management of the Company are not counted as part of the quorum and refrains from voting, such contract, transaction or arrangement is voidable at the discretion of the Company except as against a bona fide party thereto who does not have notice of the breach of duty by such Directors, Supervisors, the CEO or other senior management.

The Directors, Supervisors, the CEO or other senior management of the Company are deemed to be interested in a contract, transaction or arrangement in which the associate of such Directors, Supervisors, the CEO and other senior management is interested.

**Article 186** Where the Directors, Supervisors, the CEO or other senior management of the Company give to the Board of Directors a notice in writing stating that, by reason of the facts specified in the notice, he/she is interested in contracts, transactions or arrangements, which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding article to be a sufficient disclosure of his/her interests, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the execution of the relevant contract, transaction or arrangement is first taken into consideration by the Company.

**Article 187** The Company shall not pay taxes for its Directors, Supervisors, the CEO or other senior management in any manner.

**Article 188** The Company shall neither directly or indirectly make a loan to or provide any security for the Directors, Supervisors, the CEO or other senior management of the Company or its parents, nor make a loan or provide any security for any of their respective associates.

The foregoing provision is not applicable in the following circumstances:

- (I) the provision by the Company of a loan to or a security for its subsidiary;
- (II) the provision by the Company of a loan or a security or any other funds available to its Directors, Supervisors, the CEO and other senior management to meet expenditure incurred or to be incurred by him/her for the purpose of the Company or for the purpose of enabling him/her to perform his/her duties properly, in accordance with the terms of a service contract approved by the shareholders in a general meeting;
- (III) if the ordinary business scope of the Company includes the lending of money and provision of security, the Company may make a loan to or provide a security to the relevant Directors, Supervisors, the CEO and other senior management or their respective associates on normal commercial terms.

**Article 189** Any person who receives funds from a loan, which has been made by the Company acting in breach of the preceding article shall, irrespective of the terms of the loan, forthwith repay such funds.

**Article 190** A security for the repayment of a loan, which has been provided by the Company acting in breach of Item (I) of Article 188 shall not be enforceable against the Company, save in respect of the following circumstances:

- (I) the security was provided in connection with a loan, which was made to an associate of the Directors, Supervisors, the CEO and other senior management of the Company or its parents and the lender of such funds is not informed;
- (II) the collateral, which has been provided by the Company has already been legally disposed of by the lender to a bona fide purchaser.

**Article 191** For the purposes of the foregoing provisions of this Chapter, a “security” includes an undertaking or property provided to secure the obligor’s performance of his/her obligations.

**Article 192** In addition to any rights and remedies provided by the laws and administrative regulations, where the Directors, Supervisors, the CEO and other senior management of the Company breach the duties which he/she is liable to the Company for, the Company has the right to adopt the following measures:

- (I) to demand such Directors, Supervisors, the CEO or other senior management to compensate for losses sustained by the Company as a result of such breach;
- (II) to rescind any contract or transaction, which has been entered into between the Company and such Directors, Supervisors, the CEO or other senior management, and between the Company and a third party (where such third party knows or should have known that such Directors, Supervisors, the CEO or other senior management on behalf the Company have breached his/her duties liable to the Company);
- (III) to demand such Directors, Supervisors, the CEO or other senior management to turn in profits gained as a result of the breach of his/her duties;
- (IV) to recover any monies, which should have been received by the Company but were received by such Directors, Supervisors, the CEO or other senior management instead, including (but without limitation to) commissions;
- (V) to demand repayment of interest earned or which may have been earned by such Directors, Supervisors, the CEO or other senior management on monies that should have been paid to the Company.

**Article 193** With prior approval given at a general meeting, the Company shall enter into written contracts relating to emoluments with the Directors and Supervisors. Such emoluments include:

- (I) emoluments in respect of his/her service as Directors, Supervisors or senior management of the Company;
- (II) emoluments in respect of his/her service as Directors, Supervisors or senior management of subsidiaries of the Company;
- (III) emoluments in respect of the provision of other services in connection with the management of the Company and its subsidiaries;
- (IV) payment by way of compensation for loss of office, or as consideration for or in connection with his/her retirement from office.

No litigation shall be brought by the Directors or Supervisors against the Company for any benefit due to him/her in respect of the above mentioned matters except pursuant to the contracts mentioned above.

