

**Xuanzhu Biopharmaceutical Co., Ltd.**

**ARTICLES OF ASSOCIATION**

**(Applicable after the issuance of H Shares)**

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** In order to safeguard the legitimate rights and interests of Xuanzhu Biopharmaceutical Co., Ltd. (hereinafter referred to as the “**Company**”), its shareholders, employees and creditors thereof, and regulate the organization and acts of the Company, the Articles of Association is formulated in accordance with the Company Law of the People’s Republic of China (《中華人民共和國公司法》) (hereinafter referred to as the “**Company Law**”), the Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (hereinafter referred to as the “**Securities Law**”), the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), the Guidelines on Articles of Association of Listed Company (《上市公司章程指引》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (《香港聯合交易所有限公司證券上市規則》) (hereinafter referred to as the “**Hong Kong Listing Rules**”) and other relevant laws, regulations, departmental rules, normative documents and the provisions of other securities regulatory rules of the place where the Company’s shares are listed.

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

The Company was established by the shareholders of the former Xuanzhu Biopharmaceutical Limited Liability Company (軒竹生物科技有限公司) by way of promotion, and established by converting its entirety by the former Xuanzhu Biopharmaceutical Limited Liability Company (軒竹生物科技有限公司). The Company was registered at the Shijiazhuang Market Supervision Administration and obtained its business license. The registration number of the Company is 460100411202622, and the Uniform Social Credit Code of the Company is 91460100MA5T63AY5W.

**Article 3** The Company completed filing with the China Securities Regulatory Commission (hereinafter referred to as the “**CSRC**”) on August 28, 2025, and was approval by The Stock Exchange of Hong Kong Limited (hereinafter referred to as “**Hong Kong Stock Exchange**”) to initially issue 67,333,500 ordinary overseas listed foreign shares (H Shares) with a par value of RMB1 each to the public, which were listed on the Main Board of the Hong Kong Stock Exchange on October 15, 2025.

**Article 4** The registered name of the Company in Chinese is 軒竹生物科技股份有限公司. The name of the Company in English is Xuanzhu Biopharmaceutical Co., Ltd.

**Article 5** Address of the Company: 203C507, Beijing-Tianjin-Hebei Collaborative Innovation Demonstration Park, No. 769 Taihang Street, Hi-Tech District, Shijiazhuang City, Hebei Province. Postcode: 050035.

**Article 6** The registered capital of the Company is RMB517,947,790.

**Article 7** The Company is a joint stock company with limited liability with no definite term of existence.

**Article 8** The director who executes the Company’s affairs on behalf of the Company or the manager is the legal representative of the Company. If a director or manager who serves as the legal representative resigns, he/she is deemed to have resigned as the legal representative at the same time. Upon resignation of the legal representative, the Company shall assign a new legal representative within thirty days from the date of such resignation.

**Article 9** The legal consequences of civil activities conducted by the legal representative in the name of the Company shall be borne by the Company. The restrictions on the functions and powers of the legal representative by the Articles of Association or the shareholders' meeting shall not be used against any bona fide counterparty. If the legal representative causes damage to others in the performance of his/her duties, the Company shall bear civil liability. After the Company assumes civil liability, it may, in accordance with laws or the provisions of the Articles of Association, seek compensation from the legal representative who is at fault.

**Article 10** All the assets of the Company are divided into shares of equal par value. Each shareholder shall be liable to the Company to the extent of the shares as held by such shareholder. The Company is liable for its debts to the extent of all of its assets.

**Article 11** From its effective date, the Articles of Association of the Company shall be a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and its shareholders and among the shareholders, with a legal binding effect on the Company and its shareholders, directors, supervisors and senior management. In accordance with the Articles of Association, shareholders may sue other shareholders; shareholders may sue directors, supervisors, general manager and other senior management of the Company; shareholders may sue the Company; the Company may sue shareholders, directors, supervisors, general manager and other senior management of the Company.

**Article 12** If a Communist Party organization is established within the Company, the Company shall set up such organization and carry out the activities of the Party in accordance with the Constitution of the Communist Party of China. The Company shall provide the necessary conditions for the activities of the Party organization.

## **CHAPTER 2 BUSINESS OBJECTIVES AND SCOPE**

**Article 13** The business objective of the Company: driving by innovation, boosting the development of new drugs in China and serving human health.

**Article 14** Registered in accordance with the laws, the business scope of the Company: research, development, transfer, and technical services for new pharmaceutical and chemical technologies and new pharmaceutical products (excluding human stem cell, genetic diagnosis, and therapy technologies); economic information consulting; import and export of pharmaceutical technologies; and production and commissioned production of pharmaceuticals (excluding traditional Chinese patent medicines and prepared slices of Chinese crude drugs). (For projects subject to approval according to law, business activities may only be carried out after approval by relevant authorities).

## **CHAPTER 3 SHARES**

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

**Article 15** The shares of the Company shall take the form of registered share.

**Article 16** The Company shall issue shares in an open, fair and just manner, and each share of the same class shall enjoy equal rights.

Shares of the same class in the same issue shall be listed under the same conditions and at the same price; any subscriber shall pay the same price for each share subscribed.

Any non-voting shares included in the shares of the Company shall bear the wording “non-voting right” in their title. If the shares include shares carrying different voting rights, any class of shares (except shares with the most privileged voting rights) included in the share capital shall bear the wording “restricted voting right” or “limited voting right” in their titles.

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

The term “RMB” as mentioned in the preceding paragraph shall refer to the lawful currency of the People’s Republic of China (hereinafter referred to as the “PRC”).

Ordinary shares issued by the Company (domestic unlisted shares and overseas listed shares) shall enjoy the same rights in any distribution by way of dividends (including distribution in cash or in kind) or in other forms.

**Article 18** The overseas listed shares issued by the Company shall be collectively deposited in the local share registrar.

The domestic unlisted shares issued by the Company shall be collectively deposited in the domestic securities depository and clearing organization. After filing with the securities regulatory authority under the State Council and consent of Hong Kong Stock Exchange, all or part of the domestic unlisted shares of the Company may be converted to overseas listed shares, and the converted overseas listed shares may be listed and traded in overseas stock exchange. In case the converted shares are listed and traded in overseas stock exchange, the Company shall also comply with the regulatory procedures, regulations and requirements of foreign securities market.

For the conversion of domestic unlisted shares to overseas listed shares and being listed as well as traded in overseas stock exchange, voting at shareholders’ meeting is not required.

**Article 19** The total number of shares issued to the promoters upon the establishment of the Company was 400 million ordinary shares. All shares issued by the Company are ordinary shares, all of which are subscribed for and held by the promoters of the Company.

The promoters of the Company, the number of shares subscribed for, the method of capital contribution and the time of capital contribution are as follows (subsequent changes in the shareholders of the Company shall be subject to the register of shareholders maintained by the Company):

No.	Name of promoters	Number of shares subscribed (0’000 shares)	Shareholding (%)	Method of capital contribution	Time of capital contribution
1	Xuanzhu (HK) Biopharmaceutical Limited (軒竹(香港)醫藥科技有限公司)	28,113.48	70.2837	Shares converted from net assets	2021.11.16
2	Metropolitan Industrial Investment Fund (京津冀產業協同發展投資基金(有限合夥))	5,178.32	12.9458	Shares converted from net assets	2021.11.16
3	Future Industry Investment Fund II (先進製造產業投資基金二期(有限合夥))	1,726.12	4.3153	Shares converted from net assets	2021.11.16
4	Shijiazhuang Keshuo Investment Centre (Limited Partnership) (石家莊科碩投資中心(有限合夥))	863.04	2.1576	Shares converted from net assets	2021.11.16
5	Beijing Tonghe Yinxing Innovative Asset Management Centre (Limited Partnership) (北京同合銀杏創新資產管理中心(有限合夥))	543.72	1.3593	Shares converted from net assets	2021.11.16

No.	Name of promoters	Number of shares subscribed (0'000 shares)	Shareholding (%)	Method of capital contribution	Time of capital contribution
6	Tianjin Hongzekang Pharmaceutical Technology Partnership (Limited Partnership) (天津泓澤康醫藥科技合夥企業(有限合夥))	296.92	0.7423	Shares converted from net assets	2021.11.16
7	Tianjin Xuansheng Pharmaceutical Technology Partnership (Limited Partnership) (天津軒升醫藥科技合夥企業(有限合夥))	248.56	0.6214	Shares converted from net assets	2021.11.16
8	Tianjin Hongteng Pharmaceutical Technology Partnership (Limited Partnership) (天津泓騰醫藥科技合夥企業(有限合夥))	191.96	0.4799	Shares converted from net assets	2021.11.16
9	Tianjin Zhenxuan Pharmaceutical Technology Partnership (Limited Partnership) (天津振軒醫藥科技合夥企業(有限合夥))	158.16	0.3954	Shares converted from net assets	2021.11.16
10	Tianjin Pusheng Pharmaceutical Technology Partnership (Limited Partnership) (天津普晟醫藥科技合夥企業(有限合夥))	99.92	0.2498	Shares converted from net assets	2021.11.16
11	Tianjin Guoding Pharmaceutical Technology Partnership (Limited Partnership) (天津國鼎醫藥科技合夥企業(有限合夥))	95.8	0.2395	Shares converted from net assets	2021.11.16
12	Tianjin Huize Pharmaceutical Technology Partnership (Limited Partnership) (天津匯澤醫藥科技合夥企業(有限合夥))	65.56	0.1639	Shares converted from net assets	2021.11.16
13	SHIH CHENG-KON (史澈空)	241.64	0.6041	Shares converted from net assets	2021.11.16
14	LI JIA KUI (李嘉達)	302.08	0.7552	Shares converted from net assets	2021.11.16
15	XU YANJUN (徐豔君)	241.64	0.6041	Shares converted from net assets	2021.11.16
16	Beihai Baimei'en Investment Partnership (Limited Partnership) (北海百美恩投資合夥企業(有限合夥))	1,303.96	3.2599	Shares converted from net assets	2021.11.16
17	Beijing SL Pharmaceutical Co., Ltd. (北京雙鸞藥業股份有限公司)	178.08	0.4452	Shares converted from net assets	2021.11.16
18	Beihai Jixin Xuanzhu Investment Partnership (Limited Partnership) (北海吉鑫軒竹投資合夥企業(有限合夥))	151.04	0.3776	Shares converted from net assets	2021.11.16
<b>Total</b>		<b>40,000</b>	<b>100.00</b>	<b>-</b>	<b>-</b>

**Article 20** Upon the completion of the initial public offering of H Shares, the total number of shares of the Company shall be 517,947,790 shares, all of which are ordinary shares, comprising 357,245,794 domestic unlisted shares and 160,701,996 H Shares (including 93,368,496 overseas listed shares converted from domestic unlisted shares).

**Article 21** The Company or its subsidiaries (including affiliates of the Company) shall not provide any financial assistance by gifts, advances, guarantee, borrowings and other forms for any persons to obtain the shares of the Company or its parent company, except for the implementation of the employee stock ownership plan of the Company. In the interests of the Company, by a resolution of the shareholders' meeting or a resolution of the board of directors in accordance with the Articles of Association or the authorization of the shareholders' meeting, the Company may provide financial assistance for other persons to obtain the shares of the Company or its parent company, provided that the total accumulative amount of the financial assistance shall not exceed ten percent of the total issued share capital. Resolutions of the board of directors shall be passed by more than two-thirds of all the directors.

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

**Article 22** The Company may, based on its operational and developmental needs and in accordance with laws and regulations, upon resolutions separately adopted at the shareholders' meeting, increase the capital in the following ways:

- (1) issuance of shares to unspecified targets;
- (2) issuance of shares to specified targets;
- (3) distribution of bonus shares to existing shareholders;
- (4) transfer of capital reserve into capital stock;
- (5) other means stipulated by law and administrative regulations and approved by the CSRC and the Hong Kong Stock Exchange.

The Company shall increase its capital and issue new shares in comply with the procedures stipulated by laws, administrative regulations, and the securities regulatory rules of the place where the Company's shares are listed, after having been approved in accordance with the Articles of Association and the securities regulatory rules of the place where the Company's shares are listed.

**Article 23** The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures set out in the Company Law as well as other relevant regulations, the Hong Kong Listing Rules, and other securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

**Article 24** The Company shall not acquire its own shares, except for one of the following circumstances:

- (1) reducing the Company's registered capital;
- (2) merging with another company that holds shares in the Company;
- (3) using the shares for employee stock ownership plan or equity incentives;



- (4) acquiring shares held by shareholders (upon their request) who vote against any resolution proposed in any shareholders' meeting on the merger or division of the Company;
- (5) using the shares for conversion of corporate bonds issued by the Company that are convertible into shares;
- (6) where it is necessary to safeguard the corporate value and shareholders' interests;
- (7) other circumstances permitted by the laws and administrative regulations.

**Article 25** The Company may purchase its own shares through public centralized trading or other methods permitted by laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed and the CSRC (if required).

Where the Company acquires its own shares under the circumstances set out in items (3), (5) and (6) of Article 24 of the Articles of Association, such acquisition shall be conducted through public centralized trading subject to compliance with the requirements of the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed.

**Article 26** Where the Company acquires its own shares under the circumstances set out in items (1) and (2) of Article 24 of the Articles of Association, it shall be subject to the resolution of the shareholders' meeting; where the Company acquires its own shares under the circumstances set out in items (3), (5) and (6) of Article 24 of the Articles of Association, it may be resolved at the board meeting attended by more than two-thirds of the directors in accordance with the provisions of the Articles of Association or the authorization of the general meeting. Unless otherwise stipulated by the Hong Kong Listing Rules.

After the Company has acquired its own shares in accordance with the provisions of Article 24, such shares shall be cancelled within ten days from the date of acquisition in the case of item (1); such shares shall be transferred or cancelled within six months in the case of items (2) and (4); the total shares held by the Company shall not exceed 10% of the total issued shares of the Company and such shares shall be transferred or cancelled within three years in the case of items (3), (5) and (6).

After the Company acquires its own shares, it should perform its information disclosure obligation in accordance with the law, administrative regulations, rules, normative documents, and the Hong Kong Listing Rules. If the relevant regulatory rules at the place where the shares of the Company are listed have different provisions regarding the cancellation and treasury shares concerning the share repurchase, such provisions shall prevail.

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

**Article 27** The Company's shares can be transferred pursuant to the law.

**Article 28** The Company shall not accept its own shares as the subject of a pledge.



**Article 29** Shares issued by the Company before its public offering cannot be transferred within 1 year of the listing date of its shares in a stock exchange. If the laws, administrative regulations or the securities regulatory authority of the State Council have other provisions on the transfer of the Company's shares held by the shareholders and actual controllers of listed companies, such provisions shall prevail.

The directors, supervisors and senior management personnel of the Company shall declare to the Company the shares (including preference shares (if any)) in the Company they hold and the changes in such shares, and the shares transferred each year during the term of office determined at the time of appointment shall not exceed 25% of the total number of the Company's shares held by them; the Company's shares held by them shall not be transferred within one year of the listing date of the Company's shares. The aforesaid persons shall not transfer the Company's shares held by them within half year from their resignation.

