

北京市春立正達醫療器械股份有限公司

Beijing Chunlizhengda Medical Instruments Co., Ltd.\*

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

Articles of Association (H+A Shares)

\* *For identification purposes only*

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Note: In the marginal notes of the Articles of Association, “Company Law” refers to the Company Law of the People’s Republic of China\* (中華人民共和國公司法) (Amended in 2018);

“**Mandatory Provisions**” refers to the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas\* (到境外上市公司章程必備條款) (Zheng Wei Fa\* (證委發) [1994] No. 21) jointly issued by the former State Council Securities Policy Committee\* (原國務院證券委) and the former State Commission for Restructuring the Economic System\* (原國家體改委);

“**Letter of Opinions on Supplementary Amendment**” refers to the Letter of Opinions on Supplementary Amendment to Articles of Association of Companies to be Listed in Hong Kong\* (關於到香港上市公司對公司章程作補充修改的意見的函) (Zheng Jian Hai Han\* (證監海函) [1995] No. 1) jointly issued by the China Securities Regulatory Commission Overseas Listing Department\* (中國證監會海外上市部) and the former Production System Division of the State Commission for Restructuring the Economic System\* (原國家體改委生產體制司);

“**Guidelines for Articles of Association**” refers to the Guidelines for Articles of Association of Listed Companies (amended in 2019)\* (上市公司章程指引 (2019年修訂)) issued by CSRC;

“**Guiding Opinions for Independent Directors**” refers to the Guiding Opinions on the Establishment of the System of Independent Directors in Listed Companies \* (關於在上市公司建立獨立董事制度的指導意見) (Zheng Jian Fa\* (證監發) [2001] No. 102) issued by CSRC;

“**Listing Rules**” refers to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;

“**MB Listing Rules App 3**” refers to Appendix 3 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; and

“**MB Listing Rules App 13D**” refers to Part D of Appendix 13 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited.

\* *English translation for illustrative purposes only*

北京市春立正達醫療器械股份有限公司  
**Beijing Chunlizhengda Medical Instruments Co., Ltd.\***  
**Articles of Association (H Shares)**

**Chapter 1 General Provisions**

**Article 1**

The Articles of Association are formulated by Beijing Chunlizhengda Medical Instruments Co., Ltd.\* (the “Company”) pursuant to the Company Law of the People’s Republic of China (“Company Law”), Securities Law of the People’s Republic of China (“Securities Law”), Special Regulations on Overseas Offerings and Listing of Shares by Joint Stock Limited Companies (“Special Regulations”), Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (“Mandatory Provisions”), Letter of Opinions on Supplementary Amendment to Articles of Association of Companies to be Listed in Hong Kong (“Letter of Opinions on Supplementary Amendment”), Guidelines for Articles of Association of Listed Companies (amended in 2019) (“Guidelines for Articles of Association”), Guidelines for the Establishment of Independent Directors System by Listed Companies” (“Guidelines of Independent Directors”) and other relevant regulations, in order to protect the legitimate rights and interests of the Company and shareholders and creditors thereof and regulate the organisation and behaviour of the Company.

Article 1 of  
Mandatory  
Provisions  
Article 1 of  
Guidelines  
for Articles of  
Association

Rule 1(a) of  
MB Listing  
Rules App 13D

**Article 2**

The Company is a joint stock company with limited liability incorporated under the Company Law, the Special Regulations and the other relevant laws and administrative regulations of the PRC.

Article 1 of  
Mandatory  
Provisions  
Article 2 of  
Guidelines  
for Articles of  
Association

The Company was established by the way of promotion and obtained the business license upon registration with the Beijing Administration for Industry and Commerce on 17 September 2010.

Unified Social Credit Code of Company is 91110000633737758W.

The Company’s promoters were SHI Chunbao, YUE Shujun, SUN Weiqi, Beijing Xin’an Caifu Venture Investment Co., Ltd., JIN Jie, LIN Yiming, GU Changyue, HUANG Dong, WANG Haiya, HE Rongmei, NI Xuezhen, ZHANG Zhaohui and CHEN Xusheng.

<b>Article 3</b>	<p>Registered company name (Chinese): 北京市春立正達醫療器械股份有限公司</p> <p>(English): Beijing Chunlizhengda Medical Instruments Co., Ltd.</p>	<p>Article 2 of Mandatory Provisions Article 4 of Guidelines for Articles of Association</p>
<b>Article 4</b>	<p>Company address: No. 10 Xinmi Xi Er Road, Southern District of Tongzhou, Economic Development Zone, Tongzhou District, Beijing</p> <p>Postal code: 100021</p> <p>Telephone: 010-58611761</p> <p>Fax: 010-58611751</p>	<p>Article 3 of Mandatory Provisions Article 5 of Guidelines for Articles of Association</p>
<b>Article 5</b>	The legal representative of the Company shall be the Chairman of its Board of Directors.	<p>Article 4 of Mandatory Provisions Article 5 of Guidelines for Articles of Association</p>
<b>Article 6</b>	<p>The Company is a joint-stock limited company with perpetual existence.</p> <p>As an independent corporate legal person, the Company has independent corporate assets, enjoys the corporate assets right and civil rights according to the laws, and assumes civil liabilities.</p> <p>All the assets of the Company are divided into shares of equal value.</p> <p>Shareholders shall be responsible to the Company to the extent of the shares they subscribe for, and the Company shall be responsible for its liabilities with all of its assets.</p>	<p>Article 5 of Mandatory Provisions</p> <p>Article 7 of Guidelines for Articles of Association</p> <p>Article 9 of Guidelines for Articles of Association</p> <p>Article 3 of Company Law</p>
<b>Article 7</b>	<p>This Articles of Association have been adopted by the general meeting of the Company through the special resolution, and shall take effect as of the date of A shares of the Company are listed on stock exchange upon initial public offering within the PRC and supersede the former Articles of Association registered with the industry &amp; commerce administration authority.</p> <p>From the date on which the Articles of Association come into effect, the Articles of Association shall constitute a legally binding document governing the Company's organisation and activities, and the rights and obligations between the Company and its shareholders and among the shareholders.</p>	<p>Article 6 of Mandatory Provisions</p> <p>Article 10 of Guidelines for Articles of Association</p>
<b>Article 8</b>	This Articles of Association shall be binding upon the Company as well as its shareholders, directors, supervisors, general manager and other senior executives, and the aforesaid persons may claim any right in relation to the affairs of the Company in accordance with the Articles of Association.	<p>Article 7 of Mandatory Provisions Article 10 of Guidelines for Articles of Association</p>

Without violating the provisions in Article 216 of this Articles of Association, the shareholders may pursue actions against the Company, other shareholders, the directors, supervisors, general manager and other senior management of the Company pursuant to the Articles of Association; the Company may pursue actions against its shareholders, directors, supervisors, general manager and other senior management pursuant to the Articles of Association;

Article 124 of  
Guidelines for  
Articles of  
Association

The actions referred to in the preceding paragraphs include filing an action to the court or submitting an application to an arbitration institution for arbitration.

Other senior management referred to in the preceding paragraphs include deputy general managers, chief financial officer, secretary to the Board and other personnel engaged by the Board.

Article 11 of  
Guidelines for  
Articles of  
Association

#### **Article 9**

According to its business development needs and as authorised by relevant governmental authorities, the Company may establish subsidiaries or affiliates including branches, representative offices or offices at abroad and in Hong Kong and Macau Special Administrative Regions and the Taiwan region.

#### **Article 10**

The Company may invest in other enterprise(s) but shall not be an investor jointly and severally liable to such enterprise(s) for their liabilities, unless otherwise stipulated by laws.

Article 15 of  
Company Law  
Article 8 of  
Mandatory  
Provisions

### **Chapter 2 Business Objectives and Scope**

#### **Article 11**

The business objective of the Company is to provide the safest and the most effective quality products for the orthopedic patients in China and in the world.

Article 9 of  
Mandatory  
Provisions  
Article 12 of  
Guidelines for  
Articles of  
Association

#### **Article 12**

The scope of business operations of the Company shall fall within the scope authorised by the company approving authorities and approved by the relevant administrative authorities for industry and commerce.

Article 10 of  
Mandatory  
Provisions

The scope of business operations of the Company includes: the production of Class III medical devices such as III-6846-1 implants, III-6846-2 artificial organ implants (joint prosthesis, custom joint prosthesis and stabler in spine), the sale of Class III medical devices such as implants materials and artificial organs, medical knitwear and adhesive; sales of Class II medical devices such as physiotherapy and rehabilitation equipment and orthopedics surgery devices, as well as the sales of Class I medical devices such as basic surgery devices, preparation system for producing platelet-rich plasma, medical centrifuge, repairment and reconstruction of ligament damaged from exercise and replacement of implants, medical endoscope system, production of non-medical masks (strictly for the safeguard of lives during the epidemic), imports and exports and technology promotion and sales of non-medical masks. (The Company has the right to select the business scope and conduct operations according to laws. For projects which can only be operated under permission by laws, the Company conducts such business and operations with permission of relevant departments for permitted aspects and shall not engage in operations prohibited or restricted by the regional industrial policies.)