**Article 194** The contract relating to the emoluments between the Company and its Directors and Supervisors should provide that in the event that the Company is acquired, the Directors and Supervisors of the Company shall, subject to the prior approval of shareholders in a general meeting, have the right to receive compensation or other payment in respect of his/her loss of office or retirement. For the purpose of this paragraph, the acquisition of the Company includes any of the following:

- (I) an offer made by any person to all the shareholders;
- (II) an offer made by any person with a view to become a “controlling shareholder”.

If such Directors and Supervisors do not comply with this Article, any sum so received by him/her shall belong to those persons who have sold their shares as a result of such offer. The expenses incurred in distributing such sum on a pro rata basis among such persons shall be borne by such Directors or Supervisors and shall not be paid out of such sum.



## CHAPTER 9 FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT OF THE COMPANY

### Section 1 Financial Accounting System

**Article 195** The Company shall establish its financial and accounting systems, profit distribution and auditing systems in accordance with laws, administrative regulations and requirements of relevant authorities in the PRC.

**Article 196** The accounting year of the Company is based on the Gregorian calendar year, that is, an accounting year ranges from January 1 to December 31 of the Gregorian calendar.

The Company shall prepare a financial report at the end of each accounting year, and such financial statement shall be audited by an accounting firm in compliance with laws. The financial statement shall be prepared in accordance with the provisions of laws, regulations and requirements of the relevant authorities in the PRC.

**Article 197** The Board of Directors of the Company shall, at each annual general meeting, submit to the Shareholders the financial reports that shall be prepared by the Company under relevant laws and regulations, and normative documents of local governments and competent authorities.

**Article 198** The financial report of the Company shall be kept at the Company and shall be made available to the Shareholders at least twenty (20) days before the annual general meeting is held. Each Shareholder of the Company shall have the right to obtain the financial report mentioned in this Chapter.

Unless otherwise stated in these Articles of Association, in accordance with relevant provisions of notice and announcement under Chapter 10 of these Articles of Association, the Company shall publish the aforesaid report or directors' report with the balance sheet, income statement or statement of income and expenditure, or summary of financial statement at least twenty-one days before the annual general meeting.

**Article 199** The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting principles and regulations, be prepared in accordance with either international accounting principles, or those of the place outside the PRC where the shares of the Company are listed. If there is any material difference between the financial statements prepared in accordance with the two accounting principles, such difference shall be stated in the financial statements. In distributing its after-tax profits, the lower of the two amounts shown in the financial statements shall be adopted.

**Article 200** Any interim results or financial information published or disclosed by the Company must also be prepared and presented in accordance with the PRC accounting principles and regulations, and also in accordance with either international accounting principles or those of the place overseas where the shares of the Company are listed.

**Article 201** The Company shall publish two (2) financial reports in each fiscal year; the interim financial report shall be published within sixty (60) days after the end of the first six (6) months of the fiscal year; the annual financial report shall be published within one hundred and twenty (120) days after the end of the financial year.

Other regulations of the securities regulatory authorities at the place where the shares of the Company are listed shall prevail.

**Article 202** The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

**Article 203** The profit distribution proposal of the Company for each year shall be reviewed and approved at the general meeting. The Company shall distribute its after-tax profit for the current year in the order of:

- (I) recovering losses of the preceding year;
- (II) withdrawing ten percent (10%) after-tax profit of the current year as a statutory common reserve fund;
- (III) withdrawing a risk reserve in accordance with relevant national requirements;
- (IV) withdrawing a discretionary common reserve fund according to resolutions of the general meeting;
- (V) distributing dividends to shareholders.

The Company may not withdraw a statutory common reserve fund if the cumulative amount has reached fifty percent (50%) or more of the Company's registered capital. The general meeting shall determine whether to allocate the discretionary reserve after allocating the statutory reserve and the risk reserve.

If the statutory reserve could not cover the losses of the preceding year, profit of the year shall be used to cover the losses before withdrawing the statutory reserves.

Where the general meeting distributes profits to shareholders in violation of the foregoing provision, the shareholders concerned shall refund to the Company the profits distributed in violation of the foregoing provision. After losses have been covered and the statutory reserve and risk reserve have been allocated in accordance with these Articles of Association, any remaining after-tax profits shall be distributed to the shareholders in proportion to their shareholdings, unless otherwise stipulated in these Articles of Association.