If the Hong Kong Listing Rules or the relevant provisions of the securities regulatory authorities at the place where the shares of the Company are listed have other provisions on the transfer restriction of overseas listed shares, such provisions shall prevail.

**Article 30** Where the Company's shareholders (other than Hong Kong Securities Clearing Company Limited and HKSCC Nominees Limited), directors, supervisors and senior management personnel holding more than 5% of shares sell the Company's shares or other securities with equity nature held by them within six months after purchase or purchase the same within six months after sale, the proceeds thereof shall belong to the Company, and the board of directors of the Company will take back such proceeds. Except when a securities company holds more than 5% of the Company's shares due to purchase of any remaining shares after a package sale, or under any other circumstances stipulated by the CSRC or the securities regulatory authorities at the place where the Company's shares are listed.

The shares or other securities with equity nature held by directors, supervisors, senior management personnel and natural-person shareholders referred to in the preceding paragraph include shares or other securities with equity nature held by their spouses, parents, children, and held by them by using other's accounts.

Where the board of directors of the Company fails to perform the provision of the first paragraph of this Article, the shareholders shall have the right to require the board of directors to perform the duties within 30 days. Where the board of directors of the Company fails to perform the duties within the aforesaid period, the shareholders should have the right to file a lawsuit directly in a people's court in their own name for the benefit of the Company.

Where the board of directors of the Company fails to perform the provision of the first paragraph of this Article, the directors who take responsibility shall bear joint liability pursuant to the law.

## **CHAPTER 4 SHAREHOLDERS AND SHAREHOLDERS' MEETINGS**

### **Section 1 Shareholders**

**Article 31** The Company shall set up a register of shareholders based on the evidence provided by the securities registration agency. The register of shareholders is sufficient evidence proving the shareholders' holding of the Company's shares. Shareholders shall enjoy rights and bear obligations according to the class of shares they hold; shareholders holding share(s) of the same class shall enjoy equal rights and bear equal obligations.

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

- (1) The Company shall not register more than four persons as the joint shareholders of any shares;
- (2) All joint shareholders of any shares shall severally and jointly assume the liabilities for all the outstanding amounts payable for the relevant shares;
- (3) If one of the joint shareholders is deceased, only other living persons of the joint shareholders shall be deemed by the Company to be such persons as having the ownership of the relevant shares. But the board of directors shall have the right to demand living persons of the joint shareholders to provide a death certificate which it deems appropriate for the purpose of amending the register of shareholders;
- (4) For joint shareholders of any shares, only the joint shareholder whose name appears first in the register of shareholders is entitled to receive the certificate for the relevant shares from the Company or receive notices of the Company. Any notice delivered to the aforesaid person shall be deemed to have been delivered to all the joint shareholders of the relevant shares. Any joint shareholder may sign the proxy form, provided that if more than one joint shareholder attends the shareholders' meeting in person or by proxy, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint shareholders. In this regard, the priority of shareholders shall be determined by the ranking of joint holders in the Company's register of shareholders in relation to the relevant shares.

Any receipts issued to the Company by one of the joint shareholders in respect of any dividend, bonus issue or return on capital payable to such joint shareholders shall be deemed as a valid receipt that has been issued by such joint shareholders to the Company.

**Article 32** Any assignment and transfer of shares must be registered in the register of shareholders. The place of deposit for the original register of shareholders of overseas listed shares listed in Hong Kong shall be Hong Kong. All transfers of H Shares shall be effected by a written transfer instrument in an ordinary or common form or any other form acceptable to the board of directors (including the standard transfer form or transfer form specified by the Hong Kong Stock Exchange from time to time); and such transfer instrument may only be signed by hand or stamped with a valid company seal (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house or its agent within the meaning of the relevant ordinances as in force from time to time under the laws of Hong Kong, the transfer instrument may be signed by hand or by machine imprinted. All transfer instruments shall be deposited at the legal address of the Company or at such address as may be designated by the board of directors from time to time.

The Company shall keep a complete register of shareholders. The register of shareholders shall include the following:

- (1) the register of shareholders other than those stipulated in items (2) and (3) of this paragraph to be kept at the premises of the Company;
- (2) the register of shareholders of the H shares of the Company to be kept at the location of the Hong Kong Stock Exchange; and
- (3) the register of shareholders to be kept at another premises as the board of directors may decide necessary for the purposes of listing of the Company's shares.

Alteration or correction of any part of a register of shareholders shall be carried out in accordance with the laws of the places where those parts of the register of shareholders are kept.

A duplicate copy of the Company's register of shareholders of overseas listed shares shall be kept at the premises of the Company. The entrusted overseas agency shall ensure the consistency of the original and duplicate copies of the register of shareholders of overseas listed shares at all times. The register of shareholders kept in Hong Kong shall be available for inspection by members but shall allow the Company to suspend registration of members under provisions equivalent to those under the Companies Ordinance (Cap 622).

Where the Company needs to confirm the identity of shareholders for convening shareholders' meetings, distribution of dividends, liquidation or other activities, the date of record shall be determined by the board of directors or the convenor of the shareholders' meeting. Shareholders in the register after market closing on the date of record shall be shareholders who enjoy the relevant rights and interests.

In the case of loss of share certificate of a shareholder holding overseas listed shares, application for reissue may be handled in accordance with the laws of the place where the original register of shareholders of overseas listed shares is kept, the rules of the securities exchange, or other relevant provisions.

Any shareholder who is registered in, or any person requests to have his/her name included in, the register of shareholders may, if his/her share certificate (the "**Original Certificate**") is lost, apply to the Company for reissue of new share certificate in respect of such shares (the "**Relevant Shares**"). In the case of loss of share certificate of a shareholder holding domestic shares, application for reissue shall be handled in accordance with the relevant requirement under the Company Law. In the case of loss of share certificate of a shareholder holding H Shares, application for reissue may be handled in accordance with the laws of the place where the original register of shareholders of H Shares is kept, the rules of the securities exchange, or other relevant provisions.

If a holder of H Shares loses his/her share certificate and applies for a replacement share certificate, such share certificate shall be issued in compliance with the following requirements:

- (1) the applicant shall submit an application to the Company in the standard form prescribed by the Company accompanied by a notarially certified certificate or statutory declaration containing the grounds upon which the application is made by the applicant and the circumstances and evidence of the loss of the share certificate as well as declaring that no other person is entitled to request to be registered as the shareholder of the Relevant Shares;

- (2) before the Company decides to issue the replacement share certificate, no statement is made by a person other than the applicant requesting that he/she shall be registered as the shareholder in respect of such Relevant Shares;
- (3) the Company shall, if it decides to issue a replacement share certificate to the applicant, make an announcement of its intention to issue the replacement share certificate in such newspapers designated by the Board; the announcement shall be made at least once every 30 days for a period of 90 days;
- (4) prior to the publication of its intention to issue a replacement share certificate, the Company shall have delivered to the stock exchange on which it is listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from the stock exchange that the announcement has been displayed at the premises of the stock exchange. The announcement shall be displayed at the premises of the stock exchange for a period of 90 days; In case an application to issue a replacement share certificate has been made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the announcement to be published;
- (5) if, upon expiration of the 90-day period of announcement and display referred to in items (3) and (4) of this Article, the Company has not received from any person any objection to the issuance of replacement share certificate, the Company may issue a replacement share certificate to the applicant according to the application;
- (6) where the Company issues a replacement share certificate in accordance with this Article, it shall forthwith cancel the Original Certificate and record the cancellation and replacement matters in the register of members accordingly;
- (7) all expenses relating to the cancellation of an Original Certificate and the issuance of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant.

**Article 33** The Company's shareholders are entitled to the following rights:

- (1) the right to receive dividends and benefits distributed in other forms in proportion to the number of shares they hold;
- (2) the right to legally request, convene, preside over, participate in or send proxies of shareholders to attend the shareholders' meeting and to exercise the corresponding right to speak and vote (except for waiver of voting rights on certain matters pursuant to the provisions of laws and regulations and the securities regulatory rules of the place where the Company's shares are listed);
- (3) the right to supervise, make suggestions on or make inquiries on the Company's operations;
- (4) the right to transfer, donate or pledge their shares according to the law, administrative regulations and the Articles of Association;

- (5) the right to inspect and copy the Articles of Association, the register of shareholders, minutes of shareholders' meetings, board of directors' resolutions, board of supervisors' resolutions and financial accounting report, and (a shareholder who meets the relevant requirements may) inspect the Company's accounting books and vouchers;
- (6) the right to participate in the distribution of the Company's residual assets in proportion to the number of shares they hold when the Company terminates or liquidates;
- (7) any shareholder who has a different view on a resolution on the merger or division of the Company made by a shareholders' meeting has the right to require the Company to acquire his/her/its shares;
- (8) other rights provided by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the regulatory rules of the place where the Company's shares are listed or the Articles of Association.

**Article 34** A shareholder who requests to consult or make copies of the relevant materials of the Company shall comply with the provisions of the Company Law, the Securities Law and related laws and administrative regulations.

**Article 35** If a resolution passed at a shareholders' meeting or meeting of the board of directors of the Company violates laws or administrative regulations, shareholders shall have the right to submit a petition to the People's Court to render the same invalid.

If the convening procedures or voting method of a shareholders' meeting or a board meeting violate laws, administrative regulations or the Articles of Association, or the contents of any resolution violate the Articles of Association, shareholders shall have the right to submit a petition to the People's Court to revoke the resolution within sixty days from the date on which such resolution is adopted, unless there are only minor defects in the convening procedures or voting methods of the shareholders' meeting or the board meeting, which has no substantive impact on the resolution.

Where the relevant parties such as the Board, the shareholders etc. dispute over the validity of resolution passed by the shareholders' meeting, they shall promptly file a lawsuit with a people's court. Before the people's court makes a judgment or ruling on revocation of the resolution, the relevant parties shall implement the resolution passed by the shareholders' meeting. The Company, its directors and senior management personnel shall perform their duties pragmatically and ensure normal operations of the Company.

Where the people's court has made a judgment or ruling on the relevant matter, the Company shall perform information disclosure obligation pursuant to the provisions of laws, administrative regulations, the CSRC and the stock exchanges, provide adequate explanation on the impact and actively cooperate in enforcement of the judgment or ruling upon its validity. Where a correction of preliminary matter is involved, the correction shall be promptly made, and the corresponding information disclosure obligation shall be performed.

Shareholders who have not been notified to attend the shareholders' meeting may petition to the People's Court to revoke a resolution of the shareholders' meeting within sixty days from the date on which they knew or should have known that such resolution was made; if the right of revocation is not exercised within one year from the date on which the resolution is made, the right of revocation shall be extinguished.

**Article 36** Under any of the following circumstances, a resolution passed by a shareholders' meeting or a board meeting is not valid:

- (1) the resolution is passed without holding a shareholders' meeting or a board meeting;
- (2) the resolution is not voted on at a shareholders' meeting or a board meeting;
- (3) the number of persons present at the meeting or the number of votes held does not attain the number stipulated in the Company Law or the Articles of Association, or the number of votes held; or
- (4) the number of persons who consent to the resolution or the number of votes held does not attain the number stipulated in the Company Law or the Articles of Association, or the number of votes held.

**Article 37** If a director or a senior management member contravenes the provisions of laws, administrative regulations or the Articles of Association when carrying out his/her duties in the Company and results in losses to the Company, shareholders individually or collectively holding more than 1% of shares of the Company for over 180 consecutive days, have the right to request the board of supervisors in writing to commence litigation at the People's Court. If a supervisor contravenes the provisions of laws, administrative regulations and the Articles of Association when carrying out his/her duties in the Company and results in losses to the Company, shareholders can request the board of directors in writing to commence litigation at the People's Court.

If the board of supervisors or the board of directors refuses to commence litigation after receiving the shareholders' written request in the preceding paragraph or fails to commence litigation within 30 days of receiving the request, or the situation is so urgent that no immediate commencement of litigation will cause irreparable losses to the Company, the shareholders under the previous paragraph shall have the right to directly commence litigation in their own names at the People's Court in the interest of the Company.

If any other person contravenes the legal interests of the Company and leads to losses of the Company, a shareholder under the first paragraph of this Article may commence litigation at the People's Court in accordance with the two preceding paragraphs.

Where a director, supervisor, or senior executive of a wholly-owned subsidiary of the Company when performing his/her duties contravenes the laws, administrative regulations, or the Articles of Association, resulting in losses to the Company, or another person infringes upon the legal rights and interests of a wholly-owned subsidiary of the Company, resulting in losses, a shareholder individually or jointly holding 1% or more of the shares of the Company for more than 180 consecutive days may, according to the first three paragraphs of Article 189 of the Company Law, request in writing the board of supervisors or board of directors of the wholly-owned subsidiary to file a lawsuit with a people's court or may directly file a lawsuit with the people's court in his/her own name.

**Article 38** If a director or a senior management member contravenes the provisions of laws and administrative regulations and results in losses to shareholders, shareholders may commence litigation at the People's Court.



**Article 39** Any shareholder of the Company shall assume the following obligations:

- (1) to comply with the law, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed and the Articles of Association;
- (2) to pay monies according to the shares subscribed for and the method of shares subscription;
- (3) not to withdraw its share capital, except for the circumstances stipulated by laws and regulations;
- (4) not to abuse their shareholders' rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company or the limited liabilities of shareholders to damage the interests of the Company's creditors;
- (5) to perform any other obligation as provided by the law, administrative regulations, regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Any shareholder of the Company who abuses his/her/its shareholders' rights and thereby causes losses to the Company or any other shareholder shall be liable for compensation according to the law. Any shareholder of the Company who abuses the independent legal person status of the Company or the limited liability of shareholders in order to evade debts and thereby seriously damages the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

**Article 40** Controlling shareholders and actual controllers of the Company shall exercise their rights and perform their obligations in accordance with the laws, administrative regulations, the provisions of the CSRC and the stock exchanges to protect the interests of the listed company. Controlling shareholders and actual controllers of the Company shall comply with the following provisions:

- (1) exercising shareholder's rights in accordance with the law, not abusing the controlling right or making use of related-party relationships to damage the legitimate rights and interests of the Company or other shareholders;
- (2) strictly performing the declarations and various commitments made, without unauthorized alteration or exemption;
- (3) performing information disclosure obligations strictly in accordance with the relevant provisions, taking the initiative to cooperate with the Company in information disclosure and notifying the Company promptly of material events which have occurred or will occur;
- (4) not occupying the Company's funds in any way;
- (5) not compelling, instigating or requesting the Company and its relevant personnel to provide guarantee in violation of laws and regulations;



- (6) not making use of the Company's undisclosed material information to seek gains, not divulging undisclosed material information relating to the Company in any way, and not engaging in insider trading, short-swing trading and market manipulation or other acts in violation of laws and regulations;
- (7) not impairing the legitimate rights and interests of the Company and other shareholders through unfair related-party transactions, profit distribution, asset restructuring, outbound investment or other means;
- (8) ensuring the integrity of the Company's assets, staff independence, financial independence, organizational independence and business independence, and not affecting the Company's independence in any way; and
- (9) other provisions of laws, administrative regulations, the provisions of the CSRC, the business rules of the Stock Exchanges and the Articles of Association.