Article 13 of  
Guidelines  
for Articles of  
Association

The Company may change its scope of business operations according to the laws, in line with domestic and international market demands, its development capability and business requirements.

### **Chapter 3 Shares, Transfer of Shares and Registered Capital**

#### **Article 13**

The Company shall have ordinary shares at all times. Subject to approvals by the company approving authorities authorised by the State Council, the Company may, according to its requirements, create other class of shares

Article 11 of  
Mandatory  
Provisions  
Rule 9 of MB  
Listing Rules  
App 3

#### **Article 14**

Shares of the Company shall be in the form of share certificates. All shares of the Company are issued at par with nominal value of RMB1.00 each.

Article 12 of  
Mandatory  
Provisions  
Articles 14  
and 16 of  
Guidelines for  
Articles of  
Association

The term “RMB” referred to in the preceding paragraph means Renminbi, the lawful currency of the PRC.

**Article 15**

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

Article 15 of  
Guidelines  
for Articles of  
Association

All shares of the same category issued at the same time shall be issued under the same conditions and at the same price; any entity or individual shall pay the same price for each share.

**Article 16**

Subject to approval of the PRC securities regulatory authorities, the Company may issue shares to domestic investors and overseas investors.

Article 13 of  
Mandatory  
Provisions

The term “overseas investors” referred to in the preceding paragraph means investors located in foreign countries, regions of Hong Kong, Macau and Taiwan who subscribe shares issued by the Company. The term “domestic investors” means investors located in the PRC, excluding the regions mentioned above, who subscribe shares issued by the Company.

**Article 17**

Shares issued by the Company to domestic investors for subscription in RMB are referred to as domestic shares. Shares issued by the Company to overseas investors for subscription in foreign currencies are referred to as foreign shares. Domestic shares listed on domestic stock exchange are referred to as domestically-listed domestic shares. Foreign shares listed overseas are referred to as overseas listed foreign shares.

Article 14 of  
Mandatory  
Provisions

Article 17 of  
Guidelines  
for Articles of  
Association

The term “foreign currencies” referred to in the preceding paragraph means the freely convertible lawful currencies (other than RMB) of other countries or regions which are recognized by the foreign exchange authorities of the PRC and which can be used to pay the subscription money for shares of the Company.

Foreign shares issued by the Company and listed in Hong Kong are referred to as “H shares”. H shares are shares which have been admitted for listing on SEHK with a par value denominated in RMB and are subscribed and traded in Hong Kong dollars.

Domestically-listed domestic shares of the Company are referred to as “A shares”. A shares are the shares which have been approved for listing on domestic stock exchange by the PRC securities regulatory authorities with a par value denominated in RMB and are subscribed and traded in RMB.

The A shares of the Company are under centralized management by the PRC securities registration and clearance institution.



Unless otherwise stated by the Articles of Association, holders of domestic shares and holders of foreign shares are both ordinary shareholders, who are entitled to the same rights and obligations.

#### Article 18

The Company issued 50,000,000 ordinary shares in total to the promoters at the time of establishment, among which, SHI Chunbao subscribed and held 22,772,917 shares, representing 45.55% of the total number of issued ordinary shares of the Company; YUE Shujun subscribed and held 18,093,750 shares, representing 36.19% of the total number of issued ordinary shares of the Company; SUN Weiqi subscribed and held 1,733,333 shares, representing 3.47% of the total number of issued ordinary shares of the Company; Beijing Xin'an Caifu Venture Investment Co., Ltd. subscribed and held 1,333,333 shares, representing 2.67% of the total number of issued ordinary shares of the Company; JIN Jie subscribed and held 1,333,333 shares, representing 2.67% of the total number of issued ordinary shares of the Company; LIN Yiming subscribed and held 1,160,000 shares, representing 2.32% of the total number of issued ordinary shares of the Company; GU Changyue subscribed and held 800,000 shares, representing 1.60% of the total number of issued ordinary shares of the Company; HUANG Dong subscribed and held 666,667 shares, representing 1.33% of the total number of issued ordinary shares of the Company; WANG Haiya subscribed and held 666,667 shares, representing 1.33% of the total number of issued ordinary shares of the Company; HE Rongmei subscribed and held 666,667 shares, representing 1.33% of the total number of issued ordinary shares of the Company; NI Xuezheng subscribed and held 400,000 shares, representing 0.80% of the total number of issued ordinary shares of the Company; ZHANG Zhaohui subscribed and held 266,666 shares, representing 0.53% of the total number of issued ordinary shares of the Company; CHEN Xusheng subscribed and held 106,667 shares, representing 0.21% of the total number of issued shares of the Company.

Article 15 of  
Mandatory  
Provisions  
Article 18 of  
Guidelines  
for Articles of  
Association

#### Article 19

Upon the establishment of the Company, with approval from the PRC securities regulatory authorities and SEHK, the Company issued 19,170,400 ordinary shares by initial public offering, with all ordinary shares being H shares.

Article 16 of  
Mandatory  
Provisions

Upon the completion of the above issue of H shares, the share capital structure of the Company is: SHI Chunbao, YUE Shujun, SUN Weiqi, JIN Jie, LIN Yiming, HUANG Dong, WANG Haiya, HE Rongmei, NI Xuezheng, ZHANG Zhaohui and CHEN Xusheng held 50,000,000 shares (being domestic shares) in total, representing approximately 72.29% of the total number of issued ordinary shares of the Company. Other H shareholders held 19,170,400 shares in total (being foreign shares), representing approximately 27.71% of the total number of issued ordinary shares of the Company.

Articles 3  
and 19 of  
Guidelines  
for Articles of  
Association  
Rule 9 of MB  
Listing Rules  
App 3

On 22 November 2021, with the approval of CSRC (2021) Document No. 3702 (證監許可(2021)3702號文), the Company issued 38,428,000 shares of domestic shares by initial public offering and such issued domestic shares and domestic shares of the Company previously issued are listed on 30 December 2021.

With the approval from the Company's Annual General Meeting in 2021, the First Class Meeting of Holders of A Shares in 2022 and the First Class Meeting of Holders of H Shares in 2022, the Company repurchased and cancelled 711,500 H shares. Upon the cancellation of the H shares repurchased, the share capital structure of the Company is: total share capital of 383,568,500, among which 288,428,000 shares are domestically-listed domestic shares, representing 75.20% of total issued ordinary shares of the Company; 95,140,500 shares are overseas listed foreign shares, representing 24.80% of ordinary share capital of the Company.

**Article 20**

After the Company's plan for the issuance of domestic shares and overseas listed foreign shares has been approved by the PRC securities regulatory authorities, the Board of Directors of the Company may arrange for implementation of such plan by means of separate offerings.

Article 17 of  
Mandatory  
Provisions

The Company may, according to the preceding paragraph, implement the plan for the issuance of overseas listed foreign shares and domestic shares within 15 months, respectively, from the date of approval by the PRC securities regulatory authorities.

**Article 21**

Where the Company issues overseas listed foreign shares and domestic shares separately within the total number of shares stated in the Company's proposal for the issuance of shares, such shares shall be fully subscribed at one time respectively. If the shares cannot be fully subscribed at one time in special circumstances, the shares may be issued through separate offerings subject to the approval of the PRC securities regulatory authorities.

Article 18 of  
Mandatory  
Provisions

**Article 22**

The Company's registered capital is RMB383,568,500.00.

**Article 23**

In light of the demands of operation and business development, the Company may increase its capital in accordance with the relevant articles of this Articles of Association.

Article 20 of  
Mandatory  
Provisions  
Article 21 of  
Guidelines  
for Articles of  
Association

The Company may increase capital through:

(I) Issuing new shares to non-specific investors;

- (II) Placing new shares to specific investors and/or existing shareholders; (III) Distributing new shares to existing shareholders;
- (IV) Converting the capital reserve funds into capital; or
- (V) Other methods permitted by the laws and administrative regulations and other methods approved by the securities regulatory authorities of the State Council.

The increase in the capital of the Company by way of issuing new shares pursuant to the Articles of Association shall be implemented in accordance with procedures under the relevant laws and administrative regulations of the PRC.

Upon completion of the capital increase or reduction, the Company shall effect the change in registration with the relevant administrative authorities for industry and commerce and make an announcement.

#### **Article 24**

Unless otherwise specified by the laws, administrative regulations and required by the SEHK, the Company's shares may be transferred freely and shall be clear of any lien.

Rule 1.(2) of MB Listing Rules App 3 Article 21 of Mandatory Provisions Article 26 of Guidelines for Articles of Association

#### **Article 25**

The Company does not accept its own shares as the subject matter of pledge.

Article 142 of Company Law Article 27 of Guidelines for Articles of Association

#### **Article 26**

The Company's shares held by the sponsors shall not be transferred within 1 year from the date on which the Company is established. Shares of the Company issued prior to the public offering shall not be transferred within 1 year from the date the shares of the Company are listed and traded on stock exchange.