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

**Article 204** The common reserve fund of the Company shall be used to make up for the losses, expand the operating scale or increase the capital of the Company. However, the capital reserve shall not be used to recover the losses of the Company. Upon the conversion of statutory common reserve into capital, the balance of the statutory common reserve shall not be less than twenty-five percent (25%) of the registered capital of the Company before such conversion.

Capital reserve includes the following:

- (I) premium arising from issuance exceeding the nominal value of the stock;
- (II) other revenues required by the financial authority under the State Council to be stated as capital reserve.

**Article 205** The profit distribution policy of the Company shall be: attaching much importance to providing reasonable returns to investors and conducive to the long-term development of the Company.

**Article 206** The Company may distribute dividends in cash or shares. When a dividend is distributed by way of shares, a resolution shall be made by the general meeting and submitted to the securities regulatory authorities and other relevant competent authorities for approval.

The Company pays cash dividends and other payments to shareholders of domestic shares in RMB. The Company shall pay cash dividends and other payments to the shareholders of the foreign-capital shares, denominated and declared in RMB and paid in foreign currency. The Company shall pay the foreign currency required for the cash dividends and other payments to the shareholders of the foreign-capital shares according to the relevant provisions of the State on the foreign exchange administration.

Unless otherwise stipulated by relevant laws and regulations, for the payment of cash dividends and other payments in foreign currency, the exchange rates shall apply the average selling price of the relevant foreign exchange announced by the People's Bank of China one calendar week before the declaration date of the dividends and other payments.

**Article 207** Any amount paid up in advance of calls on any shares may bear interest but shall not entitle the holder of the shares to participate in respect thereof in a dividend subsequently declared.

Subject to the relevant PRC laws and regulations and rules of the Hong Kong Stock Exchange, the Company may exercise the power to forfeit unclaimed dividends, provided that it does so only after the expiration of the applicable relevant period.

The Company has the power to cease sending dividend warrants by post to a given holder of overseas listed foreign shares, but may exercise such power only if such warrants have been left uncashed on two consecutive occasions. However, the Company may exercise such power after the first occasion on which such a warrant is returned undelivered.

The Company has the power to sell, by a method deemed fit by the Board, the shares of a holder of overseas listed foreign shares who is untraceable, provided that it complies with the following conditions:

- (I) the Company has distributed dividends on such foreign shares for at least three times in twelve (12) years, which dividends are not claimed by anybody during the period;
- (II) upon expiration of the twelve (12)-year period, the Company makes an announcement of its intention to sell such shares in one or more newspapers, and notify the local securities regulatory authorities, at the place where the stock of the Company is listed.

**Article 208** The Company shall appoint collection agents for holders of overseas listed foreign shares. The collection agents shall, on behalf of the related shareholders, collect dividends and other payables distributed by the Company for the overseas listed foreign shares.

The collection agents appointed by the Company shall be in compliance with the requirements of the laws or local stock exchange at the place where the shares of the Company is listed.

The collection agents appointed by the Company for holders of overseas listed foreign shares, which are listed in Hong Kong, shall be trust companies registered pursuant to Trustee Ordinance of Hong Kong.

## **Section 2 Internal Audit**

**Article 209** The Company shall adopt the internal auditing system, with full time auditors, in order to conduct internal auditing on the balance of payments and economic activities of the Company.

**Article 210** The internal audit system of the Company and the duties of the auditing staff shall be subject to the approval of the Board of Directors. The officer in charge of internal audit shall be accountable to the Board of Directors and report his/her work to the same.

### **Section 3 Appointment of an Accounting Firm**

**Article 211** The Company shall appoint an independent firm of accountants, which is qualified under relevant national regulations to audit the Company's annual financial report, review other financial reports of the Company, and provide financial statements auditing, net assets verification and other relevant consulting services.

The first accounting firm of the Company may be appointed by the inaugural meeting before the first annual general meeting and the term of appointment of the accounting firm shall end at the close of the first annual general meeting.

If the inaugural meeting does not exercise its duties and powers in accordance with the aforementioned provisions, then the Board of Directors shall exercise its duties and powers.

The accounting firm appointed by the Company shall hold office for one (1) year from the conclusion of the annual general meeting at which it was appointed until the conclusion of the next annual general meeting. The accounting firm is eligible for reappointment.

The appointment of an accounting firm for the Company shall be approved by a general meeting. The Board of Directors shall not appoint an accounting firm before the decision of the general meeting.