Where the controlling shareholders and actual controllers of the Company do not act as directors but actually execute the Company's affairs, the provisions of the Articles of Association on fiduciary and diligence obligations of directors shall apply.

Where the controlling shareholders and actual controllers of the Company instruct the directors and senior management personnel to damage the interests of the Company or shareholders, they shall bear joint and several liability with the directors and senior management personnel.

**Article 41** Where controlling shareholders and actual controllers pledge the Company's shares held or actually controlled by them, they shall maintain the control of the Company and the stability of production and operation.

**Article 42** Any controlling shareholder or actual controller that transfers the Company's shares held by it shall abide by any restrictive provisions on share transfers set forth in laws, administrative regulations, the rules of the CSRC and the stock exchanges, and any commitment it makes with respect to the restricted share transfers.

## **Section 2 General Rules of Shareholders' Meeting**

**Article 43** The shareholders' meeting is composed of all shareholders. The shareholders' meeting is the authority of power of the Company and exercises the following functions and powers in accordance with the law:

- (1) electing and replacing directors and supervisors who are not staff representatives, and deciding on the remunerations of directors and supervisors;
- (2) reviewing and approving the reports of the board of directors;
- (3) reviewing and approving the reports of the board of supervisors;
- (4) reviewing and approving the profit distribution plan and loss compensation plan of the Company;
- (5) making resolutions on the increase or reduction of the registered capital of the Company;

- (6) making resolutions on the issuing of bonds and any class of shares of the Company;
- (7) making resolutions on the merger, division, spin-off, dissolution, voluntary winding-up, liquidation, or change of the Company's corporate form;
- (8) amending the Articles of Association;
- (9) making resolutions on the hiring and dismissal of accounting firms that make regular and statutory audits of the Company's financial reports;
- (10) reviewing and approving the external guarantees which should be approved by the shareholders' meeting as provided in the Articles of Association;
- (11) reviewing any purchase and sale of significant assets within one (1) year exceeding 30% of the most recently audited total assets of the Company; if the total amount of assets involved in transaction contain both a book value and an evaluation value, the higher value shall be used for calculation;
- (12) reviewing and approving changes in usage of raised funds;
- (13) reviewing equity incentives plan and employee stock ownership plan;
- (14) reviewing and approving other matters which shareholders' meeting should decide in accordance with laws, administrative regulations, departmental rules, Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The shareholders' meeting may authorize the board of directors to make a resolution on the issuance of corporate bonds.

**Article 44** Any of the following external guarantees (including mortgages, pledges or guarantees) provided by the Company shall be subject to review and approval by the shareholders' meeting (except when the Company accepts or provides its controlled subsidiary with guarantee):

- (1) any guarantee provided after the total amount of external guarantees of the Company and its controlled subsidiaries exceeds 50% of the latest audited net assets of the Company;
- (2) any guarantee provided after the total amount of external guarantees of the Company exceeds 30% of the latest audited total assets of the Company;
- (3) any guarantee with a total amount within one (1) year that exceeds 30% of the latest audited total assets of the Company;
- (4) any guarantee provided to any entity whose liability to asset ratio exceeds 70%;
- (5) any single guarantee, the amount of which exceeds 10% of the latest audited net assets of the Company;
- (6) any guarantee provided to the shareholders, actual controller and their related parties;

- (7) any other external guarantee which requires the approval by the shareholders' meeting in accordance with laws, regulations, normative documents, Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The above external guarantees that require the approval of the shareholders' meeting shall be submitted to the shareholders' meeting for approval after being reviewed and approved by the board of directors.

The board of directors should have the right to review and approve the external guarantees that are not subject to the approval of the shareholders' meeting.

Where the shareholders' meeting is considering a resolution on guarantees to be provided to shareholders, actual controllers and their related parties, such shareholders, or shareholders under the control of such actual controllers, shall abstain from voting. Such resolution is subject to the approval of more than half of the voting rights held by the other shareholders present at the meeting.

**Article 45** The shareholders' meeting shall be divided into annual and extraordinary shareholders' meeting. Annual shareholders' meeting shall be convened once every accounting year within 6 months after the end of the preceding accounting year.

**Article 46** The Company shall convene an extraordinary general meeting within 2 months of the occurrence of any of the following circumstances:

- (1) when the number of directors is less than two thirds of the number prescribed in the Company Law or the Articles of Association;
- (2) when the uncovered losses of the Company reach one third of the total amount of paid-up capital;
- (3) when the shareholders individually or together holding more than 10% of the shares of the Company request;
- (4) when the board of directors deems it necessary;
- (5) when the board of supervisors proposes such a meeting;
- (6) when more than half of the independent directors of the Company propose such a meeting;
- (7) other circumstances prescribed in laws, administrative regulations, departmental rules, Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

**Article 47** The venue of the shareholders' meeting shall be the domicile of the Company or specified in the notice of the shareholders' meeting.

The shareholders' meeting will have a venue and will be held on site. The Company should also provide means of communication or other methods to facilitate the shareholders' attendance. The shareholders who attend the meeting by the aforesaid means are deemed to be present.

Once the notice of the shareholders' meeting is issued, the venue of the shareholders' meeting shall not be changed without any justifiable reasons. In the case of a necessary change, the convener shall publicly inform every shareholder and explain the reasons at least 2 working days before the date of the meeting.

**Article 48** If laws, administrative regulations, departmental rules, Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed explicitly require the presence of lawyers and provision of legal opinions during the shareholders' meeting of the Company, the Company shall, when the shareholders' meeting is being held, engage lawyers to provide legal opinions and make announcement on the following issues:

- (1) whether the convening and meeting procedures comply with the provisions of laws, administrative regulations, and the Articles of Association;
- (2) whether the qualifications of the attendees and the convener are lawful and valid;
- (3) whether the voting procedures and results of the meeting are lawful and valid;
- (4) legal opinions on other related issues issued at the request of the Company.

### **Section 3 Convening of Shareholders' Meeting**

**Article 49** The board of directors shall convene the shareholders' meeting on time within the specified period.

With the approval of a majority of all independent directors, independent directors are authorized to propose to the board of directors to convene an extraordinary meeting. Concerning the independent directors' proposal to convene an extraordinary meeting, the board of directors should, in accordance with the laws, administrative regulations, Hong Kong Listing Rules and the Articles of Association, provide a written feedback opinion to agree or disagree to convene an extraordinary meeting within 10 days of receipt of the proposal. If the board of directors agrees to convene an extraordinary meeting, it will issue a notice of shareholders' meeting within 5 days of the resolution of the board of directors. If the board of directors does not agree to convene an extraordinary meeting, it shall state reasons and make an announcement.

**Article 50** The board of supervisors is authorized to propose to the board of directors to convene an extraordinary meeting, and shall put forward the proposal to the board of directors in writing. In accordance with laws, administrative regulations and the Articles of Association, the board of directors should, within 10 days of receipt of the proposal, provide a written feedback opinion to agree or disagree to convene an extraordinary meeting.

If the board of directors agrees to convene an extraordinary meeting, it shall issue a notice of shareholders' meeting within 5 days of the resolutions of the board of directors; any change to the original proposal in the notice shall be subject to the consent of the board of supervisors.

If the board of directors does not agree to convene an extraordinary meeting, or does not reply within 10 days of receipt of the proposal, it shall be deemed that the board of directors is unable or fails to perform its duty to convene a shareholders' meeting, and the board of supervisors may convene and preside over an extraordinary meeting itself.

**Article 51** Shareholders individually or jointly holding 10% or more of the shares of the Company are authorized to request to the board of directors to convene an extraordinary meeting and submit proposals or to add proposals to the meeting agenda, which should be put forward to the board of directors in writing. According to the laws, administrative regulations, Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, the board of directors should, within 10 days of receipt of the request, provide a written feedback opinion to agree or disagree to convene an extraordinary meeting.

If the board of directors agrees to convene an extraordinary meeting, it shall issue a notice of shareholders' meeting within 5 days of the resolution of the board of directors; any change to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the board of directors does not agree to convene an extraordinary general meeting, or does not reply within 10 days of receipt of the request, shareholders individually or jointly holding 10% or more of the shares of the Company are authorized to propose to the board of supervisors to hold an extraordinary meeting, which should be put forward to the board of supervisors in writing.

If the board of supervisors agrees to convene an extraordinary meeting, it shall issue a notice of shareholders' meeting within 5 days of receipt of the request; any change to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the board of supervisors does not issue the notice of shareholders' meeting within the prescribed period, it shall be deemed that the board of supervisors will not convene or preside over a shareholders' meeting, and shareholders who individually or jointly hold more than 10% of the shares for more than 90 days continuously can convene and hold the shareholders' meeting by themselves.

**Article 52** When the board of supervisors or shareholders decide to convene a shareholders' meeting by themselves, they should inform the board of directors in writing.

Before publicly announcing the resolutions of the shareholders' meeting, the convening shareholders should not hold less than 10% of the shares.

**Article 53** When a shareholders' meeting is convened by the board of supervisors or the shareholders, the board of directors and the secretary of the board of directors shall cooperate therewith. The board of directors should provide the register of shareholders on the date of record.

**Article 54** Where a shareholders' meeting is convened by the board of supervisors or shareholders, the Company shall bear all necessary expenses incurred therefor.

#### **Section 4 Proposal and Notice of Shareholders' Meeting**

**Article 55** A proposal shall fall within the scope of authority of the shareholders' meeting, have specific topics and matters to be decided and comply with the law, administrative regulations, Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

**Article 56** When the Company holds a shareholders' meeting, the board of directors, the board of supervisors or shareholders holding individually or jointly more than 1% of the shares of the Company, have the right to submit proposals to the Company.

Shareholders, individually or jointly, holding more than 1% of the shares of the Company, can submit temporary proposals and submit them in writing to the convener 10 days before the holding of the shareholders' meeting. The convener shall issue a supplementary shareholders' meeting notice of the content of the temporary proposals within 2 days of the receipt of such proposal and submit the temporary proposals to the shareholders' meeting for consideration, unless the temporary proposal is in violation of the provisions of laws, administrative regulations or the Articles of Association, or does not fall within the scope of authority of the shareholders' meeting.

Except as provided in the preceding paragraph, the convener shall not modify or add new proposals to the proposals listed in the notice of the shareholders' meeting after sending such notice out.

The shareholders' meeting cannot vote or pass any resolution on any proposals not specified in the notice of shareholders' meeting or inconsistent with Article 55 of the Articles of Association.

**Article 57** The convener shall notify all shareholders in writing 21 days prior to the holding of annual shareholders' meeting, and notify all shareholders in writing 15 days prior to the holding of an extraordinary meeting.

**Article 58** The notice of shareholders' meeting includes the following:

- (1) time, venue and duration of the meeting;
- (2) issues and proposals submitted to the meeting for review;
- (3) clearly specifying that all shareholders are entitled to attend the shareholders' meeting and may appoint a proxy in writing to attend the meeting and vote on their behalf. The proxy need not be a shareholder of the Company;
- (4) the shareholding registration date of the shareholders entitled to attend the shareholders' meeting;
- (5) the name and telephone number of the permanent contact person for the meeting;
- (6) time and procedure of voting by Internet or other means (if any);
- (7) other requirements as required by the law, administrative regulations, departmental rules, Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The notice of shareholders' meeting and supplemental notice shall contain full and complete disclosure of all specific details of all proposals, as well as all information or explanations required to enable shareholders to make their reasonable discretion on the issues to be discussed. If the issues to be discussed require the opinion given by independent directors, the opinions and reasons of the independent directors will be disclosed at the same time when the notice of shareholders' meeting or supplementary notice is published.

The voting by Internet or other means (if any) shall not commence earlier than 3:00 pm of the previous day of the shareholders' meeting and not later than 9:30 am on the day of the shareholders' meeting, and shall not be concluded earlier than 3:00 pm of the day of conclusion of the shareholders' meeting.



The interval between the shareholding registration date and the day of meeting shall be no more than 7 working days. The shareholding registration date shall not be changed once confirmed.

No amendment to the register of shareholders as a result of any share transfer may be made within 5 days prior to the shareholders' meeting or the reference date determined by the Company for the distribution of dividends. Where the relevant laws, regulations, normative documents, the securities regulatory authority of the place where the shares of the Company are listed, or the Hong Kong Stock Exchange provide otherwise with respect to the suspension of registration of amendments of the register of shareholders prior to the shareholders' meeting or the reference date determined by the Company for the distribution of dividends, such provisions shall prevail.

**Article 59** If the shareholders' meeting proposes to discuss the election of directors or supervisors, the notice of shareholders' meeting shall contain full information of the candidates for directors and supervisors, including at least the following:

- (1) personal information such as the educational background, working experience, and concurrent positions, etc.;
- (2) whether the candidate has any related relationship with the Company or the controlling shareholder or the actual controller of the Company;
- (3) the number of shares of the Company held by him/her;
- (4) whether the candidate has been penalized by the relevant securities regulatory authorities and other relevant departments and sanctioned by any stock exchange.

Unless the cumulative voting system is adopted to elect the directors and supervisors, each candidate of director or supervisor should be individually proposed.

**Article 60** Once the notice of shareholders' meeting is issued, it shall not be postponed or cancelled without any valid reason. Proposals specified in the notice of shareholders' meeting shall not be cancelled. In the case of postponement or cancellation of a shareholders' meeting, the convener shall notify the shareholders and explain the reasons at least 2 working days prior to the original date of the shareholders' meeting. In the case of any change in the manner of holding a shareholders' meeting or the venue of the shareholders' meeting, the convener shall notify all shareholders and explain the reasons in writing at least 1 working day prior to the original date of the shareholders' meeting. If the securities regulatory rules of the place where the Company's shares are listed have special provisions with respect to the postponement or cancellation of shareholders' meeting, those provisions shall prevail.

## **Section 5 Holding of Shareholders' Meeting**

**Article 61** The board of directors and other conveners of the Company will take necessary actions to ensure the proper order of the shareholders' meeting. Measures shall be taken to halt any interference with the shareholders' meeting, provocations or infringement of the shareholders' legitimate rights and interest and any such actions will be promptly reported to the relevant authorities for investigation.

**Article 62** All shareholders registered on shareholding registration date or their proxies are entitled to attend the shareholders' meeting and exercise their voting rights in accordance with laws, regulations and the Articles of Association.



Shareholders may attend the shareholders' meeting in person or authorize proxies to attend and vote on their behalf. A corporate shareholder may appoint a representative to attend and vote at any shareholders' meeting of the Issuer, and such company shall be deemed as attending in person. A company may sign a proxy form through its duly authorized person. If a shareholder is a recognized clearing house (or its nominee) as defined by the relevant ordinances from time to time in force in Hong Kong, such shareholder may authorize its corporate representative or one or more persons whom it deems appropriate to act as its proxy at any general meeting.