Article 28 of Guidelines for Articles of Association Article 29 of Guidelines for Articles of Association Article 141 of Company Law

The directors, supervisors and senior management of the Company shall report to the Company the shares of the Company that they hold and the changes in their shareholdings, and during his/her term of service, he/she shall not transfer more than 25% of his/her total shareholding of the Company each year. The Company's shares held by these people shall not be transferred within 1 year after the listing date of the Company's shares. The aforesaid people shall not assign the Company's shares that they hold within half a year after departure. If the transfer restriction under this Article involves H shares, it shall be approved by the SEHK.

When the directors, supervisors and senior management of the Company and shareholders holding more than 5% of the Company's shares sell their shares within 6 months from the acquisition of such shares, or purchase shares within 6 months from the disposal of such shares, the resulting gains are owned by the Company and the Board of Directors of the Company shall recover its resulting gains. However, the disposal of such shares by securities companies holding more than 5% of the shares as a result of the outstanding shares (after-sale) acquired under underwriting is not subject to the time limit of 6 months.

If the Board of Directors of the Company fails to comply with provisions in the preceding paragraph, shareholders have the right to request the Board of Directors to do so within 30 days. The shareholders have the right to initiate litigation in the court directly in their own names for the interest of the Company if the Board of Directors fails to comply with the provisions within the abovementioned period.

If the Board of Directors of the Company fails to comply with the first paragraph of this Article, the responsible directors shall assume joint liabilities.

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

##### **Article 27**

The Company may reduce its registered capital in accordance with the provisions of the Articles of Association. The reduction in registered capital of the Company shall follow the procedures set forth in the Company Law, other relevant regulations and the Articles of Association.

Article 22 of  
Mandatory  
Provisions  
Article 22 of  
Guidelines  
for Articles of  
Association

##### **Article 28**

In case of reduction of its registered capital, the Company shall prepare a balance sheet and assets list.

The Company shall give a notice to its creditors within 10 days and shall publish an announcement on newspapers designated by the stock exchange of the place where the Company's shares are listed within 30 days from the date of the Company's resolution on reduction of registered capital. The creditors may request the Company to settle liabilities or provide guarantees in respect thereof within 30 days of the receipt of the above notice or, if no notice is received, within 45 days after the first announcement is made.

Article 23 of  
Mandatory  
Provisions  
Article 176  
of Guidelines  
for Articles of  
Association  
Article 177 of  
Company Law

The Company's registered capital after reduction shall not be less than the statutory minimum amount.

## Article 29

The Company may, in the following circumstances, repurchase its own issued and outstanding shares following the procedures provided under the laws and this Articles of Association, and subject to approval of the relevant state approval authority:

Article 24 of  
Mandatory  
Provisions  
Article 23 of  
Guidelines  
for Articles of  
Association  
Article 142 of  
Company Law

- (I) to cancel shares for reducing capital of the Company;
- (II) to merge with other companies which own shares in the Company;
- (III) to apply shares for the employee stock ownership scheme or equity incentives;
- (IV) repurchase of shares held by the shareholders who voted against proposals for merger or division in the general meeting of the Company and subsequently request the company to do so;
- (V) to apply shares for conversion of convertible corporate bonds issued by the Company;
- (VI) to be essential for the Company to maintain the corporate value and interests of shareholders; and
- (VII) other circumstances as permitted by the laws and administrative regulations.

Save for the above circumstances, the Company shall not repurchase the shares of the Company.

## Article 30

The Company may, subject to the reasons set forth in the subparagraph (I), (II), (IV) of the first article of Article 29 of this Articles of Association and the approval of the relevant competent authorities of the PRC, repurchase its shares in any of the following manners:

Article 25 of  
Mandatory  
Provisions  
Article 24 of  
Guidelines  
for Articles of  
Association

- (I) to make a repurchase offer in proportion to respective shareholdings of all shareholders;
- (II) to repurchase shares through public dealings on a stock exchange;
- (III) to repurchase by an off-market agreement outside stock exchange; or

(IV) other means approved by the relevant securities regulatory authorities.

The Company shall, subject to the reasons set forth in the subparagraph (III), (V), (VI) of the first article of Article 29 of this Articles of Association and the approval of the relevant competent authorities of the PRC, repurchase its shares by centralized transactions open to the public

#### **Article 31**

A repurchase of shares in the Company by an off-market agreement outside stock exchange is subject to prior approval by the general meeting in accordance with the Articles of Association. The Company may, upon prior approval by shareholders at a general meeting in the same manner, rescind or vary the contract which has been entered into by the Company in the aforesaid manner, or waive any of its rights thereunder.

Article 26 of  
Mandatory  
Provisions  
Rule 8(1)  
and 8(2) MB  
Listing Rules  
App 3

A contract to repurchase shares referred to in the preceding paragraph includes (but not limited to) an agreement to become obliged to repurchase and acquire rights to repurchase shares.

The Company shall not assign any contract to repurchase its shares or any of its rights thereunder.

Where the Company has the right to repurchase any redeemable shares, such repurchase shall, if to be made through means other than on market or by tender, be limited to a maximum price, and if to be made by tender, the tenders shall be offered to all shareholders alike.

#### **Article 32**

The Company shall, in the event of repurchase of the Company's shares under the circumstances required in the subparagraph (I), (II) of the first article of Article 29 of this Articles of Association, be subject to the resolution in the general meeting; the Company may, in the circumstances of repurchase of the Company's shares under the circumstances required in the subparagraph (III), (V), (VI) of the first article of Article 29 of this Articles of Association, comply with the requirements of this Articles of Association or authorization by the general meeting, subject to the resolution by more than two-thirds of the directors present in the Board meeting.

Article 27 of  
Mandatory  
Provisions  
Articles 24  
and 25 of  
Guidelines  
for Articles of  
Association  
Article 142 of  
Company Law

After the repurchase of the shares in accordance with the first article of Article 29 of Articles of Association, if under the circumstance mentioned in subparagraph (I), cancel them within 10 days after the purchase; or if under either circumstance mentioned in subparagraph (II) or (IV), transfer them or cancel them within 6 months; if under the circumstances of subparagraph (III), (V), (VI), the total number of shares of the Company held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within 3 years.

Where a listed company acquires any of the Company's shares, the obligation of information disclosure shall be performed in accordance with the Securities Laws. Where a listed company purchases the Company's shares in the circumstances set out in subparagraph (III), (V) and (VI) of the first article of Article 29, such purchase shall be conducted through public and centralized trading method.

Where the Company cancels its shares as a result of share repurchases, it shall make an application to its original registration authority to modify the registration on its registered capital.

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

### **Article 33**

Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchasing its issued and outstanding shares:

- (I) where the Company repurchases shares at par value, payment shall be made out of the balance of distributable profit of the Company or out of the proceeds from new shares issued for such purpose;
- (II) where the Company repurchases shares at a premium to the par value, payment up to the par value shall be made out of the balance of distributable profit of the Company or out of the proceeds from new shares issued for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
  - (1) if the shares being repurchased were issued at par value, payment shall be made out of the balance of distributable profit of the Company;

- (2) if the shares being repurchased were issued at a premium to the par value, payment shall be made out of the balance of distributable profit of the Company or out of the proceeds from new shares issued for that purpose, provided that the amount paid out of such proceeds shall not exceed the aggregate of the premiums received by the Company on the issue of the shares repurchased nor shall it exceed the book value of the Company's premium account (or its capital common reserve) (including the premiums on the new issue) at the time of the repurchase;

(III) The Company shall make payments out of its distributable profit for the following uses:

Article 28 of  
Mandatory  
Provisions

- (1) acquisition of the right to repurchase its own shares;
- (2) variation of any contract for the repurchase of its shares;
- (3) release of its obligations under any contract for repurchasing its shares.

(IV) After the Company's registered capital is reduced by the aggregate par value of the cancelled shares in accordance with the relevant regulations, the amount deducted from the distributable profit of the Company for payment of the par value of the repurchased shares shall be transferred to the Company's share premium account (or capital common reserve).

## **Chapter 5 Financial Assistance for the Purchase of the Company's Shares**

### **Article 34**

No financial assistance shall be provided at any time and in any manner by the Company or its subsidiaries to any person acquiring or intending to acquire the shares of the Company. The aforesaid person(s) acquiring the shares of the Company shall include the person(s) who undertake(s), directly or indirectly, obligations as a result of an acquisition of shares of the Company.

Article 29 of  
Mandatory  
Provisions  
Article 20 of  
Guidelines  
for Articles of  
Association

No financial assistance shall be provided at any time and in any manner by the Company or its subsidiaries to reduce or release the obligations of the said person(s) undertaking such obligations.

This article shall not apply to the circumstances referred to in Article 36 in this Chapter.