**Article 212** The Company shall ensure that the accounting documents, books of accounts, financial reports and other accounting information provided to the accounting firm appointed is true and complete without any refusal, concealment or false statement.

The accounting firm appointed by the Company shall have the following rights:

- (I) a right to access the account books, records or vouchers at any time, and to ask Directors, the CEO or other senior management of the Company to provide relevant documents and explanations;
- (II) a right to require the Company to take all reasonable actions to obtain from its subsidiaries any information and explanations necessary for the discharge of its duties;
- (III) a right to be present at a general meeting and to receive notices of, and information relating to, any general meeting, which any shareholder is entitled to receive, and to speak at any general meeting for matters in relation to its capacity as the Company's accounting firm.

**Article 213** Regardless of the terms in the contract concluded between the accounting firm and the Company, the general meeting may, through an ordinary resolution, resolve to dismiss the said accounting firm before the expiration of the term thereof. In the event of any rights claimed by the accounting firm against the Company, the said rights shall not be affected.

**Article 214** The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined at the general meeting.

**Article 215** The appointment, removal or discontinuance of engagement of the accounting firm shall be subject to the decision of the general meeting and shall be filed with the securities regulatory authorities.

**Article 216** Where the Company dismisses or ceases to re-appoint an accounting firm, prior notice shall be given to the accounting firm, and the accounting firm shall have the right to state its opinions to the general meeting.

**Article 217** Where the accounting firm resigns, it shall explain at the shareholders' meeting whether there is any improper circumstances of the Company.

Where it is proposed that any resolution be passed at a general meeting concerning the appointment of an accounting firm, which is not an incumbent firm to fill a casual vacancy in the office of the accounting firm, the re-appointment of a retiring accounting firm, which was appointed by the Board to fill a casual vacancy, or the dismissal of an accounting firm before the expiration of its term of office, the following provisions shall apply:

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

The leaving of an accounting firm includes the removal, resignation or retirement of such firm.

(II) if the accounting firm leaving its post makes representations in writing and requests the Company to notify such representations to the shareholders, the Company shall (unless the representations have been received after the prescribed time) take the following measures:

1. state the fact that the retiring accounting firm has made such representations in any notice of the resolution given to shareholders;
2. attach a copy of the representations to the notice and deliver it to the shareholders in the manner as stipulated in these Articles of Association.

(III) if the Company fails to send out the representations of the accounting firm in the manner set out in item (II) above, such accounting firm may require that the representations be read out at the meeting and may make a further appeal.

(IV) the leaving accounting firm shall be entitled to attend the following meetings:

1. the general meeting at which its term of office expires;
2. the general meeting at which it is proposed to fill the vacancy caused by its removal;
3. the general meeting, which is convened as a result of its resignation.

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

**Article 218** An accounting firm may resign its office by depositing a written resignation notice at the Company's legal address. Such notice shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following statements:

- (I) a statement to the effect that there are no circumstances connected with its resignation, which it considers should be brought to the notice of the shareholders or creditors of the Company; or
- (II) a statement of any other circumstances requiring an explanation.

The Company shall send a copy of the notice referred to in the preceding paragraph to the relevant responsible department within fourteen (14) days after receipt. If the notice contains a statement as mentioned in Item (II) of the preceding paragraph, a copy of such statement shall be placed at the Company for the inspection of shareholders. The Company shall also send out notices or publish announcements in accordance with Chapter 10 of these Articles of Association.

If the notice of resignation of the accounting firm contains a statement in respect of any circumstances requiring an explanation, it may require the Board of Directors to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances in connection with its resignation.

## CHAPTER 10 NOTICE AND ANNOUNCEMENT

**Article 219** Notices of the Company shall be served by the following methods:

- (I) by hand;
- (II) by mail;
- (III) by facsimile or e-mail;
- (IV) by making an announcement on the website or newspapers designated by the Company and stock exchanges in accordance with the laws, regulations and the listing rules of the places where the shares of the Company are listed;
- (V) by other means agreed before between the Company and the recipient or accepted by the recipient after receiving notice;
- (VI) by other means approved by the laws, regulations, relevant regulatory authorities at the place where the shares of the Company are listed or specified in these Articles of Association.

Where a notice is served by way of announcement, after the publication of such announcement, all related persons shall be deemed to have received the notice unless it is otherwise required by the regulatory authorities of the place where the shares of the Company are listed.