**Article 63** If an individual shareholder (except for those holding shares through HKSCC Nominees Limited) attends the shareholders' meeting in person, he/she shall present his/her identity card or other valid certificates or share certificates that can prove his/her identity; proxies attending the shareholders' meeting on behalf of shareholders shall present their own valid identity documents and authorization letter from the shareholder.

A corporate shareholder/institutional shareholder (except for those holding shares through HKSCC Nominees Limited) should attend a meeting through its legal representative/executive partner or proxy appointed by legal representative/executive partner. If the legal representative/executive partner attends the meeting, he/she shall present his/her identity card and valid certificates that can identify his/her qualification as the legal representative/executive partner; if a proxy attends the meeting on his/her behalf, the proxy shall present his/her identity card and the written authorization letter issued by the legal representative/executive partner of the corporate shareholder/institutional shareholder in accordance with the law.

A shareholder which is a recognized clearing house (including HKSCC Nominees Limited or its proxy) as such term is defined in the relevant Hong Kong Ordinances from time to time may authorize its corporate representative or one or more persons it deems proper to act as its representative at any shareholders' meeting; provided, however, that if more than one person is so authorized, the power of attorney or authorization shall specify the number and class of shares in respect of which each such person is authorized, and shall be signed by a person authorized by the recognized clearing house. A person so authorized may attend meetings on behalf of the recognized clearing house (or its proxy) (without providing share certificates, notarial authority and/or further evidence establishing that he/she is duly authorized) and exercise the same legal rights as any other shareholder, including the right to speak and vote, as if that person were an individual shareholder in the Company.

**Article 64** Any shareholder entitled to attend and vote at a shareholders' meeting is entitled to appoint one or more persons (who need not be a shareholder) as his/her proxy to attend and vote on his/her behalf. The power of attorney issued by a shareholder for appointing another person to attend a shareholders' meeting on his/her behalf shall include:

- (1) name or title of the principal, and the type and number of shares held;
- (2) name or title of the proxy;
- (3) specific instructions given by the shareholder, including respective instructions on affirmative, negative or abstention voting on each issue listed in the meeting agenda;
- (4) the issuance date and the valid period of the authorization letter;
- (5) the signature (or seal) of the shareholder. In the case of a corporate/other institutional shareholder, the seal of the corporate/other institution shall be affixed.

**Article 65** Where a shareholder authorizes another person to sign a power of attorney for proxy, the authorization letter or other authorization documents shall be notarized. The notarized authorization letter or other authorization documents, and the power of attorney shall be kept at the Company's domicile or any other place specified in the notice convening the meeting at least before the commencement of the relevant meeting or the designated time of the shareholders' meeting.

In the case of a corporate/institution shareholder, its legal representative/executive partner or other person authorized by resolution of the board of directors or other decision-making authority shall attend the shareholders' meeting of the Company.

**Article 66** The Company shall prepare a meeting register of attendees, which includes the names of the persons (or names of the organizations) attending the meeting, their identity card numbers, residential addresses, the number of voting shares held or represented by them, and the names of shareholders with proxies, etc.

**Article 67** The convener and the attorney engaged by the Company (if any) shall, based on the register of shareholders provided by the securities depository and clearing organization, jointly verify the legality of the shareholders' qualification and record the names of shareholders and the number of voting shares they hold. Registration for the meeting shall cease prior to the announcement made by the one presiding over the meeting on the number of shareholders and proxies in attendance and the total number of voting shares they hold.

**Article 68** If the shareholders' meeting requires the directors and senior executives to attend the meeting without voting rights, the directors and senior management personnel shall attend the meeting without voting rights and answer the shareholders' inquiries.

**Article 69** The chairman of the board of directors shall preside over the shareholders' meeting. If the chairman of the board of directors is unable or fails to carry out his/her duties, more than half of the directors shall jointly nominate a director to preside over the meeting.

If the board of supervisors convenes the shareholders' meeting by themselves, the chairman of the board of supervisors shall preside over the meeting. If the chairman of the board of supervisors is unable or fails to carry out his/her duties, the vice chairman of the board of supervisors shall preside over the meeting. If the vice chairman is unable or fails to carry out his/her duties, more than half of the supervisors shall nominate a supervisor to preside over the meeting.

If a shareholders meeting is convened by the shareholders themselves, the convener shall nominate a representative to preside over the meeting.

When the shareholders meeting is being held, if the presiding officer of the meeting violates meeting procedures so that the shareholders meeting fails to continue, the shareholders meeting may nominate one person to become the presiding officer of the meeting to continue with the meeting with the agreement of the shareholders with more than half of voting rights present at the meeting.

**Article 70** The Company shall formulate the Rules of Procedure for Shareholders' Meetings, and specify in details the procedures for convening, holding and voting at the shareholders' meeting, including notice, registration, review of proposals, voting, counting of votes, announcement of voting results, formation of meeting resolutions, minutes of meeting and their signing, public announcements as well as principles for the authorization granted to the board of directors by the shareholders' meeting, and the content of such authorization shall be clear and specific. The Rules of Procedure for Shareholders' Meetings shall be appended to the Articles of Association and shall be formulated by the board of directors and approved by the shareholders' meeting.

**Article 71** At the annual general meeting, the board of directors and the board of supervisors shall report their work for the past year to the shareholders' meeting. Each independent director shall also present a work report.

**Article 72** Directors, supervisors and senior management personnel shall answer and explain inquiries and proposals made by shareholders at the shareholders' meeting.

**Article 73** The meeting host shall, before voting, announce the number of shareholders and their proxies attending the meeting as well as the total number of shares with voting rights they hold. The number of shareholders and their proxies attending the meeting, as well as the total number of shares with voting rights they hold, shall be based on those registered at the meeting.

**Article 74** The shareholders' meeting shall have minutes prepared by the secretary to the board of directors. The minutes shall contain:

- (1) time, venue, agenda of the meeting, and the name of the convener;
- (2) names of the meeting host, directors, supervisors, general managers and other senior management personnel attending or present at the meeting;
- (3) the number of shareholders and proxies attending the meeting, the total number of shares with voting rights they hold, and the proportion of such shares to the total number of Company shares;
- (4) the review, main points of address and voting results of each proposal;
- (5) shareholders' inquiries or suggestions and the corresponding replies or explanations;
- (6) names of lawyers (if any), tellers and scrutineers;
- (7) other details specified by the Articles of Association to be included in the minutes.

**Article 75** The convener shall ensure that the details recorded in the meeting minutes are true, accurate and complete. The directors attending or present at the meeting, the supervisors, the secretary to the board of directors, the convener or his/her representative and the meeting host shall sign the meeting minutes. The meeting minutes shall be kept together with the signature book for the shareholders attending the meeting, proxy authorization letter, valid information on voting via the Internet and by any other means for no less than 10 years.

**Article 76** The convener shall ensure that the shareholders' meeting is held continuously until final decisions are made. Where the shareholders' meeting is suspended or a decision cannot be made due to force majeure or other special reasons, necessary procedures should be taken as soon as possible to resume the meeting or to directly terminate that meeting with a public timely announcement.

## **Section 6 Voting and Resolutions of Shareholders' Meeting**

**Article 77** Resolutions at the shareholders' meeting consist of ordinary resolutions and special resolutions.

An ordinary resolution of the shareholders' meeting shall be passed by an absolute majority of the voting rights represented by shareholders (including shareholder proxies) attending the shareholders' meeting.

Any special resolution of the shareholders' meeting shall be passed by more than two-thirds of the voting rights represented by shareholders (including shareholder proxies) attending the shareholders' meeting.

**Article 78** The following shall be passed by an ordinary resolution of the shareholders' meeting:

- (1) work reports of the board of directors and the board of supervisors;
- (2) plans drafted by the board of directors to distribute profits or cover losses;
- (3) appointment and dismissal of members of the board of directors and the board of supervisors, as well as the remuneration of and payments to such members;
- (4) any matters other than those that are required to be decided by special resolutions under the law, administrative regulations, the Hong Kong Listing Rules or other securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

**Article 79** The following shall be passed by a special resolution of the shareholders' meetings:

- (1) any increase or reduction in the registered capital of the Company;
- (2) any merger, division, spin-off, dissolution, voluntary winding-up, liquidation, or change of the Company's corporate form;
- (3) any amendment to the Articles of Association;
- (4) any purchase or sale of major assets or any provision of guarantee to other persons within one year for an amount exceeding 30% of the Company's total assets as audited in the latest period;
- (5) any equity incentive plan;

- (6) other matters required by the law, administrative regulations, the Hong Kong Listing Rules or other securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, and determined by ordinary resolutions at the shareholders' meeting to have a significant impact on the Company and thus requiring a special resolution.

**Article 80** Shareholders (including shareholder proxies) shall exercise their voting rights based on the number of voting shares they represent. Each share is entitled to one vote. When voting by ballot, a shareholder (including the proxy) with two or more voting rights need not cast all votes as affirmative, negative or abstention votes.

Where a shareholder is required to abstain from voting on an issue pursuant to the provisions of the Hong Kong Listing Rules or is restricted to casting affirmative or negative votes only, the shareholder shall abstain from voting on such matter pursuant to such provisions; any shareholder's votes or votes of proxy that violate such provisions or restrictions shall not be included in the voting results.

When the shareholders' meeting reviews important issues affecting the interests of minority investors, it shall count the votes of these investors separately. The results of separate counting shall be disclosed in a timely manner.

The shares held by the Company itself have no voting rights and shall not be included in the total voting shares held by the shareholders attending the meeting.

The Company's board of directors, independent directors, shareholders holding more than 1% of the voting shares or the investor protection institutions set up in accordance with the laws, administrative regulations or the provisions of the securities regulatory authorities of the place where the Company's shares are listed, may publicly solicit shareholders' voting rights. When soliciting shareholders' voting rights, the specific voting intention and other information shall be fully disclosed to the shareholders whose voting rights are solicited. It is prohibited to solicit shareholders' voting rights with payment or in a disguised form of payment. The Company may not set the limit of minimum shareholding ratio for the solicitation of voting rights except for the statutory conditions.

**Article 81** Where the shareholders' meeting reviews any issue relating to a connected transaction, the related shareholder(s) shall not participate in the voting, and number of voting shares they represent shall not be included in the total number of valid votes; and the result of voting by non-related shareholders shall be fully disclosed in the announcement of the resolution of the shareholders' meeting.

Prior to reviewing issues relating to a connected transaction by a shareholders' meeting, the Company shall determine the scope of related shareholders pursuant to the provisions of relevant laws and regulations, the Hong Kong Listing Rules, and the regulatory requirements of the securities regulatory authority of the place where the Company's shares are listed. A related shareholder or his/her authorised representative may attend a shareholders' meeting, and articulate his/her views to the shareholders present at the meeting pursuant to the meeting procedures, but shall abstain from voting at the time of voting.

When a shareholders' meeting reviews issues relating to a connected transaction, the related shareholders shall voluntarily abstain from voting. Where the related shareholder does not voluntarily abstain from voting, the other shareholders present at the meeting shall have the right to request him/her to abstain from voting. Upon abstention by the related shareholder, the other shareholders shall vote based on their voting rights, and the corresponding resolution shall be passed pursuant to the provisions of the Articles of Association. The abstention of the related shareholder and the voting procedures shall be notified by the chairman of the shareholders' meeting, and recorded in the minutes of the meeting.

Any resolution of a shareholders' meeting with respect to a connected transaction shall be valid only when such resolution is passed by more than half of the votes cast by the non-related shareholders present at the shareholders' meeting. However, in respect of any connected transaction involving any issues requiring a special resolution in accordance with the provisions of the Articles of Association, the resolution shall be valid only when such issues are passed by no less than two-thirds of the voting rights held by the non-related shareholders present at the shareholders' meeting.

**Article 82** Unless the Company is in a crisis or other special circumstances, the Company will not, without approval by a special resolution of the shareholders' meeting, enter into a contract with a person other than a director, general manager, or other senior management personnel that places the management of all or an important part of the Company's business in the person's charge.

**Article 83** The lists of candidates for directors and supervisors shall be proposed to the shareholders' meeting for voting.

When the shareholders' meeting votes to elect directors and supervisors, it can adopt a cumulative voting system according to the Articles of Association or a resolution of the shareholders' meeting. When a shareholders' meeting elects two or more independent directors, the cumulative voting system shall be adopted.

The term cumulative voting system referred to in the preceding paragraph shall mean that when the shareholders' meeting elects directors or supervisors, each share has voting rights equivalent to the number of directors or supervisors to be elected, and the voting rights of a shareholder may be collectively exercised. The board of directors shall publicly announce to the shareholders the resumes and basic circumstances of the candidates for directors and supervisors. Except for issues involving privacy, the directors and supervisors shall truthfully make their statements; however, the shareholders may not disclose their details to any third party. The candidates for directors and supervisors must have the professional qualifications required by laws and regulations, the Hong Kong Listing Rules, and the securities regulatory authority of the place where the Company's shares are listed, as well as the level of professional expertise and knowledge required to perform their duties.

**Article 84** The shareholders' meeting will vote on all proposals item by item, except for proposals under the cumulative voting system, and if there are different proposals on the same issue, the proposals will be voted according to the sequence in which they were submitted. The shareholders' meeting will not set aside or withhold voting on the proposals, except when the shareholders' meeting is suspended or unable to reach a resolution due to special reasons such as force majeure.



**Article 85** When a proposal is reviewed at a shareholders' meeting, no modifications may be made to the proposal; otherwise, the modification in question should be deemed to be a new proposal and cannot be voted on at this shareholders' meeting.

**Article 86** If a network or other means of voting is set up, one voting right can be exercised once through one method of on-site, Internet voting or any other means of voting. The first voting result shall prevail in the event of a duplicate voting for the same voting right.

**Article 87** The shareholders' meeting shall vote by open ballot.

**Article 88** Before the shareholders' meeting votes on a proposal, two representatives of shareholders shall be elected to participate in the counting and monitoring of the cast of ballots. In case any matter to be reviewed has any relation with any shareholder, neither the related shareholder nor his/her proxy shall participate in the counting or monitoring of the cast of ballots.

When the shareholders' meeting votes on a proposal, the lawyers (if any), representatives of shareholders and supervisors shall be jointly responsible for the counting and monitoring of votes and shall announce the voting results on the spot. The voting results shall be recorded in the minutes.

The Company's shareholders or their proxies who vote via the Internet or by any other means (if any) are entitled to check their own voting results through the corresponding voting system.

**Article 89** The on-site shareholders' meeting shall end no earlier than the Internet or other means (if any), and the presiding officer of the meeting shall announce the voting and results of each proposal and declare whether the proposal has been adopted or not based on the voting results.

Prior to the formal announcement of the voting results, the relevant parties involved in the shareholders' meeting by on-site, online and other voting means (if any), such as the Company, the tellers, the scrutineers, the major shareholders, and the network service provider (if any), shall be under a duty of confidentiality with respect to the voting.