**Article 35**

The financial assistance referred to in this Chapter shall include but not be limited to the assistance in the following ways:

Article 30 of  
Mandatory  
Provisions

- (I) gift;
- (II) guarantee (including provision by the guarantor of an undertaking or property to secure the performance of obligations by the obligor), indemnity (other than an indemnity in respect of the Company's own neglect or default) or a release or waiver thereof;
- (III) provision of loan or entering into a contract under which the obligations of the Company are to be fulfilled before the obligations of another party of the contract, or a change in the parties to, or the assignment of rights under, such loan or agreement;
- (IV) any other financial assistance given by the Company when the Company fails to repay the debt or has no net assets or when its net assets would thereby be reduced to a material extent.

The "undertaking" referred to in this Chapter shall include the undertaking of obligations by the obligor of contract or arrangement (whether the contract or arrangement is enforceable or to be undertaken individually or jointly by others) or by any other means whereby his financial position is changed.

**Article 36**

The following activities shall not be deemed to be prohibited by Article 34 of this Chapter:

Article 31 of  
Mandatory  
Provisions

- (I) the provision of financial assistance is given in good faith in the interests of the Company and the principal purpose in giving such assistance is not for acquisition of shares in the Company, or the giving of the assistance is an incidental part of an overall plan of the Company;
- (II) the distribution of the assets of the Company by way of dividends in accordance with the laws;
- (III) distribution of dividends in the form of shares;
- (IV) reduction of registered capital, repurchase of shares, adjustment of shareholding structure in accordance with the Articles of Association;

- (V) provision of a loan by the Company within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance is deducted from the Company's distributable profit); and
- (VI) the provision of money by the Company for an employee shareholding scheme (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance is deducted from the Company's distributable profit).

## **Chapter 6 Share Certificates and Register of Members**

### **Article 37**

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

Article 32 of  
Mandatory  
Provisions  
Rule 1.(1) of  
MB Listing  
Rules App 3

The transfers and other documents relating to or affecting the title to any registered securities shall be registered and where any fee or fees is/are charged, such fee or fees shall not exceed the maximum fees prescribed from time to time in the Listing Rules.

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

Chapter  
19A.52 of MB  
Listing Rules

At any time during the period when its H shares are listed on the SEHK, the Company shall ensure that the following statements are included in all entitlement documents (including certificates of H shares) for all its securities listed on the SEHK, and shall instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such shares bearing statements to the following effect:

- (I) the purchaser of the shares agrees with the Company and each of the shareholders, and the Company agrees with each of the shareholders that, they will observe and comply with the Company Law, Special Regulations, the requirements of the relevant laws and administrative regulations and the Articles of Association.

- (II) the purchaser of the shares agrees with the Company, each of the shareholders, directors, supervisors, general manager and other senior management of the Company, and the Company, acting on behalf of itself and each of directors, supervisors, general manager and other senior management of the Company, agrees with each of the shareholders that, they will refer to arbitration for settlement in accordance with the provisions of the Articles of Association for all disputes and claims arising from the Articles of Association, or disputes and claims of rights in relation to the Company's affairs arising from any rights or obligations under the Company Law or the other relevant laws and administrative regulations in the PRC, and that any referral to arbitration shall be deemed as an authorisation to an arbitral court to hold a public hearing and announce its arbitration award to the public. Such award shall be final and conclusive.
- (III) the purchaser of the shares agrees with the Company and all of the shareholders of the Company that the shares of the Company may be freely transferable.
- (IV) the purchaser of the shares authorises the Company to act on its behalf to enter into a contract with each of directors, general manager and other senior management of the Company, whereby each of the directors, general manager and other senior management undertakes to observe and comply with the provisions of the Articles of Association in respect of their responsibility to the shareholders.

#### **Article 38**

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

Article 33 of  
Mandatory  
Provisions  
Article 1  
of Letter of  
Opinions Rule  
2.(1) of MB  
Listing Rules  
App 3

#### **Article 39**

The Company shall keep a register of members based on the evidence furnished by share registries. Unless there is evidence to the contrary, the register of members shall be the sufficient evidence of the shareholders' shareholding in the Company. The register of members shall contain the following particulars:

Article 34 of  
Mandatory  
Provisions  
Article 30 of  
Guidelines  
for Articles of  
Association

- (I) the surname and name, address (place of domicile), occupation or nature of business of each shareholder;
- (II) the class and number of shares held by each shareholder;
- (III) the amount paid-up or payable in respect of shares held by each shareholder;
- (IV) the share certificate numbers of the shares held by each shareholder;
- (V) the date on which each shareholder was registered in the register as a shareholder; and
- (VI) the date on which any shareholder ceased to be a shareholder.

The Company shall sign a share custody agreement with share registries for the purpose of consulting the information and shareholding change (including share pledge) of substantial shareholders on a regular basis, in order to be fully aware of the shareholding structure of the Company in a timely manner.

All issues or transfers of overseas listed foreign shares will be registered in the register of members of overseas listed foreign shares at the place of listing in accordance with the requirements set out in the Articles of Association.

When 2 or more persons are registered as joint holders of any shares, they shall be deemed to be joint owners of such shares and subject to constraints of the following terms:

Rule 1.(3) of  
MB Listing  
Rules App 3

- (I) the Company does not need to register more than 4 persons as joint holders for any shares;
- (II) the joint holders of any shares shall jointly or severally assume the liability to pay for all amounts of fee payable for the relevant shares;
- (III) in case one of the joint holders has deceased, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares, provided that the Board shall have the right, for the purpose of making amendments to the register of members, to demand a death certificate of such shareholder where it deems appropriate to do so; and

- (IV) for joint holding of any shares, only the joint holder whose name appears first in the register of members is entitled to receive the certificate for the relevant shares and receive the Company's notices. Any notice serviced to the above persons shall be deemed to be serviced to all joint holders of the relevant shares. Any of the joint holders may sign the proxy form. Where more than one joint holders attend the meeting, whether in person or by proxy, the vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.

#### Article 40

The Company may keep overseas the register of holders of overseas listed foreign shares and entrust it to the care of an overseas agency in accordance with the understanding and agreement reached between the securities regulatory authority of the PRC and the overseas securities regulatory authority. For the overseas listed foreign shares listed in Hong Kong, the original of the register of members shall be kept in Hong Kong.

Article 35 of  
Mandatory  
Provisions  
Article 2  
of Letter of  
Opinions Rule

The Company shall keep at its place of domicile a copy of the register of holders of overseas listed foreign shares; the entrusted overseas agency shall always ensure that the original and the copy of the register of holders of overseas listed foreign shares are consistent.

Where there is a discrepancy between the original and the copy of the register of holders of overseas listed foreign shares, the original shall prevail.

#### Article 41

The Company shall maintain a complete register of members.

The register of members shall include the following parts:

Article 36 of  
Mandatory  
Provisions 1(b)  
of MB Listing  
Rules App 13D

- (I) the register of members which is maintained at the Company's place of domicile (other than those share registers described in subparagraphs (II) and (III) of this Article);
- (II) the register of members in respect of the holders of overseas listed foreign shares of the Company which is maintained at the place of the overseas stock exchange on which the shares of the Company are listed. In respect of the register of members of overseas-listed foreign shares for the shares that are listed in the Hong Kong Stock Exchange, the original register of members of shares shall be maintained in Hong Kong;

- (III) the register of members which is maintained in such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

**Article 42**

Different parts of the register of members shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of members.

Article 37 of  
Mandatory  
Provisions

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

**Article 43**

All fully paid-up overseas listed foreign shares listed in Hong Kong are freely transferable pursuant to the Articles of Association. The Board may refuse to recognize any instrument of transfer without explanation unless such transfer is in compliance with the following conditions:

Article 12  
of Letter of  
Opinions  
Chapter  
19A.46 of MB  
Listing Rules

- (I) instrument of transfer and any other documents related to the ownership of any shares or likely to affect the ownership of any shares shall be registered, and made payment to the Company for such registration according to the expenses stipulated by the Hong Kong Listing Rules;
- (II) the instrument of transfer involves only the overseas listed foreign shares listed in Hong Kong;
- (III) the stamp duty payable on the instrument of transfer as required by the laws of Hong Kong has been paid;
- (IV) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares shall be provided;
- (V) if the shares are to be transferred to joint holders, the number of such joint holders shall not exceed 4;
- (VI) the relevant shares shall be free from any lien created by any company;
- (VII) no share shall be transferred to a minor or an individual with unsound mind or a legally incapacitated individual.

If the Board refuses to register a share transfer, the Company shall send the transferor and the transferee a notice of refusal to register the said share transfer within 2 months after the application for transfer is submitted.

**Article 44**

All transfers of overseas listed foreign shares listed in Hong Kong shall be effected by a written instrument of transfer in an ordinary or usual form or any other form acceptable to the Board (including the standard transfer format or form of transfer specified by the SEHK from time to time). The instrument of transfer may be signed under hand or by an imprint only, or (where the transferor or transferee is a corporation) by the corporate seal. Where the transferor or transferee is a recognized clearing house (“recognized clearing house”, as defined by relevant regulations in Hong Kong laws effective from time to time) or its nominee, it may be signed in a machine-imprinted format.