Unless otherwise provided in these Articles of Association, the notice delivered to each holder of the H Shares, if delivered by public announcement, the Company shall, on the same date, submit an electronic version according to the listing rules, which may be published immediately to the Hong Kong Stock Exchange through the electronic upload system to publish it on the website of Hong Kong Stock Exchange. The announcement shall be published on the Company's website at the same time. In addition, the Company shall deliver the notice to each holder of the H Shares in person or by postpaid mails according to their registered address.

Unless the context otherwise requires, "announcement" referred to herein means that in respect the announcement sent to holders of domestic shares or required to be sent in the PRC pursuant to relevant regulations and the Articles of Association, the announcement shall be published in Chinese newspapers as required by the laws and regulations of the PRC or designated by the securities regulatory authorities. In respect of the announcement sent to holders of H Shares or required to be sent in Hong Kong pursuant to relevant regulations and the Articles of Association, the announcement shall be published in the designated newspapers in Hong Kong as required by the relevant listing rules. All the circulars or other documents required to be submitted to the Hong Kong Stock Exchange by the Company pursuant to Chapter 13 of the Listing Rules of the Hong Kong Stock Exchange shall be compiled in English or attached with a signed and certified English version.



Under the premise of the Company's observation to the relevant listing rules of the place(s) in which the shares of the Company are listed, regarding the provision and/or distribution by the Company of corporate communications to holders of the overseas listed foreign shares in accordance with requirements of such listing rules, the Company may also electronically or at the company's website or such website of the stock exchange in which the shares of the Company are listed, post such information so as to send out such information to such holders, instead of such delivery by hand or postage prepaid mail.

**Article 220** Unless otherwise provided in these Articles of Association, the notice means as set out in the preceding Article, may also be applicable to notices for general meetings, meetings of Board or the Supervisory Committee.

**Article 221** If the notice is served by hand, the date of service is the date of acknowledgment of receipt by signature or affixed seal on the service return slip. If the notice is sent by speed post, the date of service is the second (2nd) working day from the date of delivery at the post office. If the notice is given by e-mail, the date of such e-mail entering the recipients' designated electronic data exchange system shall be the date of service. If the notice is given by fax, the sent date on the sender's fax record shall be the date of service. If the notice is given by a way of an announcement, the first publication date of the announcement shall be the date of service.

**Article 222** Where relevant corporate documents must be in the English language and be accompanied by a Chinese version and be served through delivery, post, distribution, sending out, announcement or other means according to the requirements of the listing rules of the places where the shares of the Company are listed, in respect of shareholders who under proper arrangements by the Company confirm to receive such information only in English or Chinese version, as well as to the extent of the applicable laws and regulations, the Company may send such documents in the English or Chinese version to relevant shareholders according to their voiced intention.

## **CHAPTER 11 MERGER, DIVISION, DISSOLUTION AND LIQUIDATION**

### **Section 1 Merger and Division**

**Article 223** The merger or division of the Company shall be proposed by the Board of Directors and shall go through the relevant approval process according to the law after being approved by the procedures required by these Articles of Association. The shareholders who object to such merger or division shall have the right to require the Company or shareholders who consent to the proposal for merger or division of the Company to purchase their shares at a fair price. Specific documents shall be prepared with regard to the content of the resolutions on the Company's merger and division for shareholders' inspection.

For holders of overseas listed foreign shares, the aforesaid documents shall be delivered by mail or by other means as permitted by relevant laws, regulations or the listing rules of the listing place.

**Article 224** The merger of a company may be effected by way of a merger and a new consolidation. In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and checklists of properties. The companies involved shall notify the creditors according to the Company Law, and shall make a public announcement in a newspaper recognized by the Stock Exchange of the place where the shares of the Company are listed, and clear off its debts or provide corresponding guarantees as required by the creditors according to relevant laws.

**Article 225** Upon the completion of a merger, the respective accounts payable and receivable will be inherited by the continuing company, or the newly formed company after the merger.

**Article 226** As for the division of a company, the properties thereof shall be divided accordingly.

In the event of a division, balance sheets and checklists of properties shall be prepared. The companies involved shall notify the creditors according to the Company Law, and shall make a public announcement in a newspaper recognized by the stock exchange of the place where the shares of the Company are listed.