**Article 90** The shareholders (except for those holding shares through Hong Kong Securities Clearing Company Limited and HKSCC Nominees Limited) attending the shareholders' meeting shall deliver any of the following opinions on any proposal put forward for voting: affirmative, negative or abstention. The securities depository and clearing organization shall be the nominee holder of the shares under the Transaction Interconnection Mechanism for the Mainland and Hong Kong Stock Markets, except where declarations are made in accordance with the actual holder's intention.

Where any ballot is not filled in, wrongly filled in or unintelligible or has no vote recorded, the voter shall be deemed to have waived his/her voting rights and the voting result of his/her shares shall be deemed as an "abstention".

**Article 91** Where the meeting host has any doubts on the resolution result submitted for voting, he/she may organize a recounting of the cast votes. Where the meeting host has not yet counted the votes, shareholders or their proxies attending the meeting who object to the result announced by the meeting host may request a recounting of the votes after the announcement of the voting result, and the meeting host shall immediately organize for a recounting of votes.



**Article 92** Resolutions of the shareholders' meeting shall be announced in a timely manner. The announcement shall specify the number of shareholders and shareholder proxies attending the meeting, the total number of shares with voting rights they hold and their proportion to the total number of voting shares in the Company, the method of voting, the voting result for each proposal and details of each resolution passed.

**Article 93** Where a resolution is not passed, or a resolution made at a previous shareholders' meeting is modified at the shareholders' meeting, a special note shall be included in the resolution of the shareholders' meeting.

**Article 94** Where any proposal for the election of a director or supervisor is adopted at a meeting, the newly elected director or supervisor shall take office on date which the resolution of the shareholders' meeting is passed.

**Article 95** Where a shareholders' meeting adopts a proposal to pay cash dividends, gift shares or convert capital reserve funds into share capital, the Company shall implement the specific plan within two months of the closing of the shareholders' meeting.

## **CHAPTER 5 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 96** The Company's directors are natural persons. A natural person shall not serve as a company director if any of the following circumstances applies:

- (1) a person without civil capacity or with restricted civil capacity;
- (2) a person who has been sentenced due to corruption, bribery, embezzlement or misappropriation of property or sabotaging the socialist market economic order, with less than five years have elapsed since the completion date of the execution of the penalty, or deprived of his/her political rights due to any crime, with less than five years have elapsed since the completion date of the execution of the penalty, or granted a probation, with less than two years have elapsed since the completion date of the probation period;
- (3) a former director, factory director, manager of a company or enterprise which has been bankrupt or liquidated, whereby he/she was personally responsible for the bankruptcy of such company or enterprise, and less than three years have elapsed since the date of completion of the bankruptcy or liquidation of such company or enterprise;
- (4) a former legal representative of a company or enterprise, but the business license of this company or enterprise was revoked or this company or enterprise was ordered to close due to a violation of the law, whereby he/she was personally responsible for the revocation or closure, and less than three years have elapsed since the date of the revocation of the business license or the order to close;
- (5) a person who has failed to repay a relatively large amount of his/her due and unpaid debts, and has been listed as a dishonest person subject to enforcement by the people's court;
- (6) a person who has been prohibited from entering into securities market by CSRC, and the period has not expired;

- (7) a person who has been publicly determined by the Stock Exchanges to be not suitable to serve as a director or senior management personnel of a listed company, and the period has not elapsed;
- (8) other circumstances required by the applicable law, administrative regulations, departmental rules, other normative documents, the Hong Kong Listing Rules, and other securities regulatory rules of the place where the shares of the Company are listed.

In the case of an election or appointment of a director in contravention of this Article, such election, appointment or engagement shall be invalid. If any of the circumstances stated in this Article occurs during the term of office of a director, the Company shall remove such director from office and cease his/her duties.

**Article 97** Director shall be elected or replaced by a shareholders' meeting, and may be removed by an ordinary resolution adopted by a shareholders' meeting before the expiry of his/her term of office (such removal shall not affect a claim by that director for damages under any contract). Each term of office of a director shall be 3 years. Upon expiry of a director's term of office, he/she may be re-elected.

The term of office of a director shall be calculated from the date he/she takes up the appointment until the current term of office of the board of directors expires. If a director is not yet subject to re-election upon expiry of his/her term of office, before the newly elected director takes up appointment, the original director shall still carry out his/her duties according to the law, administrative regulations, departmental rules, and the Articles of Association.

The general manager or other senior management personnel can concurrently hold the position of director. However, the aggregate number of directors concurrently serving as general manager or other senior management personnel may not exceed 1/2 of the total number of directors.

The board of directors will not have staff representative director.

**Article 98** A director shall comply with the laws, administrative regulations and the Articles of Association, with a duty of loyalty to the Company. He/she shall take steps to avoid his/her own interests conflicting with the Company's interests and may not take advantage of position to seek improper benefits.

A director owes the following duties of loyalty to the Company:

- (1) he/she may not embezzle the Company's property or misappropriate the Company's funds;
- (2) he/she may not use his/her own name or other people's names to open accounts to deposit the Company's funds;
- (3) he/she may not take advantage of position to offer bribery or receive other illegal income;
- (4) he/she may not, directly or indirectly, enter into contracts or trade with the Company without reporting to the board of directors or shareholders' meeting and being approved by the board of directors or shareholders' meeting in accordance with the Articles of Association;

- (5) he/she may not take advantage of position to seek business opportunities belonging to the Company for himself/herself or other people, except if reporting to the board of directors or shareholders' meeting and being approved by resolution at the shareholders' meeting, or if, according to the laws, administrative regulations or the Articles of Association, the Company cannot use such opportunity;
- (6) he/she may not engage in the same type of business as that of the Company for himself/herself or other persons without reporting to the board of directors or shareholders' meeting, and after being approved by resolution at the shareholders' meeting;
- (7) he/she may not accept commissions on transactions between other persons and the Company as his/her own;
- (8) he/she may not unilaterally disclose the Company's secrets;
- (9) he/she may not make use of related-party relationship to damage the Company's interests;
- (10) other duties of loyalty stated in the law, administrative regulations, departmental rules, Hong Kong Listing Rules, and other securities supervision regulations of the place where the Company's shares are listed, and the Articles of Association.

Any income obtained by a director in violation of this Article should belong to the Company. In case it has caused losses to the Company, he/she should be responsible for compensation.

When a close relative of a director or senior executive, an enterprise directly or indirectly controlled by a director, senior executive or his/her close relative, or a related party having other related-party relationship with a director or senior executive, enters into a contract or carries out transaction with the Company, the requirement of Item (4), paragraph 2 of this Article applies.

**Article 99** A director shall comply with the laws, administrative regulations, and the Articles of Association, with a duty of diligence towards the Company. When performing duties, he/she shall exercise reasonable care as a manager for the best interest of the Company.

A director owes the following duties of diligence towards the Company:

- (1) prudently, earnestly and diligently exercise his/her rights conferred by the Company in order to ensure that the business activities of the Company comply with the requirements of the State laws, administrative regulations and various national economic policies, and the business activities cannot exceed the scope of activities specified in the business license;
- (2) treat all shareholders fairly;
- (3) understand the business operation and management circumstances of the Company in a timely manner;
- (4) sign and endorse the regular reports of the Company. He/she should ensure the truthfulness, accuracy and completeness of information disclosed by the Company;

- (5) provide the relevant information and materials to the board of supervisors truthfully, and should not obstruct the board of supervisors or the supervisors from exercising their functions and powers;
- (6) ensure that he/she has adequate time and energy to participate in the affairs of the Company, and make prudent judgment on the risks and benefits that may arise from the matters being deliberated; in principle, he/she should attend the board meeting in person, but if he/she authorizes another director to attend the meeting on his/her behalf, he/she should select the proxy prudently, the authorized matters and decision-making intent should be specific, and he/she should not entrust the proxy with sole discretion;
- (7) pay attention to the business status and other matters of the Company and timely report to the board of directors of relevant issues and risks, and should not claim exemption of liability on the grounds that he/she is not familiar with the Company's business or does not understand the relevant matters;
- (8) actively promote the standardized operation of the Company, promptly correct the irregularities of the Company, and support the performance of social responsibilities by the Company;
- (9) other duties of diligence stipulated in the law, administrative regulations, departmental rules, Hong Kong Listing Rules, and other securities supervision regulations of the place where the Company's shares are listed, and the Articles of Association.

**Article 100** Where a director neither attends two consecutive board meetings nor entrusts another director to attend the board meetings, he/she shall be deemed unable to perform his/her duties, and the board of directors shall propose to the shareholders' meeting to replace the director.

**Article 101** A director may resign prior to the expiration of his/her term. A resigning director shall submit a written resignation report to the board of directors. The Company will disclose relevant information within two trading days.

If the number of members on the board of directors falls below the minimum legal requirement as a result of a director's resignation, before a newly elected director commences the appointment, the original director shall still carry out his/her duties according to the law, administrative regulations, departmental rules, and the Articles of Association.

Except as specified in the preceding paragraph, the resignation of a director shall become effective when his/her resignation report is delivered to the board of directors.

**Article 102** The Company shall set up a management system for the departure of directors, clearly specifying measures to ensure accountability and compensation concerning public commitments which have not been completed and other uncovered matters. When the resignation of a director takes effect or his/her term of office expires, he/she shall complete all handover procedures with the board of directors. His/her duty of loyalty towards the Company and the shareholders will not be released after the termination of his/her term of office, which is still effective within a reasonable period specified by the Articles of Association. His/her duty to keep the Company's trade secrets confidential will still be valid after the termination of his/her term of office until those secrets become public information. The responsibility of a director due to performance of his/her duties during the term of office will not terminate or be discharged due to leave of office.

**Article 103** A shareholders' meeting may resolve to remove a director. The removal takes effect on the date of the resolution made. If, without proper reason, a director is removed before expiry of term of office, he/she may request compensation from the Company.

**Article 104** Unless otherwise specified in the Articles of Association or legally authorized by the board of directors, no director shall represent the company or the board of directors to act in his/her own name. When a director acts in his/her own name, but a third party reasonably thinks that the director acts on behalf of the Company or the board of directors, the director shall declare in advance his position and capacity.

**Article 105** When a director performs his/her duties in the Company, causing harm to others, the Company shall be liable for compensation. If a director is intentional or has gross negligence, he/she shall also be liable for compensation. If a director contravenes the law, administrative regulations, departmental rules or the Articles of Association in performing his duties, thereby causing losses to the Company, he/she shall be responsible for compensating.

## **Section 2 Independent Directors**

**Article 106** The Company should have independent directors. Matters such as the qualification, nomination and election procedures, term of office, resignation and authorities of the independent directors shall be implemented in accordance with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed. An independent director is a director who does not hold any position other than director in the Company and who does not have any relationship with the Company or its major shareholders that could prevent him/her from exercising independent and objective judgment.

**Article 107** The Company shall have independent directors among the members of the board of directors. The number of independent directors shall be no less than 1/3 of the board of directors and no less than 3, and at least one independent director must have appropriate professional qualifications complying with the supervisory requirements or have appropriate accounting or related financial management expertise.

**Article 108** The term of office of the independent directors is the same as that of other directors. Upon expiration of his/her term, he/she may be re-elected.

**Article 109** The Company shall formulate a working system for independent directors, specifying the qualification, nomination, election and replacement, as well as rights and obligations of independent directors, subject to approval of the shareholders' meeting.

**Article 110** The independent directors should perform their duties independently, and should not be influenced by the Company's major shareholders, the actual controlling persons, or other entities or individuals that have an interest in the Company, its major shareholders, or the actual controlling persons. They shall play a role of participation in decision-making, supervision and checks and balances and professional consultancy in the board of directors, safeguard the Company's overall interests and protect the legitimate rights and interests of minority shareholders.

An independent director shall ensure that he/she has sufficient time and energy to perform his/her duties effectively.

**Article 111** Independent directors shall perform their duties seriously pursuant to the provisions of laws, administrative regulations, the CSRC, the stock exchange and the Articles of Association, play a role of participation in decision-making, supervision and checks and balances and professional consultancy in the board of directors, safeguard the Company's overall interests and protect the legitimate rights and interests of minority shareholders.

**Article 112** Independent directors shall maintain their independence. The following persons shall not be appointed as independent directors:

- (1) persons who hold posts in the Company or its affiliates and their spouses, parents, children and main social relations;
- (2) natural person shareholders who hold 1% or more of the Company's issued shares directly or indirectly or who rank in the top 10 shareholders of the Company and their spouses, parents and children;
- (3) persons who hold posts in shareholders who hold 5% or more of the Company's issued shares directly or indirectly or who rank in the top five shareholders of the Company and their spouses, parents and children;
- (4) persons who hold posts in affiliates of the Company's controlling shareholder or actual controller and their spouses, parents and children;
- (5) persons who have significant business dealings with the Company and its controlling shareholder, actual controller or their respective affiliates, or persons who hold positions in organizations which have significant business dealings with the Company and its controlling shareholder or actual controller;
- (6) persons who provide financial, legal, advisory, sponsorship services etc. to the Company and its controlling shareholder, actual controller or their respective affiliates, including but not limited to all members of engagement team of an intermediary providing services, all levels of reviewers, persons signing the report, partners, directors, senior management personnel and principals;
- (7) persons who fell under the circumstances of item (1) to item (6) during the past 12 months;
- (8) any other non-independent personnel stipulated by laws, administrative regulations, the provisions of the CSRC, business rules of the stock exchanges and the Articles of Association.

Affiliates of the Company's controlling shareholder or actual controller referred to in item (4) to item (6) of the preceding paragraph shall exclude enterprises which are controlled by the same State-owned assets management agency as the Company and are not related to the Company pursuant to the relevant provisions.

Independent directors shall conduct annual self-examination of independence and submit the self-examination findings to the board of directors. The board of directors shall evaluate the independence of incumbent independent directors annually, issue a specific opinion and disclose the same simultaneously with the annual report.



**Article 113** A person appointed as an independent director of the Company shall satisfy the following criteria:

- (1) possessing the qualifications to act as an independent director of a listed company pursuant to laws, administrative regulations and other relevant provisions;
- (2) satisfying the independence requirements stipulated in the Articles of Association;
- (3) possessing basic knowledge of operation of listed companies and being familiar with the relevant laws, regulations and rules;
- (4) having five or more years of work experience in legal, accounting or economics required for performance of the duties of independent director;
- (5) having good moral character, without bad records of significant dishonest conduct;
- (6) any other criteria stipulated by laws, administrative regulations, the provisions of the CSRC, business rules of the stock exchange and the Articles of Association.

**Article 114** Independent directors shall, as members of the board of directors, bear the obligations of loyalty and diligence towards the Company and all its shareholders and perform the following duties prudently:

- (1) participating in decision-making by the board of directors and issuing specific opinions on the deliberated matters;
- (2) supervising the potential significant conflict of interests between the Company and its controlling shareholders, actual controllers, directors, senior management personnel, and protecting the legitimate rights and interests of minority shareholders;
- (3) providing professional and objective suggestions on the Company's business development, and promoting the improvement of the decision-making level of the board of directors;
- (4) any other duties stipulated by laws, administrative regulations, the provisions of the CSRC and the Articles of Association.