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

**Article 45**

In the event that there is a period of time required for suspending registration of transfers by the laws and regulations in the PRC and securities supervision rules of the place where the shares of the Company are listed prior to the convening of a general meeting or the reference date on which the Company decides to distribute dividends, such requirements shall be observed.

Article 38 of  
Mandatory  
Provisions  
Reply on the  
Adjustment  
of the Notice  
Period

**Article 46**

When the Company intends to convene a general meeting, distribute dividends, enter into liquidation and engage in other activities that involve confirmation of shareholding, the Board shall fix a specific date as the record date for determining the shareholdings. Shareholders named in the register of members by the end of the record date shall be the shareholders of the Company.

Article 39 of  
Mandatory  
Provisions  
Article 31 of  
Guidelines  
for Articles of  
Association

**Article 47**

Any party who objects to the register of members and requests to have its name included in or removed from the register of members may apply to the court of the relevant jurisdiction to correct the register of members.

Article 40 of  
Mandatory  
Provisions

**Article 48**

Any shareholder who is registered in, or any person requests to have his name entered into, the register of members may, if his share certificate (the “Original Certificate”) is lost, apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares”).

Article 41 of  
Mandatory  
Provisions

If a holder of the domestic shares loses his share certificate and applies for a replacement share certificate, it shall be dealt with in accordance with the provisions of the Company Law.

If a holder of overseas listed foreign shares loses his share certificate and applies for a replacement share certificate, it may be dealt with in accordance with the relevant laws, the rules of the stock exchange and other relevant regulations of the place where the original register of holders of overseas listed foreign shares is maintained.

If a holder of overseas listed foreign shares listed in Hong Kong loses his share certificate and applies for a replacement share certificate, such share certificate shall be issued in compliance with the following requirements:

- (I) 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 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.
- (II) before the Company decides to issue the replacement share certificate, no statement made by any person other than the applicant requesting that he shall be registered as the shareholder in respect of the Relevant Shares has been received.
- (III) 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.
- (IV) the Company shall have, prior to the publication of its intention to issue a replacement share certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been 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.

(V) if, upon expiration of the 90-day period of announcement, display referred to in subparagraphs (III) and (IV) of the Articles of Association, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant accordingly.

(VI) 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.

(VII) 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 for such expenses.

#### **Article 49**

After the Company issues a replacement share certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case where he is a bona fide purchaser) shall not be deleted from the register of members.

Article 42 of  
Mandatory  
Provisions

#### **Article 50**

The Company shall not have any obligation to indemnify any person for any damages suffered thereby arising out of the cancellation of the Original Certificate or the issuance of a replacement share certificate, unless such person concerned can prove that the Company has committed a fraudulent act.

Article 43 of  
Mandatory  
Provisions

### **Chapter 7 Rights and Obligations of Shareholders**

#### **Article 51**

A shareholder of the Company is a person who lawfully holds shares of the Company and has his name recorded in the register of members.

Article 44 of  
Mandatory  
Provisions  
Article 30 of  
Guidelines  
for Articles of  
Association

A shareholder of the Company shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations. All classes of shareholders of the Company shall have equal rights in any profit distribution in the form of dividend or in any other form.

Rule 9 of MB  
Listing Rules  
App 3  
Rule 12 of MB  
Listing Rules  
App 3

For a corporate shareholder, its legal representative or a proxy appointed thereby shall exercise the rights on its behalf.

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

## Article 52

Holders of ordinary shares of the Company shall have the following rights:

Article 45 of  
Mandatory  
Provisions  
Article 32 of  
Guidelines  
for Articles of  
Association

- (I) to claim dividends and distribution of profits in any other form in proportion to the number of shares held;
- (II) to request, convene, preside over, attend general meetings either in person or by proxy and exercise the voting right in accordance with the laws;
- (III) to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;
- (IV) to transfer, give or pledge the shares held by them in accordance with the laws, administrative regulations and the Articles of Association;
- (V) to receive information as provided in the Articles of Association, including:
  - (1) a copy of the Articles of Association upon payment of the costs thereof;
  - (2) the right to inspect and copy, subject to payment of reasonable charge:
    - 1. all parts of the register of members;

2. personal particulars of the directors, supervisors, general manager and other senior management of the Company, including:
  - (a) present and former forename and surnames and any aliases;
  - (b) principal address (domicile);
  - (c) nationality;
  - (d) occupation and all other part-time occupation and positions;
  - (e) identification documents and its number.
- (3) status of the share capital of the Company;
- (4) the latest audited financial statements and reports of the Board of Directors, auditors and Board of Supervisors of the Company;
- (5) special resolutions of the general meeting and/or board meeting of the Company;
- (6) reports showing the aggregate par value, number, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the previous accounting year and the aggregate amount incurred by the Company for this purpose;
- (7) copies of the latest annual inspection report submitted to the Administration for Industry and Commerce of the PRC or other competent authorities for recordation;
- (8) minutes of the general meetings (for shareholders' inspection only);.

Chapter  
19A.50 of MB  
Listing Rules

Documents of items (1) to (8) mentioned above, except for item (2), shall be made available by the Company, according to the requirements of the Hong Kong Listing Rules, at the Company's address in Hong Kong, for the public and overseas listed foreign shareholders to inspect at no charge, except for item (8), which will only be available for inspection by the shareholders.

A shareholder intending to inspect aforesaid relative information or request information shall provide to the Company the written supporting documents in relation to the types and numbers of its shares he/she hold, and the Company will provide information as per such shareholder's requirements upon authentication of his/her identity as its Shareholder.

Article 33 of  
Guidelines  
for Articles of  
Association

- (VI) to participate in the distribution of the residual assets of the Company in proportion to the number of shares held in the event of termination or liquidation of the Company;
- (VII) shareholders against the mergers or divisions of the Company tabled at shareholders' meeting, to request the Company to buy back its shares; and
- (VIII) other rights conferred by the laws, administrative regulations and the Articles of Association.

#### **Article 53**

Shareholders shall have the right to request the court to invalidate any resolution of the general meeting of the Company or the meeting of the Board which runs against the laws and regulations.

Article 34 of  
Guidelines  
for Articles of  
Association  
Article 22 of  
Company Law

If the convening procedure and voting method of a general meeting or a meeting of the Board run against the laws or the Articles of Association or if the content of any resolution runs against the Articles of Association, the shareholders shall have the right to request the court to cancel the resolution within 60 days after the adoption of the resolution

#### **Article 54**

If any director or senior management violates the laws and regulations or the Articles of Association in fulfilling their duties, thereby incurring any loss of the Company, the shareholder(s) separately or jointly holding more than 1% of the shares of the Company for more than 180 consecutive days shall have the right to submit a written request to the Board of Supervisors to institute legal proceedings in the court; if the Board of Supervisors violates the laws and regulations or the Articles of Association in fulfilling its duties, thereby incurring any loss of the Company, the shareholders shall have the right to submit a written request to the Board to institute legal proceedings in the court.

Article 35 of  
Guidelines  
for Articles of  
Association  
Article 151 of  
Company Law

If the Board of Supervisors or the Board of Directors refuses to institute legal proceedings after receipt of the aforesaid written request or does not institute legal proceedings within 30 days after receipt of the said request, or if the circumstance is urgent or any delay of legal proceedings may incur irrecoverable damage to the interests of the Company, the shareholders as specified in the preceding paragraph shall have the right to directly institute legal proceedings in the court in their own names for the interests of the Company.

If any other person infringes the legitimate rights and interests of the Company, thereby causing any loss of the Company, the shareholders as specified in the first paragraph of this Article may institute legal proceedings in the court pursuant to the preceding two paragraphs.

#### **Article 55**

If any director or senior management violates the laws and regulations or the Articles of Association, thereby incurring any loss of the shareholders, the shareholders may institute legal proceedings in the court.

Article 36 of  
Guidelines  
for Articles of  
Association  
Article 152 of  
Company Law

#### **Article 56**

Holders of ordinary shares of the Company shall assume the following obligations:

- (I) to comply with laws, administrative regulations and the Articles of Association;
- (II) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (III) to take responsibility for the Company to the extent of the shares subscribed;
- (IV) not to divest the shares except otherwise provided by the laws and regulations;
- (V) not to abuse their rights as shareholders to damage the interests of the Company or other shareholders; and not to abuse the Company's independent status of legal entity or shareholders' limited liability to damage the interests of the creditors of the Company;

Article 46 of  
Mandatory  
Provisions  
Articles 37  
and 38 of  
Guidelines  
for Articles of  
Association  
Article 20 of  
Company Law

A shareholder who abuses shareholder's right shall be liable for indemnification to any loss so caused to the Company or other shareholders according to the laws.

A shareholder who abuses the Company's independent status of legal entity or shareholder's limited liability to evade debts thereby causing serious damage to the interests of the creditors of the Company shall bear joint liability for the Company's debts.

(VI) substantial shareholders shall give a timely, true and complete report to the Board regarding a name list of their liaison persons and the information about their connected transactions;

(VII) other obligations imposed by the laws, administrative regulations and the Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than the terms as agreed by the subscriber of the Relevant Shares at the time of subscription.