Debts owed by the Company prior to the division shall be jointly assumed by the companies in existence after the division, save as otherwise agreed by written agreement on settlement of debts with creditors prior to the division.

**Article 227** The merger or division of the Company shall be executed in accordance with the laws, administrative regulations and relevant provisions required by the securities regulatory authorities. When the merger or division involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

## **Section 2 Dissolution and Liquidation**

**Article 228** The Company shall be dissolved for the following reasons:

- (I) Circumstance for dissolution specified in these Articles of Association arises;
- (II) The general meeting has resolved to dissolve the Company;
- (III) Merger or division of the Company requires a dissolution;
- (IV) The business license is revoked in accordance with the law, or the Company is ordered to close or is cancelled;
- (V) The Company is declared bankrupt in accordance with the law because it is unable to pay its debts as they fall due;

(VI) If the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the shareholders, and no solution can be found through any other means, the shareholders holding ten percent (10%) or more of the total voting rights of the Company may request the People's Court to dissolve the Company.

**Article 229** In the circumstance set out in Item (I) of Article 228 of these Articles of Association, the Company may continue to subsist by amending the Articles of Association.

An amendment to the Articles of Association according to the provisions as mentioned in the preceding paragraph requires affirmative votes by more than two thirds (2/3) of the votes held by shareholders attending the general meeting.

**Article 230** Where the Company is dissolved under the circumstances set out in Items (I), (II), (IV) and (VI) of Article 228 of these Articles of Association, the Company shall establish a liquidation committee within fifteen (15) days upon the approval of the securities regulatory authorities. The composition of the liquidation committee shall be determined by ordinary resolution at general meeting. If the Company fails to establish a liquidation committee on time, creditors may request the people's court to designate certain persons to form a liquidation committee to perform liquidation.

Where the Company is voluntarily dissolved under the circumstance set out in Item (II) of Article 228 of the Articles of Association, such dissolution must be approved by more than two thirds (2/3) of the voting rights held by shareholders present at the general meeting.

Where the Company is dissolved under the circumstance set out in Item (III) of Article 228 of the Articles of Association, the Company shall apply to the securities regulatory authorities with reasons for dissolution and liabilities settlement scheme. The Company shall be dissolved after obtaining the approval from the securities regulatory authorities.

Where the Company is dissolved under the circumstance set out in Item (V) of Article 228 of the Articles of Association, the people's court shall, according to the applicable laws, order the formation of a liquidation committee comprising shareholders, relevant authorities and professionals to process the liquidation in accordance with the applicable bankruptcy law of enterprises.

**Article 231** Where the Board of Directors resolves to liquidate the Company for any reason other than bankruptcy, the Board of Directors shall include a statement in its notice convening a general meeting to the effect that, after making full inquiry into the affairs of the Company, the Board of Directors is of the opinion that the Company shall be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.

The Board of Directors of the Company shall lose its powers immediately after the resolution for liquidation is passed at the general meeting.

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

**Article 232** The liquidation committee shall exercise the following functions and powers:

- (I) to examine and take possession of the Company's assets and prepare the balance sheet and a property inventory;
- (II) to inform creditors by notice or announcement;
- (III) to deal with the outstanding businesses of the Company relating to liquidation;
- (IV) to pay outstanding taxes and the taxes arising during 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 233** The liquidation committee shall notify all creditors within ten (10) days after its establishment and shall publish announcements in newspapers within sixty (60) days. The creditors shall declare their rights to the liquidation committee within thirty (30) days after receipt of the notice or within forty-five (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 creditor's rights declaration period, the liquidation committee shall not make repayment to the creditors.

**Article 234** After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit it to the general meeting or people's court for confirmation.

The assets of the Company shall be settled in the following order:

- (I) payment of the liquidation expenses;
- (II) payment of employees' salaries, social insurance expenses and statutory compensations;

(III) payment of outstanding taxes;

(IV) payment of the Company's debts;

(V) distribution to shareholders according to their proportion of capital contribution.

Before the assets of the Company are applied for settlement in accordance with the requirements of (I) to (IV) above, they cannot be distributed to shareholders.

During the liquidation period, the Company remains in existence; however, it shall not commence any business activity that is unrelated to liquidation. The Company's assets shall not be distributed to shareholders prior to settling debts pursuant to the foregoing provision.

**Article 235** After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the people's court to declare the Company bankrupt.