**Article 115** Independent directors shall exercise the following special powers:

- (1) independently engaging intermediaries to carry out audit, advisory or verification of the Company's specific matters;
- (2) proposing to the board of directors on convening of an extraordinary shareholders' meeting;
- (3) proposing to convene a board meeting;
- (4) openly soliciting shareholder's rights from shareholders pursuant to the law;
- (5) issuing independent opinions on matters which may harm the rights and interests of the Company or minority shareholders;



- (6) any other powers stipulated by laws, administrative regulations, the provisions of the CSRC and the Articles of Association.

An independent director exercising the powers stipulated in item (1) to item (3) of the preceding paragraph shall obtain the consent of more than half of all the independent directors.

Where an independent director exercises the powers stipulated in the first paragraph, the Company shall promptly make disclosure. Where the powers are unable to be exercised, the Company shall disclose the specific circumstances and reason.

**Article 116** The following matters shall, upon consent by more than half of all the independent directors of the Company, be tabled at the board of directors for deliberation:

- (1) connected transactions which shall be disclosed;
- (2) plan for change or waiver of undertaking by the Company and the relevant parties;
- (3) decisions made and measures adopted by the board of directors of the target listed company in respect of the acquisition;
- (4) any other matters stipulated by laws, administrative regulations, the provisions of the CSRC and the Articles of Association.

**Article 117** The Company shall establish a mechanism for specialized meetings attended solely by independent directors. Where the board of directors deliberates on related-party transactions etc., the approval shall be obtained at a specialized meeting of independent directors.

The Company shall hold specialized meetings of independent directors on a regular or ad hoc basis. The matters stipulated in item (1) to item (3) of the first paragraph of Article 115, and Article 116 of the Articles of Association shall be deliberated by a specialized meeting of the independent directors.

A specialized meeting of independent directors may study and discuss other matters of the Company where necessary.

A specialized meeting of independent directors shall be convened and chaired by an independent director jointly elected by more than half of independent directors; where the convener does not or is unable to perform his/her duties, two or more independent directors may convene a meeting and elect a representative to chair the meeting.

Minutes shall be prepared for specialized meeting of independent directors pursuant to the provisions, stating the opinions of the independent directors. The independent directors shall sign on the minutes for confirmation.

The Company shall provide convenience and support for holding of specialized meetings of independent directors.

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

**Article 118** The Company shall have a board of directors.

**Article 119** The board of directors shall consist of 9 directors. The board of directors shall have one chairman. The board of directors shall consist of executive directors, non-executive directors and independent directors.

**Article 120** The board of directors shall exercise the following functions and powers:

- (1) convene shareholders' meeting, and report to the shareholders' meeting on its work;
- (2) implement resolutions of the shareholders' meeting;
- (3) determine the operational plans and investment programs of the Company;
- (4) review and approve the Company's proposed annual financial budgets and final accounts;
- (5) prepare the Company's profit distribution plans and loss compensation plans;
- (6) prepare plans for increasing or reducing the Company's registered capital, for issuing bonds or other securities as well as for the listing of the Company;
- (7) prepare plans concerning the Company's significant acquisition, merger, division, spin-off, dissolution, voluntary winding-up, liquidation or change of the Company's corporate form;
- (8) prepare plans concerning the Company's share buyback as described in Article 24 paragraph 1 (1) and (2) of the Articles of Association;
- (9) make resolutions concerning the Company's share buyback as described in Article 24 paragraph 1 (3), (5) and (6) of the Articles of Association;
- (10) within the scope authorized by the shareholders' meeting, decide the Company's external investment, purchase and sale of assets, pledge of assets, external guarantee, appointment to manage wealth and connected transactions, etc.;
- (11) decide to establish the Company's internal management organizations;
- (12) appoint or dismiss the Company's general manager and secretary to the board of directors, and decide on their remuneration, reward and punishment; according to the general manager's nomination, appoint or dismiss senior management personnel such as deputy general manager or chief financial officer, and decide on their remuneration, reward and punishment;
- (13) prepare the Company's basic management system;
- (14) prepare plans on any amendment to the Articles of Association;
- (15) manage the Company's information disclosure;
- (16) propose to the shareholders' meeting on the appointment or replacement of the accounting firms that make regular and statutory audits of the Company's financial reports;

- (17) hear the general manager's work report and inspect the general manager's work;
- (18) other functions as conferred by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and other securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or shareholders' meeting.

Matters beyond the scope of such authorization shall be submitted to the shareholders' meeting for consideration.

**Article 121** The board of directors of the Company shall establish an audit committee, a remuneration and appraisal committee and a nomination committee, and may establish other relevant special committees based on needs. Special committees shall be responsible to the board of directors, perform duties in accordance with the Articles of Association and the authorization of the board of directors, and submit proposals to the board of directors for deliberation and decision. Each special committee shall be composed entirely of directors. In particular:

The audit committee shall be composed entirely of non-executive directors and shall have at least three members, including at least one independent director who meets the relevant supervisory requirements with appropriate professional qualification or has appropriate accounting or relevant financial management expertise. The audit committee shall comprise a majority of independent directors, and the chairman (or convener) of the audit committee shall be an independent director.

The nomination committee shall comprise a majority of independent directors, and the chairman (or convener) of the nomination committee shall be an independent director or the chairman of the board of directors.

The remuneration and appraisal committee shall comprise a majority of independent directors, and the chairman (or convener) of the remuneration and appraisal committee shall be an independent director.

The chairman (or convener) of each special committee will be appointed or dismissed by the board of directors.

The board of directors shall be responsible for formulating the procedural rules and working procedures of the special committees, stipulating the composition, authority, procedures and other matters of the special committees, and regulating the operation of the special committees.

**Article 122** The nomination committee shall be responsible for formulation of selection criteria and procedures for directors and senior management personnel, conduct selection and examination of candidates for directors and senior management personnel and their appointment qualifications and make recommendations to the board of directors on the following matters:

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

Where the board of directors does not adopt or does not fully adopt the recommendation of the nomination committee, it shall record in a board resolution the opinions of the nomination committee and the specific reason for non-adoption and disclose the same.

**Article 123** The remuneration and appraisal committee shall be responsible for formulation of appraisal standards and performance appraisal for directors and senior management personnel, formulate and examine remuneration decision mechanism, decision-making procedures, payment and stop-payment recourse arrangements and other remuneration policies and schemes for directors and senior management personnel and make recommendations to the board of directors on the following matters:

- (1) remuneration of directors and senior management personnel;
- (2) formulation or change of share option incentive plan or employee stock ownership plan; achievement of grant of share options to and exercise of share options by participants of share option incentive scheme;
- (3) arrangement of shareholding plan for the subsidiary proposed to be split by the directors and senior management personnel;
- (4) any other matters stipulated by laws, administrative regulations, the rules of CSRC and the Articles of Association.

Where the board of directors does not adopt or does not fully adopt the recommendation of the remuneration and appraisal committee, it shall record in a board resolution the opinions of the remuneration and appraisal committee and the specific reason for non-adoption and disclose the same.

**Article 124** The board of directors of the Company shall explain to the shareholders' meetings regarding the non-standard auditors' advice given by a certified accountant in respect of the financial report of the Company.

**Article 125** The board of directors shall formulate the Rules of Procedure for Meetings of the Board of Directors, to ensure the implementation by the board of directors of the resolutions of the shareholders' meetings, higher work efficiency and scientific decision-making.

**Article 126** The board of directors should establish stringent examination and decision-making procedures by setting the scope of authority for external investment, purchase and sale of assets, pledge of assets, external guarantee, appointment to manage wealth, connected transactions and external donations, etc., and organize relevant specialists or professional personnel to assess and examine any material investment projects, and report such investment projects to the shareholders' meetings for approval.

Subject to the laws, regulations and other provisions of the Articles of Association, the approval authority of the board of directors of the Company for transactions shall be in accordance with the relevant provisions of the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed.

**Article 127** The board of directors shall have one chairman. The chairman of the board of directors shall be elected by more than half of all the directors.

**Article 128** The chairman of the board of directors shall exercise the following functions and powers:

- (1) to preside over shareholders' meetings, and to convene and preside over meetings of the board of directors;

- (2) to supervise, urge and inspect the implementation of resolutions of the board of directors;
- (3) to organize and formulate various systems for the operation of the board of directors, and coordinate the operation of the board of directors;
- (4) to sign the shares certificates, corporate bonds and other valuable securities of the Company;
- (5) to propose the name list of general manager and secretary to the board of directors of the Company;
- (6) when a force majeure event such as a very serious natural disaster occurs, to exercise special disposal power, which complies with the law and in the interest of the Company, to deal with the Company's affairs, and thereafter to report to the board of directors and shareholders' meeting;
- (7) other functions and powers delegated by the board of directors.

**Article 129** If the chairman of the board of directors cannot or does not carry out his/her duties, the duties shall be performed by a director jointly nominated by more than half of the board of directors.

**Article 130** Meetings of the board of directors include regular meetings and extraordinary meetings.

The board of directors shall convene at least 4 times a year and once each quarter. Regular meetings are convened by the chairman of the board of directors. A written notice shall be sent to all directors and supervisors 14 days before the meeting is held and necessary information shall be provided 3 days before the meeting is held. Extraordinary meetings of the board of directors shall be convened by the chairman of the board of directors. A written notice shall be sent to all directors and supervisors 3 days before the meeting is held and necessary information shall be provided. In the event of emergency, if an extraordinary meeting of the board of directors is required to be convened as soon as possible, the meeting notice can at any time be made by telephone or other oral method. However, the convener should explain at the meeting.

**Article 131** The board of directors should convene an extraordinary meeting under one of the following circumstances:

- (1) shareholders representing more than 1/10 of the voting rights propose;
- (2) more than 1/3 of the directors propose;
- (3) the board of supervisors proposes;
- (4) more than 1/2 of the independent directors propose;
- (5) the chairman of the board considers necessary;
- (6) other circumstances as stipulated by the Articles of Association.

**Article 132** A notice of a board of directors meeting includes the following contents:

- (1) date and place of meeting;
- (2) duration of the meeting;
- (3) subject matter and topic;
- (4) date of issuance of notice;
- (5) contact person and contact details.

An oral meeting notice should at least include the above-mentioned items (1) and (2) and the explanation that due to emergency, an extraordinary board meeting needs to be convened as soon as possible.

**Article 133** After the written notice of a regular board of directors meeting is issued, if the time, place or other matters of the meeting need to be changed, or if the meeting topics need to be added, changed or cancelled, a written change notice should be issued 3 days in advance of the original meeting date in order to explain the situation and relevant contents and relevant materials of the new topics. If there are less than 3 days, the date of the meeting should be postponed correspondingly or the meeting will be convened as scheduled after approval by all attending directors.

After the notice of an extraordinary board of directors meeting is issued, if the time, place or other matters of the meeting need to be changed, or if the meeting topics need to be added, changed or cancelled, prior approval by all attending directors must be obtained and relevant minutes must be taken.

**Article 134** A board of directors meeting can be held only after exceeding half of the directors attend. Each director has one vote. When a board of directors makes a resolution, it must be passed by exceeding half of all the directors. When a director is connected with a board of directors resolution or related enterprise or individual, such director shall promptly submit a written report to the board of directors. A related director must not vote on that resolution, and cannot vote on behalf of other directors. That board meeting can be held only if exceeding half of the unrelated directors attend. Resolutions of the board of directors must be passed by exceeding half of the unrelated directors. If the number of unrelated directors attending the board meeting is less than three (3), the matter should be submitted to the shareholders' meeting for consideration.

**Article 135** The voting methods for passing a resolution at a board meeting are open ballot or by means of communication.

Resolutions may be passed at an extraordinary board meeting through means of communication provided that the directors are able to fully express their views and opinions. Such resolutions shall be signed by the directors present at the meeting.

If a substantial shareholder or a director is considered by the board of directors to be materially interested in the matter to be considered at the board meeting, the matter must be conducted by a board meeting (rather than by a written resolution). Independent non-executive directors (themselves and their close associates) who do not have a material interest in the transaction should attend the relevant board meeting.



**Article 136** Directors should attend the board meeting in person. If a director is, however, unable to attend due to any reason, he/she can appoint in writing another director to attend the meeting on his/her behalf. Independent directors cannot authorize non-independent directors to attend board meetings on their behalf. A director cannot accept the appointment of more than two other directors to attend a board meeting on their behalf. When considering matters related to connected transactions, an unconnected director cannot authorize a connected director to attend the meeting on his/her behalf.

The power of attorney should contain the name of the representative, the matters represented, scope of authority and valid period and should be signed or stamped by the person making the appointment.

The director representing another person at the board meeting should exercise the director's rights within the authorized scope. If a director does not attend a board meeting in person or by proxy, such director is deemed to abstain from voting in that meeting.

**Article 137** The board of directors should prepare minutes of decisions on matters discussed at the board meeting. The directors attending the meeting should sign on the minutes.

Minutes of board meetings are kept as a company file for not less than 10 years. If any director gives reasonable notice, relevant minutes of the board meeting shall be made available for inspection by that director at any reasonable time.

**Article 138** Minutes of a board meeting shall contain the following contents:

- (1) time and place of the meeting as well as the name of the convener;
- (2) names of directors attending the meeting and names of directors (proxies) appointed by other directors to attend;
- (3) agenda of the meeting;
- (4) main points of directors' speeches;
- (5) methods and results of voting on each resolution (the number of votes consenting, objecting and abstaining should be clearly set forth in the voting results);
- (6) other matters that the directors attending the meeting consider necessary to be recorded.

**Article 139** Directors should be responsible for resolutions of the board of directors. If a resolution of the board of directors is in violation of laws, regulations, the Articles of Association or resolutions of the shareholders' meeting, which causes losses to the Company, the directors who participated in the adoption of such resolution are responsible for compensating the Company. However, if a director can prove that he/she expressed his/her objection to the resolution and that such objection was recorded in the minutes, then this director can be exempted from such responsibility.

## **CHAPTER 6 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT PERSONNEL**

**Article 140** The Company shall have one general manager who is appointed or removed by the board of directors.

The Company shall have a deputy general manager who is appointed or removed by the board of directors.

The general manager, deputy general manager, chief financial officer, secretary of the board of directors and other persons recognized by the board of directors as senior management personnel shall be deemed as the Company's senior management personnel.

**Article 141** The circumstances stipulated in the Articles of Association regarding disqualification for the position of director and the departure management system also apply to senior management personnel. The provisions of the Articles of Association on duty of loyalty and duty of diligence of directors also apply to senior management personnel.

**Article 142** Any person holding a post, other than a director or supervisor, in the organization of the controlling shareholder or the actual controller of the Company cannot hold the position of senior management personnel of the Company.

The senior management personnel receive salary only from the Company, and the salary of the senior management personnel is not paid by the controlling shareholder on behalf of the Company.

**Article 143** Each term of service for the general manager is 3 years. The general manager may serve consecutive terms upon re-appointment.