Where a shareholder of A Share holding 5% or more voting shares of the Company pledges any shares in his/her possession, he/she shall report the pledge to the Company in writing on the day upon occurrence of the pledge. The pledge from shareholder of H share shall be in compliance with the relevant requirements stipulated by Hong Kong Stock Exchange.

## **Article 57**

In addition to obligations imposed by the laws, administrative regulations or required by the listing rules of the stock exchange on which the shares of the Company are listed, a controlling shareholder (as defined in Article 58 in the Articles of Association) shall not exercise his/her voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

Article 47 of  
Mandatory  
Provisions

Article 21 of  
Company Law

(I) to waive a director or supervisor of his/her responsibility to act honestly in the best interests of the Company;

(II) to approve the expropriation by a director or supervisor (for his/her own benefits or for the benefits of another person), in any way, of the Company's properties, including (but not limited to) any opportunities beneficial to the Company;

- (III) to approve the expropriation by a director or supervisor (for his/her own benefits or for the benefits of another person) of personal rights of other shareholders, including (but not limited to) any rights to distributions and voting rights save for pursuant to a restructuring of the Company submitted to shareholders for approval at a general meeting in accordance with the Articles of Association.

The controlling shareholder(s) or de facto controller(s) of the Company shall not take advantage of their connected relationship to prejudice the interests of the Company, or they shall be liable to indemnify the Company for any of its loss incurred arising from the violation of such requirement.

Article 39 of  
Guidelines  
for Articles of  
Association

The controlling shareholder(s) and de facto controller(s) of the Company have a duty of fidelity to the Company and other public shareholders. The controlling shareholder shall exercise the rights of contributors in strict compliance with the laws, shall not jeopardize legitimate rights and interests of the Company and other public shareholders by profit distribution, assets reorganization, external investments, capital occupation or loan guarantee or by taking advantage of its controlling status.

## Article 58

The term “controlling shareholder” referred to in the preceding article means a person who satisfies any one of the following conditions:

Article 48 of  
Mandatory  
Provisions  
Article 192  
of Guidelines  
for Articles of  
Association  
Article 216 of  
Company Law

- (I) He/she severally or jointly, acting in concert with others, is entitled to elect more than half of members of the Board;
- (II) He/she severally or jointly, acting in concert with others, is entitled to exercise or to control the exercise of 30% or more of the voting rights of the Company;
- (III) He/she severally or jointly, acting in concert with others, holds 30% or more of the outstanding issued shares of the Company;
- (IV) He/she severally or jointly, acting in concert with others, has de facto control over the Company in any other manners.

The term “acting in concert” referred to in this Article represents an act that any of two or more persons obtains the voting right in the Company by way of agreement thereon (whether in oral or in written), so as to realise or reinforce the purpose of controlling the Company.

## Chapter 8 General Meetings

<b>Article 59</b>	The general meeting is the Company's authoritative organ which shall exercise its functions and powers in accordance with the laws.	Article 49 of Mandatory Provisions
<b>Article 60</b>	<p>The general meeting shall exercise the following functions and powers:</p> <ul style="list-style-type: none"><li>(I) to decide on the Company's operational policies and investment plans;</li><li>(II) to elect and replace directors who are not appointed from the employees' representatives and decide on matters relating to their remuneration;</li><li>(III) to elect and replace supervisors who are not appointed from the employees' representatives and decide on matters relating to their remuneration;</li><li>(IV) to consider and approve the reports of the Board of Directors;</li><li>(V) to consider and approve the reports of the Board of Supervisors;</li><li>(VI) to consider and approve the Company's proposed annual budgets and final accounts;</li><li>(VII) to consider and approve the Company's profit distribution plans and loss recovery plans;</li><li>(VIII) to resolve the increase or reduction of the Company's registered capital and the acquisition of the Company's shares;</li><li>(IX) to resolve the merger, division, dissolution, liquidation of the Company or change of corporate form;</li><li>(X) to resolve the issue of corporate debentures or other securities and listing plans of the Company;</li><li>(XI) to resolve the appointment, dismissal or non-reappointment of accounting firms;</li><li>(XII) to amend the Articles of Association;</li></ul>	Article 50 of Mandatory Provisions Articles 40 and 41 of Guidelines for Articles of Association Article 16 of Company Law



(XIII) the following guarantees shall be considered and approved,

- ① any provision of guarantee, where the total amount of external guarantees provided by the Company or its subsidiaries reaches 50% or above of the latest audited net assets;
- ② any provision of guarantee, where the guarantee amount aggregated over a period of 12 consecutive months exceeding 30% of the latest audited total assets;
- ③ the guarantee amount aggregated over a period of 12 consecutive months exceeding 50% of the latest audited net assets and with the absolute amount exceeding RMB30 million;
- ④ any provision of guarantee to anyone whose gearing ratio exceeds 70%;
- ⑤ any provision of a single guarantee in the amount exceeding 10% of the latest audited net assets;
- ⑥ any provision of guarantee to shareholders, de facto controller and other connected parties;
- ⑦ other external guarantees as defined by the laws and regulations, and SEHK that are subject to the consideration and approval at the general meeting.

(XIV) to consider and approve the purchase and disposal of material assets by the Company within a year which account for more than 30% of the latest audited total assets of the Company;

(XV) to consider and approve share incentive plans;

(XVI) to consider and approve proposals raised by shareholders who represent 3% or above of the issued voting shares of the Company;

(XVII) to consider and approve the matters regarding change in use of proceeds;

(XVIII) to consider the matters regarding connected transactions that shall be approved by the general meeting as stipulated by the listing rules of the domicile country where the shares of the Company are listed;

(XIX) to resolve other issues which require approvals by the general meeting as stipulated by the laws, administrative regulations, the listing rules of the stock exchange on which the Company's shares are listed and the Articles of Association.

When the general meeting is considering the guarantee proposal for shareholders, de facto controllers and their related parties, the said shareholder or the shareholders controlled by de facto controllers shall not participate in the vote. The vote shall be passed by more than half of the voting rights held by other shareholders at the general meeting.

Matters which shall be determined by the general meeting according to the laws, administrative regulations and the Articles of Association shall be resolved at general meetings in order to protect the decision-making rights of shareholders of the Company on such matters. The board of directors may be authorized by the general meeting whenever necessary and reasonable to make decisions within its scope of authorization as delegated by the general meeting on specific matters which are relevant to the matters to be resolved and cannot be approved forthwith at the general meeting.

An authorization to the board of directors by the general meeting in relation to matters to be decided by ordinary resolutions shall be passed by shareholders (including their proxies) representing more than half of the voting rights present at the general meeting; an authorization to the board of directors in relation to matters to be decided by special resolutions shall be passed by shareholders (including their proxies) representing more than two-thirds of the voting rights present at the general meeting. The contents of the authorization shall be clear and specific.

#### **Article 61**

The Company shall not, without prior approval at a general meeting, enter into any contract with any person other than a director, supervisor, general manager and other senior management whereby the administration of the whole or any substantial part of the business of the Company is to be handed over to such person.

Article 51 of  
Mandatory  
Provisions  
Article 81 of  
Guidelines for  
Articles of  
Association

#### **Article 62**

General meetings are divided into annual general meetings and extraordinary general meetings. General meetings shall be convened by the Board. Annual general meetings are held once a year and within 6 months from the end of the preceding fiscal year.

Article 52 of  
Mandatory  
Provisions  
Article 43 of  
Guidelines for  
Articles of  
Association  
Article 100 of  
Company Law

Under any of the following circumstances, the Board shall convene an extraordinary general meeting within 2 months:

- (I) the number of directors is less than the quorum required by the Company Law or two-thirds of the number of directors specified in the Articles of Association;
- (II) the accrued losses of the Company amount to one-third of the total amount of its paid-up capital;
- (III) shareholder(s) severally or jointly holding 10% or more of the Company's outstanding issued shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;
- (IV) it is deemed necessary by the Board of Directors or requested by the Board of Supervisors to convene an extraordinary general meeting; or
- (V) half or more of the independent non-executive directors propose to convene the meeting.

#### **Article 63**

The venue of general meeting of the Company is the domicile of the Company or other place notified by the convener of the general meeting.

Articles 44  
and 80 of  
Guidelines  
for Articles of  
Association

The general meeting shall be held onsite in a physical venue. The Company will also provide internet or any other means for its shareholders to conveniently participate in general meetings. Shareholders participating in the general meetings by any aforesaid means shall be deemed as having attended the meetings.

Online voting method shall not apply to the shareholders of H shares.

#### **Article 64**

When the Company convenes a general meeting, lawyers will be appointed to issue legal opinions and make public announcement on the following matters:

Article 45 of  
Guidelines  
for Articles of  
Association

- (I) whether or not the procedures of convening and holding the meeting are in accordance with the relevant laws, administrative regulations and this Articles of Association;

- (II) whether or not the qualifications of the personnel attending the meeting and the qualifications of the convener are legal and effective;
- (III) whether or not the voting procedure and voting results of the meeting are legal and effective;
- (IV) legal opinions issued on the other related matters as requested by the Company.