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

**Article 236** Following the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, submit the same to the general meeting or the People's Court for confirmation, and shall deliver to the company registration authority, apply for cancellation of the Company's registration and publicly announce the Company's dissolution.

**Article 237** Members of the liquidation committee shall perform their duties faithfully when carrying out the liquidation in accordance with laws. Members of the liquidation committee shall not abuse their powers by taking bribes or receiving other illegal income and misappropriate the assets of the Company.

A member of the liquidation committee who causes loss to the Company or its creditors due to his/her intentional misconduct or gross negligence shall be liable for damages.

## CHAPTER 12 PROCEDURES FOR AMENDMENTS TO THESE ARTICLES OF ASSOCIATION

**Article 238** The Company may amend these Articles of Association pursuant to laws, administrative regulations and these Articles of Association.

**Article 239** The Company shall amend the Articles of Association in any of the following circumstances:

- (I) the Articles of Association is contradictory to any provision of the amended relevant laws, administrative regulations, departmental rules, normative documents or the listing rules of the places where the shares of the Company are listed;
- (II) changes to the Company's situation, which leads to inconsistency with matters recorded in the Articles of Association;
- (III) general meeting adopts a resolution to amend the Articles of Association.

**Article 240** Where the amendments to the Articles of Association passed by the general meeting require approval of competent authorities, the amendments shall be submitted to the competent authorities for approval. If such amendments involve any registered particulars of the Company, application shall be made for change of registration in accordance with laws.

**Article 241** The Board of Directors may amend these Articles of Association in accordance with the resolution of the general meeting in relation to the amendment to Articles of Association and examination and approval opinions from relevant authorities.

**Article 242** Should the matter amended in the Articles of Association require disclosure in accordance with the laws and regulations, an announcement shall be made accordingly.

## CHAPTER 13 MISCELLANEOUS

### Article 243 Definitions

- (I) The “controlling shareholder” shall refer to a person that satisfies any of the following conditions:
1. he/she, acting alone or in concert with others, has the power to elect half or more of the total number of Directors;
  2. he/she, acting alone or in concert with others, has the power to exercise or control the exercise of thirty percent (30%) or more of the Company’s voting rights;
  3. he/she, acting alone or in concert with others, holds thirty percent (30%) or more of the issued and outstanding shares of the Company;
  4. he/she, acting alone or in concert with others, has de facto control over the Company in any other manner.

The “acting in concert” in this Article means the act of two or more people that in form of agreement (whether oral or written) reaching a consensus that, through take-over of the Company’s voting rights by any one of them to achieve the purpose of controlling the Company or to consolidate such control.

- (II) The “actual controller” refers to that although such controller is not a shareholder of the Company, he/she is a person who can actually dominate the Company through investment relations, agreements or other arrangements.
- (III) The “connected relations” refers to the relationship between the Company’s controlling shareholders, actual controller, Directors, Supervisors, senior management officers and those enterprises, which are directly or indirectly controlled by the foregoing parties and such other relationship, which may cause the interests of the Company to be transferred. However, the state-controlled enterprises do not have connected relations merely because they are all being controlled by the State.
- (IV) The “internal Directors” shall refer to such Directors who are concurrently taking other positions in the Company.

**Article 244** These Articles of Association are written in Chinese. In case of any inconsistency between these Articles Association and the articles of association in any other version, the latest Chinese version of these Articles of Association approved and registered at the competent industrial and commercial registration authorities and shall prevail.

**Article 245** The term “or more”, “within”, “below”, as stated in these Articles of Association shall all include the given figure; the term “not exceeding”, “except”, “more than”, “less than”, “exceeding”, “over” shall all exclude the given figure.

**Article 246** The Board of Directors may formulate by-laws in accordance with the provisions of these Articles of Association, provided that such by-laws shall not be in violation of these Articles of Association.

**Article 247** Any matters not provided in these Articles of Association shall be settled in accordance with the actual situation of the Company in accordance with the laws, administrative regulations and relevant requirements of the securities regulatory authorities of the places where the shares of the Company are listed. If there is any conflict between these Articles of Association and the laws, administrative regulations and relevant requirements of the securities regulatory authorities of the places where the shares of the Company are listed issued after these Articles of Association come into effect, the latter shall prevail.

**Article 248** The Board of Directors shall be responsible for the interpretation of these Articles of Association.