**Article 144** The general manager is responsible to the board of directors and exercises the following functions and powers:

- (1) be in charge of the Company's production, operation and management, implement decisions of the board of directors and report his/her work to the board of directors;
- (2) implement the Company's annual operation plans and investment plans;
- (3) draft the Company's internal management structure plan;
- (4) draft the Company's basic management system;
- (5) set down the Company's specific rules and regulations;
- (6) propose the board of directors to appoint or remove deputy general manager, chief financial officer and other senior management personnel;
- (7) appoint or remove management personnel other than those required to be appointed or removed by the board of directors;
- (8) review and approve other connected transactions outside the approval scope of the board of directors or shareholders' meeting;

- (9) determine the salary, welfare, rewards and punishment for the Company's staff, and decide on the employment and removal of the Company's staff;
- (10) decide on other external investment, asset acquisition and sale, asset mortgage and pledge, external guarantee, entrusted management of wealth and connected transactions, except for transactions subject to approval of the shareholders' meeting or the board of directors in accordance with the Articles of Association;
- (11) other functions authorized by the Articles of Association or the board of directors.

**Article 145** The general manager shall be present at the meetings of the board of directors. The general manager who is not a director of the Company has no voting rights at the meetings of the board of directors.

**Article 146** The general manager shall formulate his/her working rules, which shall come into effect upon approval by the board of directors.

**Article 147** The working rules of general manager shall contain the following:

- (1) conditions for the convening of and the procedure for the general manager's meeting, and the personnel to attend the meeting;
- (2) specific duties and division of work of the general manager and other senior management personnel;
- (3) the authority to utilize the Company's funds and assets and to enter into material contracts, and the reporting system to the board of directors and the board of supervisors;
- (4) other matters which the board of directors considers necessary.

**Article 148** The Company's general manager shall comply with the law, administrative regulations, and the Articles of Association, and shall perform his/her duties of loyalty and diligence. In the event that the general manager ceases to engage in the Company's business due to discharge, resignation, removal or other reasons, and the Company agrees to pay the general manager according to his/her average income in the previous year, the general manager shall not, during the period of time paid by the Company, hold any post in any other company that may be in competition with the Company's business or provide other companies with consulting help or advice.

**Article 149** The general manager may resign from office before the expiration of his/her term of service. The specific procedure and method for the general manager's resignation shall be specified in the employment contract entered into between the general manager and the Company.

**Article 150** The deputy general manager shall assist the general manager and be responsible to the general manager, take charge of other relevant matters as delegated by the general manager, and sign and issue relevant business documents within his/her scope of duties. If the general manager is unable to exercise his/her duties, the deputy general manager can be delegated by the general manager to exercise the duties of the general manager.

**Article 151** The Company shall have a secretary to the board of directors, who shall be responsible for the preparation of shareholders' meetings and board of directors' meetings, document keeping, management of shareholders' information of the Company and handling information disclosure matters, etc.

The secretary to the board of directors shall comply with the law, administrative regulations, departmental rules, and the Articles of Association.

**Article 152** When a senior management performs his/her duties in the Company, causing harm to others, the Company shall be liable for compensation. If a senior management is intentional or has gross negligence, he/she shall also be liable for compensation. If a senior management violates the law, administrative regulations, departmental rules, Hong Kong Listing Rules or other securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association in the performance of his/her duties to the Company, thereby causing losses to the Company, he/she shall be liable to compensate.

**Article 153** The Company's senior management personnel shall faithfully carry out their duties and safeguard the best interests of the Company and all shareholders. If a senior management fails to faithfully carry out his/her duties or violates his/her duty of good faith, thereby causing losses to the interests of the Company and the shareholders of the public society, he/she shall be liable to compensate according to the laws.

## **CHAPTER 7 BOARD OF SUPERVISORS**

### **Section 1 Supervisors**

**Article 154** The relevant provisions in the Articles of Association regarding disqualification for appointment as a director shall also apply to supervisors. Directors, the general manager and other senior management personnel cannot concurrently serve as supervisors.

**Article 155** A supervisor shall comply with the law, administrative regulations, Hong Kong Listing Rules, and other securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association. A supervisor has duties of loyalty and diligence towards the Company. He/she shall not make use of his/her position to receive any bribe or other illegal income, nor shall he embezzle any of the Company's assets.

**Article 156** Each term of service of a supervisor is 3 years. Upon expiration of a supervisor's term of service, he/she can be re-elected.

**Article 157** If a new supervisor is not yet appointed upon expiry of the term of service of a supervisor, or if a supervisor resigns during his/her term of service, leading to the number of members in the board of supervisors falling below the statutory number, before the newly appointed supervisor takes up his/her appointment, the original supervisor shall still carry out his/her duties according to the law, administrative regulations, and the Articles of Association.

**Article 158** A supervisor should ensure that the information disclosed by the Company is true, accurate and complete. He/she should also sign a written confirmation opinion on the regular report.

**Article 159** A supervisor may attend board of director's meetings. He/she can question or make suggestions regarding proposed resolutions at the meeting.

**Article 160** A supervisor must not make use of his/her connected relations to damage the Company's interests. If he/she causes losses to the Company, he/she shall be liable to compensate.

**Article 161** If a supervisor contravenes the law, administrative regulations, departmental rules, or the Articles of Association while performing his/her duties to the Company, resulting in losses to the Company, he/she shall be liable to compensate.

## **Section 2 Board of Supervisors**

**Article 162** The Company shall have a board of supervisors. The board of supervisors shall consist of 3 supervisors. The board of supervisors has one chairman. The chairman shall be elected by exceeding half of all the supervisors. The chairman convenes and presides over meetings of the board of supervisors. If the chairman is unable to or fails to carry out his/her duties, a majority of the supervisors shall nominate a supervisor to convene and preside over the meeting.

The board of supervisors should include shareholders' representatives and an appropriate proportion of the Company's staff representatives. The proportion of the staff representative should not be less than one third. The staff representatives in the board of supervisors shall be democratically elected by the staff of the Company through the staff representatives' meeting, staff meeting or other means.

**Article 163** The board of supervisors exercises the following functions and powers:

- (1) review and provide written opinions on the Company's periodical reports prepared by the board of directors;
- (2) check the Company's financial status;
- (3) monitor the performance of duties to the Company by directors and senior management personnel, and propose to remove directors or senior management personnel who have violated the law, administrative regulations, Hong Kong Listing Rules, other securities supervision regulations of the place where the Company's shares are listed, the Articles of Association or resolutions of shareholders' meetings;
- (4) require directors or senior management personnel to correct their actions that damage the Company's interests;
- (5) propose to convene extraordinary shareholders' meetings, and convene and preside over a shareholders' meeting when the board of directors does not convene or preside over a shareholders' meeting as required by the Company Law;
- (6) present proposals to the shareholders' meeting;
- (7) initiate litigation against directors and senior management personnel in accordance with the Company Law;
- (8) conduct investigations upon discovering abnormalities in the operations; if necessary, hire professional firms such as accounting firms or law firms to assist with its work at the expense of the Company;

- (9) other duties prescribed by the law, administrative regulations, departmental rules, Hong Kong Listing Rules, other securities supervision regulations of the place where the Company's shares are listed, the Company's Articles of Association, or authorized by the shareholders' meeting.

**Article 164** Meetings of the board of supervisors include regular meetings and extraordinary meetings.

Regular meetings of the board of supervisors should be convened once every 6 months. Under any of the following circumstances, the board of supervisors should convene an extraordinary meeting within 10 days:

- (1) any supervisor proposes to convene an extraordinary meeting;
- (2) the shareholders' meeting or the board meeting has passed a resolution which violates the laws, regulations, departmental rules, Hong Kong Listing Rules, other securities supervision regulations of the place where the Company is listed, the Articles of Association, the resolution of a shareholders' meeting or other relevant provisions;
- (3) the improper conduct of the directors and senior management personnel may cause great damage to the Company or cause adverse impact on the market;
- (4) the shareholders file a lawsuit against the Company, its directors, supervisors, or senior management personnel;
- (5) the Company, its directors, supervisors, or senior management personnel are punished by the securities regulatory authorities or condemned by the stock exchange;
- (6) other circumstances as required by the Articles of Association.

Resolutions of the board of supervisors should be adopted by more than half of all the supervisors.

**Article 165** The board of supervisors shall formulate the Rules of Procedure for Meetings of the Board of Supervisors and specify the discussion methods and voting procedures of the board of supervisors, to ensure its working efficiency and scientific decision-making.

The Rules of Procedure for Meetings of the Board of Supervisors shall be included in the Articles of Association or annexed to the Articles of Association and shall be prepared by the board of supervisors and approved by a shareholders' meeting.

**Article 166** The board of supervisors should maintain the minutes of its decisions on the matters under consideration. Supervisors present at the meeting should sign the minutes of the meeting.

Supervisors should have the right to require the minutes to record the explanatory statements for their speeches made at the meeting. The minutes of the board of supervisors' meetings should be kept in the Company's archives for at least 10 years.



**Article 167** A notice of the meeting of the board of supervisors shall include the following:

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

## **CHAPTER 8 FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT**

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

**Article 168** The Company should formulate the financial accounting system according to the law, administrative regulations, and the rules of relevant state departments. If the Hong Kong Listing Rules or the rules of securities regulatory authorities at the place where the Company's shares are listed provide otherwise, the rules shall prevail.

**Article 169** The Company should prepare an annual financial accounting report within 4 months after the end of each accounting year. A half-yearly financial accounting report should be prepared within 2 months after the end of the first 6 months of each accounting year.

The above financial accounting reports should be prepared according to the relevant law, administrative regulations, department rules, the Hong Kong Listing Rules, and other securities regulatory rules of the place where the Company's shares are listed.

**Article 170** Other than the legally prescribed accounting books, the Company should not establish another accounting book. The Company's funds will not be deposited in an account opened in the name of any individual.

**Article 171** After the Company is distributing the after-tax profits of the year, it should allocate 10% of the profits as the Company's statutory reserve fund. If the Company's accumulative statutory reserve fund exceeds 50% of the registered capital of the Company, no further allocation is required.

If the Company's statutory reserve fund is not sufficient to compensate for the Company's losses in the previous year, such losses should first be compensated for before the allocation mentioned in the preceding paragraph is made.

After the Company has allocated the statutory reserve fund from the after-tax profits, if resolved by the shareholders' meeting, it may also allocate a discretionary reserve fund from the after-tax profits.

After the Company has made up losses and allocated reserves, the balance of the after-tax profits should be distributed in proportion to the shares held by shareholders, unless the Articles of Association provide otherwise.

If the shareholders' meeting contravenes the provisions of the preceding paragraph, and distributes the profits of the Company to shareholders before losses have been made up and statutory reserves have been allocated, the profits distributed in violation of the provisions must be returned to the Company. If losses have been incurred as a result of such distribution, the shareholders and the responsible directors, supervisors, and senior managers shall be liable for compensation.

Shares of the Company held by its own do not participate in profit distribution.

**Article 172** The Company's reserve fund is for the purposes of loss compensation, business expansion, or registered capital increase.

When the reserve fund is used to compensate the Company's losses, the discretionary reserve fund and statutory reserve fund should be used first. If these fail, the capital reserve fund may be used according to the regulations.

When the statutory reserve fund is converted into the increased registered capital, the remaining balance of the reserve fund cannot be less than 25% of the Company's registered capital prior to the conversion.

**Article 173** After the shareholders' meeting of the Company has resolved on the profit distribution plan, the board of directors of the Company should complete the distribution of dividend (or bonus shares) within 2 months of the meeting.

**Article 174** The Company's profit distribution policy is to distribute dividend in cash or stock according to its actual operation performance in that year and in accordance with applicable law, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed.

## **Section 2 Internal Audit**

**Article 175** The Company shall implement an internal audit system, specifying leadership system, duties and limit of authority, staffing, budget assurance, application of audit findings and accountability etc. for internal audit work. The internal audit system of the Company shall be implemented upon approval by the board of directors and disclosed to external parties.

**Article 176** The internal audit body of the Company shall supervise and inspect the Company's business activities, risk management, internal control, financial information etc.

**Article 177** The internal audit body shall be responsible to the board of directors. The internal audit body shall, in the course of supervision and inspection of the Company's business activities, risk management, internal control, financial information, accept supervision and guidance of the audit committee. Upon discovery of the relevant significant issues or clues, the internal audit body shall forthwith report directly to the audit committee.

**Article 178** The internal audit body shall be responsible for organizing implementation of the Company's internal control appraisal. The Company shall issue an annual internal control appraisal report based on the appraisal report issued by the internal audit body and deliberated by the audit committee and the relevant materials.

**Article 179** When the audit committee communicates with the external audit organizations such as accounting firms and State audit organizations etc., the internal audit body shall cooperate actively and provide the requisite support and cooperation.

**Article 180** The audit committee shall participate in appraisal of head of internal audit.

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

**Article 181** The Company shall appoint an accounting firm which conforms to the provisions of the Securities Law, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed to conduct the auditing of its accounting statements, the verification of its net assets and other relevant consultancy services. The term of appointment is one year and may be renewed.

**Article 182** The Company shall appoint an accounting firm to conduct the auditing of its accounting statements and other relevant businesses. The appointment of an accounting firm by the Company shall be decided by the shareholders' meeting. The board of directors shall not appoint an accounting firm prior to the decision of the shareholders' meeting. The Company shall appoint an accounting firm or renew its appointment at each annual shareholders' meeting. The appointment shall last until the end of the next annual shareholders' meeting.

**Article 183** The Company shall guarantee that the accounting vouchers, account books, financial accounting reports and other accounting information that it provides to the accounting firm are true and complete and shall not refuse to provide information, hide or provide false information.

**Article 184** The auditing fees of the accounting firm shall be decided by the shareholders' meeting.

**Article 185** The Company shall notify the accounting firm 15 days in advance of the termination of its appointment or non-renewal of appointment and shall comply with the procedures stipulated in the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed. When the shareholders' meeting votes on the termination of appointment of the accounting firm, the accounting firm shall be allowed to state its opinion.

If an accounting firm proposes to resign, it shall inform the shareholders' meeting whether the Company has any irregularities.

## **CHAPTER 9 NOTICES AND ANNOUNCEMENTS**

### **Section 1 Notices**

**Article 186** Notices of the Company shall be made in the following manner:

- (1) delivered by hand;
- (2) sent by mail or email;
- (3) made by publishing on the website designated by the Stock Exchange of Hong Kong, subject to compliance with laws, administrative regulations and the Hong Kong Listing Rules;

- (4) made by telephone, SMS or WeChat;
- (5) made by announcement;
- (6) other manners provided by laws, administrative regulations, rules or the Articles of Association.