## Article 65

When the Company convenes an annual general meeting, written notice (by electronic means or mail) of the meeting shall be given at least 20 business days before the date of the meeting (where the Company convenes an extraordinary general meeting, written notice (by electronic means or mail) of the meeting shall be given at least 10 business days or 15 days (whichever is longer) before the date of the meeting) to notify, among other things, all shareholders whose names appear in the register of members of the matters to be considered and the date and place of the meeting.

Article 53 of Mandatory Provisions Reply on the Adjustment of the Notice Period Rule E.1.3 of MB Listing Rules App14 Article 54 of Guidelines for Articles of Association

The period of the dispatching of the notice shall exclude the date convening the meeting and the date on which the notice is dispatched. The date on which the notice is issued to the shareholders of H shares in accordance with this Article (by electronic means or mail) is the date when the notice is served on the postal authority for posting by the Company or by the share registrar appointed by the Company.

## Article 66

When the Company convenes a general meeting, meeting of the Board of Directors and Board of Supervisors, shareholders severally or jointly holding more than 3% of the total number of shares shall have the right to propose resolutions.

When the Company convenes a general meeting, shareholders severally or jointly holding more than 3% of the total number of shares shall have the right to propose extraordinary resolutions in writing to the Company. The Company shall include the matters therein falling within the scope of functions and powers of the general meeting into the agenda of such meeting, and issue a supplementary notice of general meeting within 2 days after receiving the resolutions and make public announcement to publish the content of the extraordinary resolutions. If the listing rules of the stock exchange on which the shares of the Company are listed provide otherwise, their requirements shall also be satisfied at the same time.

Article 54 of Mandatory Provisions Articles 52 and 53 of Guidelines for Articles of Association Article 102 of Company Law

An extraordinary resolution proposed by shareholders shall be subject to and conditional upon:

- (I) the substance of the resolution proposed shall not be in conflict with the laws and regulations, and shall fall within the scope of operation of the Company and the functions and powers of general meetings;
- (II) there is a clear subject matter of discussion and specific matters to be resolved; and
- (III) the resolution shall be submitted or served to the Board in writing ten days before the date of the general meeting.

**Article 67**

An extraordinary general meeting shall not resolve on matters not stated in the notice of meeting.

Article 55 of  
Mandatory  
Provisions  
Reply on the  
Adjustment  
of the Notice  
Period

**Article 68**

A notice of a general meeting shall:

Article 56 of  
Mandatory  
Provisions  
Article 55 of  
Guidelines  
for Articles of  
Association

- (I) be served in writing;
- (II) specify the place, the date and time of the meeting;
- (III) state the matters and proposals to be considered at the meeting;
- (IV) specify the record date for shareholders who are entitled to attend the general meeting;
- (V) provide such information and explanation as are necessary for the shareholders to make an informed decision on the matters to be considered. Without limiting the generality of the foregoing, where a proposal is made (including but limited to) upon an merger of the Company, share repurchases, share capital reorganisation or other reconstruction of the Company in any other way, the specific terms of the proposed transaction shall be provided in details together with copies of the proposed contracts (if any), and the cause and effect of such proposal shall be properly explained;

- (VI) contain a disclosure of the nature and extent of the material interests of any director, supervisor, general manager and other senior management if they are substantially interested in the proposed transaction; and explain the effect of the proposed transaction on such director, supervisor, general manager and other senior management in their capacity as shareholders in so far as it is different from the effect on the interests of other shareholders of the same class;
- (VII) contain the full text of any special resolution to be proposed at the meeting;
- (VIII) contain a conspicuous statement that all holders of ordinary shares are entitled to attend general meetings; a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote on his/her behalf and such proxy is not necessarily be a shareholder;
- (IX) specify the time and place for service of proxy forms for the relevant meeting; and
- (X) specify the name and telephone number of the contact person for the meeting.

Notice of a general meeting and a supplementary notice shall fully and completely disclose all the specific contents of all resolutions. In the event that the matters intended to be discussed request the independent directors to express their opinions, the opinions and reasons of the independent directors will be disclosed at the same time when the notice of the general meeting or the supplementary notice is issued.

Article 57 of  
Mandatory  
Provisions  
Rule 2.07(A)  
(2) of MB  
Listing Rules

In the case where the internet or other means will be adopted at the general meeting, the voting time and voting procedure of internet or other means shall be clearly stated in the notice of the general meeting. The start time of the online voting or other means of voting of the general meeting shall not be earlier than 3:00 p.m. on the day before the general meeting to be held onsite in a physical venue, and shall not be later than 9:30 a.m. on the day before the holding of the onsite general meeting in a physical venue, and its end time shall not be earlier than 3:00 p.m. on the day before the end of general meeting held onsite in a physical venue.

Article 57 of  
Mandatory  
Provisions  
Rule 2.07(A)  
of MB Listing  
Rules  
Reply on the  
Adjustment  
of the Notice  
Period  
Rule E.1.3 of  
MB Listing  
Rules App14

The interval between the registration date of shares and the meeting date should not be more than 7 working days. The registration date of shares should not be changed upon confirmation.

Notice of a general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting) by delivery in person or prepaid mail to their addresses as shown in the register of members. For the holders of domestic shares or unlisted foreign shares, notice of a general meeting may be issued by announcement; for holders of overseas listed foreign shares, notice of a general meetings can also be delivered or made through the Company's website or methods as stipulated by the Listing Rules from time to time, provided that such act does not violate the laws, administrative regulations and the listing rules of the stock exchange on which the Company's shares are listed.

The "announcement" referred to in the preceding Article shall be published in one or more newspapers designated by the securities regulatory authorities of the PRC, for a period of at least 20 business days before convening an annual general meeting and at least 10 business days or 15 days (whichever is longer) before convening an extraordinary general meeting. After the publication of such announcement, the holders of domestic shares shall be deemed to have received the notice of the relevant general meeting.

<b>Article 69</b>	The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions passed at the meeting.	Article 58 of Mandatory Provisions Article 169 of Guidelines for Articles of Association
<b>Article 70</b>	After the notice of general meeting is issued, the general meeting shall not be delayed or cancelled without proper reasons, and the resolutions listed in the notice of general meeting shall not be cancelled. In case of delay or cancellation, the convener shall make public announcement and explain the reason at least 2 working days before the convening date originally scheduled.	Article 57 of Guidelines for Articles of Association
<b>Article 71</b>	The Board of the Company and other conveners will take necessary measures to ensure the normal order of the general meeting. In the case where there are acts that interfere with the general meeting, picking quarrels and provoking trouble and infringe upon the legitimate rights and interests of shareholders, measures will be taken to halt such acts and report will be made to relevant departments for investigation and handling in a timely manner.	Article 58 of Guidelines for Articles of Association

## Article 72

Any shareholder entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his/her proxy (proxies) to attend and vote on his/her behalf. A proxy so appointed shall be entitled to exercise the following rights pursuant to the authorisation from that shareholder:

Article 59 of  
Mandatory  
Provisions  
Article 59 of  
Guidelines  
for Articles of  
Association

- (I) the shareholder's right to speak at the general meeting;
- (II) the right to severally demand or join in demand to vote on a poll; and
- (III) the right to vote on a show of hands or on a poll, except otherwise stipulated by the applicable securities listing rules or other securities laws and regulations, a shareholder who has appointed more than one proxy, such proxies may only vote on a poll.

Where such shareholder is a recognised clearing house defined from time to time in the relevant clauses of Hong Kong laws (or its nominees), the shareholder may authorize a person or persons as he thinks fit to act as his/her representative (or representatives) at any general meeting or any meeting of any class of shareholders, provided that if more than one person is so authorised, the authorisation signed by the recognized clearing house must specify the number and class of shares that each such person is so authorised. Such duly authorized persons may represent the recognized clearing house (or its nominees) to attend the meeting (without showing share certificates, notarized authorization and/or further evidence of duly authorization) exercise the same powers as if he is an individual shareholder of the Company.



## Article 73

The instrument appointing a proxy shall be in writing under the hand of the principal or his/her attorney duly authorised in writing, or if the principal is a legal person, either under seal or under the hand of a director or attorney duly authorised.

Article 60 of  
Mandatory  
Provisions  
Article 61 of  
Guidelines for  
Articles of  
Association

The authorized instrument of proxy entrusting the other person as the attorney issued by a shareholder to attend a general meeting shall contain following contents:

- (I) the name of the proxy;
- (II) whether or not having the right to vote;
- (III) the instructions to vote respectively in favour of, against or abstain from voting on each resolution on the agenda of a general meeting;
- (IV) the issue date of the instrument of proxy and the validity period;
- (V) to be signed (or sealed) by the proxy.

Such power of attorney shall contain at the same time the number of shares represented by a proxy; if several persons are appointed as proxies, the number of shares represented by each proxy shall be specified in the power of attorney.