In respect of the manner in which the Company is required to provide or send corporate communications to its shareholders in accordance with the Hong Kong Listing Rules, subject to the laws and regulations and the listing rules of the place where the shares are listed and the Articles of Association, a corporate communication may be sent to its shareholders on the website designated by the Company and/or on the Stock Exchange of Hong Kong or by electronic means. The aforesaid corporate communication means any document sent or to be sent by the Company for reference or action by any shareholder or other person as required by the Hong Kong Listing Rules, including without limitation, an annual report (including an annual financial report), an interim report (including an interim financial report and notice of the interim report), a report of the directors (together with a balance sheet and a profit and loss statement), a notice relating to meetings, listing documents, circulars and other communications. Where the Company exercises the powers provided for in the Articles of Association to give notice in the form of announcement, such announcement shall be published in accordance with the methods provided for in the Hong Kong Listing Rules.

**Article 187** Subject to the prerequisite of compliance with laws and regulations, normative documents, listing rules of the place where the Company's shares are listed and the Articles of Association, where a notice sent by the Company is made by way of announcement, upon announcement, all relevant personnel shall be deemed to have received the notice.

**Article 188** The notice of a shareholders' meeting convened by the Company shall be made by way of announcement or any other method provided in the Articles of Association.

**Article 189** The notice of a board meeting convened by the Company shall be delivered by hand, sent by mail, sent by email, telephone, SMS or WeChat or any other effective method.

**Article 190** The notice of a board of supervisors meeting convened by the Company shall be delivered by hand, sent by mail, sent by email, telephone, SMS or WeChat or any other effective method.

**Article 191** Where a notice is delivered by hand, the party being served shall sign (or affix seal) on the return receipt, and the date of signature by the party being served shall be the date of service of the notice; where a notice is sent by mail, the date of service of the notice shall be the 15th day from posting at the post office; where a notice is sent by email, the date of service of the notice shall be the date on which the email reaches the email address of the party being served; where a notice is sent by way of SMS or WeChat, the date of service of the notice shall be the date on which the notice is sent; where a notice is served by way of announcement, the date of service of the notice shall be the date on which the announcement is first published.

**Article 192** If a notice of meeting is not delivered due to accidental omission to those entitled to receive it or if such persons do not receive the notice of meeting, the meeting and the resolutions passed by the meeting shall not be rendered invalid as a result thereof.

## **Section 2 Announcements**

**Article 193** The Company shall make announcements and disclose information to holders of non-listed shares in China through information disclosure newspapers and websites designated by laws, administrative regulations or the relevant domestic regulatory authorities. Where an announcement is required to be made to holders of H shares in accordance with the Articles of Association, the relevant announcement shall simultaneously be published on designated newspapers, websites and/or the Company's website in accordance with the method stipulated in the Hong Kong Listing Rules. All notices or other documents required to be transmitted by a company to the Hong Kong Stock Exchange under Chapter 13 of the Hong Kong Listing Rules shall be written in English or be accompanied by a signed and certified English translation.

## **CHAPTER 10 MERGER, DIVISION, INCREASE IN CAPITAL, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION**

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

**Article 194** Mergers of companies may take the form of mergers by absorption or mergers by new establishment.

Mergers by absorption shall mean that one company absorbs one or more other companies into its own company, whereby the absorbed company or companies are dissolved. Mergers by new establishment shall mean that two or more companies merge to establish a new company, whereby each party to the merger is dissolved.

**Article 195** Where the consideration paid for the merger does not exceed 10% of the Company's net assets, a resolution of a shareholders' meeting may be waived, unless otherwise stipulated in the Articles of Association.

Where a shareholders' meeting is not required for a merger pursuant to the provisions of the preceding paragraph, a resolution of a board of directors shall be passed.

**Article 196** The parties to a merger shall enter into a merger agreement for a company merger, and formulate a balance sheet and an inventory list for assets. The Company shall notify its creditors within ten days from passing of the resolution on merger, and make an announcement on the newspapers or the National Enterprise Credit Information Publicity System within 30 days. The creditors may, within 30 days from receipt of the notification, or within 45 days from the date of the announcement if they do not receive the notification, require that the Company settles the debts or provides the corresponding guarantee.

**Article 197** The surviving company or the newly-established company of a merger shall succeed to the creditor's rights and debts of the parties to the merger.

**Article 198** In the event of a division, the assets of the Company shall be divided correspondingly.

A company which proposes a division shall formulate a balance sheet and an inventory list for assets. The Company shall notify its creditors within ten days from passing of the resolution on division, and make an announcement on the newspapers or the National Enterprise Credit Information Publicity System within 30 days.

**Article 199** The surviving company of a division shall bear joint liability for the debts of the Company prior to its division. Except where the written agreement between the Company and its creditors on repayment of debts prior to the division stipulates otherwise.

**Article 200** The Company which proposes to reduce its registered capital shall formulate a balance sheet and an inventory list for assets.

The Company shall notify its creditors within ten days from passing of the resolution on reduction of registered capital, and make an announcement on the newspapers or the National Enterprise Credit Information Publicity System within 30 days. The creditors may, within 30 days from receipt of the notification, or within 45 days from the date of the announcement if they do not receive the notification, require that the Company settles the debts or provides the corresponding guarantee.

Where the Company proposes to reduce its registered capital, it shall reduce the capital contribution amount or shares correspondingly in accordance with the shareholding percentage of the shareholders, unless otherwise stipulated by the laws or in the Articles of Association. The reduced registered capital of the Company shall not be lower than the minimum amount stipulated by the law.

**Article 201** Where there are still losses following making up of losses pursuant to the provisions of the second paragraph of Article 172, the Company may reduce its registered capital to make up the losses. Where the Company reduces its registered capital to make up the losses, it shall not make distribution to its shareholders and shall not waive the obligations of shareholders to make capital contribution or share capital.

The provisions of the second paragraph of Article 200 shall not apply to reduction of registered capital pursuant to the provisions of the preceding paragraph, but an announcement shall be made on the newspapers or the National Enterprise Credit Information Publicity System within 30 days from passing of the resolution on reduction of registered capital by the shareholders' meeting.

After the Company has reduced its registered capital pursuant to the provisions of the preceding two paragraphs, no profit shall be distributed before the accumulated amount of the legal reserve fund and the optional reserve fund accounts for 50% of the Company's registered capital.

**Article 202** Where the registered capital is reduced in violation of the Company Law or other relevant provisions, shareholders shall refund the capital received thereby; where the shareholders' capital contributions are exempted or reduced, the original status shall be restored; where the Company suffers any loss, the shareholders and the responsible directors and senior management personnel shall bear the liability for compensation.

**Article 203** When the Company issues new shares to increase its registered capital, its shareholders do not enjoy the pre-emptive right, unless otherwise specified in the Articles of Association or decided by the resolution of a shareholders' meeting that the shareholders enjoy the pre-emptive right.

**Article 204** Where the Company merges or divides, and the registered particulars change, it shall vary its registration at the company registration authority in accordance with the law. Where the Company is wound up, it shall cancel its registration in accordance with the law. Where a new company is established, it shall be registered in accordance with the law.



Where the Company increases or reduces its registered capital, it shall vary its registration at the company registration authority in accordance with the law.

## **Section 2   Dissolution and Liquidation**

**Article 205**   The Company may be dissolved due to the following reasons:

- (1)   expiry of the operation period as specified in the Articles of Association, or occurrence of other matters for dissolution as specified in the Articles of Association;
- (2)   a shareholders' meeting resolves to dissolve the company;
- (3)   the Company is wound up as a result of merger or division;
- (4)   the business license of the Company is revoked, or the Company is ordered to be closed down or to be dissolved in accordance with the law;
- (5)   the operation and management of the Company experience great difficulty, the interest of the shareholders will suffer significant losses if the Company continues to exist, and the difficulty cannot be solved by other means. Shareholders holding more than 10% of the voting rights may request a people's court to dissolve the Company.

If any of the aforementioned dissolution matters occurs, the Company shall announce to the general public through the National Enterprise Credit Information Publicity System within ten days.

**Article 206**   If the Company falls into circumstances as provided in items (1) or (2) of Article 205 of the Articles of Association, and has not distributed its assets to the shareholders, the Company may continue to exist only by amending the Articles of Association or by a resolution made at the shareholders' meeting.

Amendment to the Articles of Association or resolution made at the shareholders' meeting pursuant to the aforementioned paragraph must be passed by shareholders representing more than two thirds of the voting rights present at the meeting.

**Article 207**   Where the Company is dissolved pursuant to items (1), (2), (4), or (5) of Article 205 of the Articles of Association, a liquidation group shall be established within 15 days of the occurrence of the event of dissolution, and liquidation shall be carried out. The liquidation group shall be composed of directors, except as otherwise provided in the Articles of Association, or as otherwise selected by a resolution of the shareholders' meeting. Directors shall be the obligors of the liquidation. If the obligors fail to discharge their liquidation obligations in a timely manner, thereby causing losses to the Company or creditors, they shall be liable to compensate.

Where the Company is dissolved pursuant to item (4) of Article 205 of the Articles of Association, the authority or company registration authority that made the decision to revoke the business license, order it to close down, or order it to be dissolved may request a people's court to designate relevant personnel to establish a liquidation group, and conduct liquidation.

**Article 208**   The liquidation group shall perform the following duties during liquidation:

- (1)   liquidate the Company's assets; and prepare a balance sheet and an inventory list of assets, respectively;

- (2) notify creditors by notice or public announcements;
- (3) dispose of and liquidate relevant unfinished business of the Company;
- (4) pay off all outstanding tax and tax arising from the process of liquidation;
- (5) pay off claims and debts;
- (6) distribute the remaining assets of the Company after all debts are paid;
- (7) participate in civil litigations on behalf of the Company.

**Article 209** The liquidation group shall notify creditors within ten (10) days upon its establishment, and make a public announcement in newspapers or the National Enterprise Credit Information Publicity System within sixty (60) days. Creditors shall declare their claims to the liquidation group within thirty (30) days upon receipt of the notice, or within forty-five (45) days upon announcement of the public announcement if such creditors do not receive the notice.

When declaring their claims, creditors should provide details relevant to the claims, and supporting materials. The liquidation group shall register the claims.

During the period of declaration of claims, the liquidation group shall not pay off any of the creditors.

**Article 210** After the liquidation group has liquidated the Company's assets, and prepared a balance sheet and an inventory list of assets, it shall formulate a liquidation plan, and submit it to the shareholders' meeting or the people's court for confirmation.

The remaining assets after the Company's assets have been applied to the payment of liquidation expenses, employees' wages, social insurance premiums, statutory compensation, outstanding taxes, and the Company's debts, shall be distributed to the shareholders in proportion to their respective shareholdings.

During liquidation, the Company shall continue to exist, but shall not carry out any business activities unrelated to the liquidation. The Company's assets shall not be distributed to shareholders before full payments have been made in accordance with the provisions in the preceding paragraph.

**Article 211** After the liquidation group has liquidated the Company's assets, and prepared a balance sheet and an inventory list of assets, and discovered that the Company's assets are insufficient to pay off its debts, it shall apply to the people's court for bankruptcy liquidation.

After the Company accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator appointed by the people's court.

**Article 212** After the completion of liquidation, the liquidation group shall prepare a liquidation report, submit it to the shareholders' meeting or the people's court for confirmation, and submit it to the company registration authority to apply for deregistration.

**Article 213** The liquidation group members shall perform liquidation duties, and have duties of loyalty and diligence.

The liquidation group members shall not use their authority to receive bribes or other illegal income, and cannot embezzle the Company's assets.

If the liquidation group members are negligent in performing their liquidation duties, thereby causing losses to the Company, they shall be liable to compensate. If the Company or creditors suffer losses due to intentional misconduct or gross negligence, they shall be liable to compensate.

**Article 214** Liquidation of a company declared bankrupt according to law shall be processed in accordance with the laws on corporate bankruptcy.

## **CHAPTER 11 AMENDMENT TO ARTICLES OF ASSOCIATION**

**Article 215** The Company shall amend the Articles of Association in any of the following circumstances:

- (1) following any revision of the Company Law or relevant laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed, the provisions of the Articles of Association conflict with the revised laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed;
- (2) the circumstances of the Company have been changed, and are inconsistent with the contents of the Articles of Association;
- (3) the shareholders' meeting decides to amend the Articles of Association.

**Article 216** Any amendment to the articles that has been passed by resolution of the shareholders' meeting, which requires examination and approval by the administrative department in charge, shall be submitted to the administrative department in charge for approval. Any amendment involving company registration shall amend the registration according to the law.

**Article 217** The board of directors shall amend the Articles of Association according to the resolutions of the shareholders' meeting and the opinion provided after examination by the administrative department in charge.

**Article 218** Amendments to the Articles of Association which involve information to be disclosed as required by law or regulation, shall be publicly announced according to the requirements.

## **CHAPTER 12 SUPPLEMENTARY PROVISIONS**

**Article 219** Definitions

- (1) Controlling shareholder means a shareholder whose shares account for more than 50% of the Company's total share capital; or shareholder who holds no more than 50% of the Company's shares but whose voting rights on the basis of their shareholdings are sufficient to exercise a significant influence on the resolutions of the shareholders' meetings, or has the meaning as defined in the Hong Kong Listing Rules.

- (2) Actual controller means a natural person, legal person or any other organization which can actually control the activities of the Company through investment relationships, agreements, or other arrangements.
- (3) Connected transaction shall have the meaning as defined in the Hong Kong Listing Rules.
- (4) Connected relations mean the relations between the controlling shareholder, actual controller, director, supervisor and senior management personnel of the Company with the enterprises which are directly or indirectly under their control, and other relations which may lead to transfer of the Company's interests. However, there should be no connected relation between state-controlled enterprises solely because they are under the common control of the State.
- (5) Independent director means an "independent non-executive director" as referred to in the Hong Kong Listing Rules.
- (6) Accounting firm means an "auditor" as referred to in the Hong Kong Listing Rules.

**Article 220** The board of directors may formulate by-laws for the Articles of Association in accordance with the provisions of the Articles of Association, provided that such by-laws shall not be in violation of the Articles of Association.

**Article 221** The Articles of Association are written in Chinese. In case of any inconsistency between the Articles of Association in any other language or of different version and the Articles of Association, the Chinese version of the Articles of Association last registered with the company registration authority shall prevail.

**Article 222** The term "not less than", "within", "not more than", as stated in the Articles of Association shall all include the given figure; the term "not exceeding", "except", "less than", "over", "more than" and "exceeding" shall all exclude the given figure.

**Article 223** In the event that any of the provisions in the Articles of Association are inconsistent with the laws, regulations, rules and regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed, such laws, regulations, rules and regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed shall prevail.

**Article 224** The board of directors shall be responsible for the interpretation of the Articles of Association.

**Article 225** Annexes to the Articles of Association shall include the Rules of Procedure for Shareholders' Meetings, the Rules of Procedure for Meetings of the Board of Directors and the Rules of Procedure for Meetings of the Board of Supervisors.

**Article 226** If the state has other regulations on preference shares, such regulations shall prevail.

The Articles of Association shall be adopted by a special resolution of the shareholders' meeting of the Company and shall come into effect and be enforced from the date on which the H shares publicly issued by the Company are listed and traded on the Main Board of the Hong Kong Stock Exchange. The original Articles of Association of the Company shall automatically become null and void as of the effective date of the Articles of Association.