## Article 74

The proxy form shall be deposited at the address of the Company or other place as specified in the notice of the meeting not less than 24 hours prior to the time appointed for the holding of the meeting or 24 hours prior to the time appointed for voting. Where the proxy form is signed by an attorney authorised by the principal, the power of attorney or other authorisation instruments shall be notarised. The notarised power of attorney and other authorisation instruments, together with the proxy form, shall be lodged at the address of the Company or such other place as specified in the notice to the meeting.

Article 61 of  
Mandatory  
Provisions  
Article 63 of  
Guidelines  
for Articles of  
Association

If a principal is a legal person, its legal representative or any other person authorised by its Board of Directors or by other authority body may attend a shareholders' meeting on behalf of such principal.

The Company has the right to request a proxy attending a general meeting on behalf of shareholder to produce his identification document.

If a legal person corporate shareholder (save for a recognised clearing house or its nominees) appoints a proxy to attend the meeting on its behalf, the Company has the right to request the proxy to produce his identification document and a notarised copy of the resolution or power of attorney issued by the relevant board of directors or other authoritative body.

**Article 75**

Any instrument issued to a shareholder by the Board of the Company for use in appointing a proxy shall be in such format as to enable the shareholder to instruct the proxy to vote in favour of or against the resolutions according to his/her free will, and instructions shall be given in respect of each individual matter to be voted on at the meeting. The instrument of proxy shall contain a statement that, in the absence of instructions by the shareholder, the proxy may vote as it thinks fit.

Article 62 of  
Mandatory  
Provisions  
Rules 11(1),  
(2) of MB  
Listing Rules  
App 3  
Article 60 of  
Guidelines  
for Articles of  
Association

Individual shareholders attending a meeting in person should present their identity cards or other valid documents or certificates that can identify themselves, and stock account cards; in the event that the proxies will attend a meeting on their behalf, they should present their valid identification documents and the instrument of proxy authorised by the shareholders.

A legal person shareholder should have a legal representative or a proxy authorised by the legal representative to attend a meeting on its behalf. The legal representative who attend a meeting should present his identification and a valid document which can prove that he/she is qualified to act as a legal representative; in the event that a proxy authorised by the legal representative is to attend a meeting, the proxy shall present his/her identity card and the written power of attorney issued by the legal representative of the legal person shareholder unit according to law.

**Article 76**

A vote given by a proxy in accordance with the terms of an instrument of proxy shall remain valid notwithstanding the death or loss of capacity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of such aforesaid issues shall have been received by the Company before the commencement of the meeting.

Article 63 of  
Mandatory  
Provisions

**Article 77**

The Company is responsible for making the attendance register of the meeting for the personnel attending the meeting. The attendance register contains the names of the personnel attending the meeting (or name of the unit), identity card numbers, residential addresses, the number of shares with voting rights held by shareholders or represented by their proxies present at the meeting, the names of the persons represented by proxies (or name of the unit) and other matters.

Article 64 of  
Guidelines  
for Articles of  
Association

**Article 78**

The convener and the lawyer appointed by the Company will jointly verify the legality of the qualifications of shareholders in accordance with the register of members provided by the institutions of securities registration and settlement, and register the names (or titles) of the shareholders and the number of shares held by them. The meeting registration shall be terminated right before the chairman of the meeting announces the number of shareholders and proxies present at the venue of the meeting and the total number of shares with voting rights held by them.

Articles 65, 67 and 74 of Guidelines for Articles of Association

In the event that the chairman of the general meeting violates the rules of procedure in the course of the meeting, and the general meeting cannot continue, one person can be elected to act as the chairman of the meeting in order to continue the meeting upon consent of more than half of the voting rights held by the shareholders present at the general meeting.

The convener shall ensure that the general meeting is held continuously until a final resolution is formed. In the event that the general meeting is adjourned or unable to make a resolution due to force majeure and other special reasons, necessary measures shall be taken to resume the convening of the general meeting as soon as possible or terminate this general meeting directly, and public announcement should be made in a timely manner. At the same time, the convener should report to the local institution of the CSRC in the region where the Company is located and the stock exchange.

**Article 79**

All directors and supervisors of the Company and the secretary to the Board shall attend the general meeting, whereas the managers and other senior management shall be present at the meeting except with proper reasons.

Article 66 of Guidelines for Articles of Association

**Article 80**

The Company shall formulate the Rules of Procedures of the general meeting, which specifies the procedures for the holding a general meeting and voting at a general meeting, including notification, registration, consideration and approval of resolutions, voting, counting of votes, announcement of voting results, formation of meeting resolutions, meeting minutes and signatures, announcements; and the principles in relation to making authorization by the general meeting to the Board of Directors, whereas the contents of authorization should be clear and specific. The Rules of Procedures of the general meeting shall be treated as annexes to the Articles of Association and shall be formulated by the Board, subject to approval by the general meeting.

Article 68 of Guidelines for Articles of Association

**Article 81**

The Board of Directors and the Board of Supervisors should, at the annual general meeting, report to the general meeting their work in the past year. Independent directors should also report on their work.

Article 69 of Guidelines for Articles of Association

<b>Article 82</b>	Directors, supervisors and senior management shall explain and address the enquiries and suggestions of the shareholders at the general meeting.	Article 70 of Guidelines for Articles of Association
<b>Article 83</b>	The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies present at the venue of the meeting and the total number of shares with voting rights held by them, each subject to that recorded by the meeting.	Article 71 of Guidelines for Articles of Association
<b>Article 84</b>	<p>Resolutions of a general meeting are classified as ordinary resolutions and special resolutions.</p> <p>An ordinary resolution of a general meeting shall be passed by affirmative votes of more than half of the voting rights of shareholders (including their proxies) present at the meeting.</p> <p>A special resolution of a general meeting shall be passed by affirmative votes of more than two-thirds of the voting rights of shareholders (including their proxies) present at the meeting.</p>	<p>Article 64 of Mandatory Provisions</p> <p>Article 75 of Guidelines for Articles of Association</p>
<b>Article 85</b>	<p>In voting at general meetings, shareholders (including their proxies) shall exercise their voting rights in accordance with the number of their voting shares. Each share shall have one vote.</p> <p>In the event that the material issues to be considered and approved at the general meeting will affect the interests of small and medium investors, the voting of the small and medium investors shall be counted separately. The results of the separate counting of votes shall be publicly disclosed in a timely manner.</p> <p>Shares held by the Company shall not have any voting rights and shall not be counted into the total number of shares with voting rights present at the general meeting.</p> <p>The Board of the Company, independent directors and shareholders who meet the relevant regulations and conditions can make public solicitation of voting rights held by shareholders. When soliciting the voting rights of shareholders, the information in respect to specific voting intention should be fully disclosed to the persons being solicited. To solicit the voting rights of shareholders at the expense of payment or payment in disguise is forbidden. In respect of solicitation of voting rights, no restriction should be imposed by the Company on the minimum proportion of shareholding.</p>	<p>Article 65 of Mandatory Provisions</p> <p>Article 78 of Guidelines for Articles of Association</p> <p>Article 79 of Guidelines for Articles of Association</p>

In reviewing and considering matters relevant to connected transactions at a general meeting, if required by the listing rules of the stock exchange on which the Company's shares are listed, the connected shareholders shall abstain from voting and the number of voting shares represented by them shall be excluded from the total effective votes. The announcement of the resolution of the general meeting shall fully disclose the voting situation of the non-connected shareholders.

Where any shareholder is, under the applicable laws and regulations and the listing rules of the stock exchange on which the shares of the Company are listed, required to abstain from voting on a particular resolution or restricted to voting only for (or against) a particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Rule 14 of MB  
Listing Rules  
App 3

## **Article 86**

Unless under the applicable securities listing rules or otherwise stipulated by other securities laws and regulations, or a poll is demanded before or after any vote by show of hands by the following persons, a resolution shall be decided on a show of hands at any general meeting:

Article 66 of  
Mandatory  
Provisions

- (I) the chairman of the meeting;
- (II) at least two shareholders entitled to vote in person or by proxy;
- (III) one or more shareholders (including their proxies) representing, either calculated separately or in aggregate, 10% or more (10% included) of all shares carrying the right to vote at the meeting.

Unless under the applicable securities listing rules or otherwise stipulated by other securities laws and regulations, or a poll is so demanded in accordance with the aforesaid requirements, an announcement by the chairman of the meeting that a resolution has on a show of hands been passed or rejected and any entry to that effect in the minutes book shall be the conclusive evidence of the fact; there is no need for proof of the number or proportion of the votes recorded in favour and against the resolution.

The demand for a poll may be withdrawn by the person who makes such demand.

<b>Article 87</b>	A poll demanded on the election of the chairman of the meeting, or on adjournment of the meeting, shall be taken forthwith. A poll demanded on any other issues shall be taken at such time as the chairman of the meeting directs, and any matter other than that upon which a poll has been demanded may be proceed with first. The result of the poll shall be deemed to be a resolution of such meeting.	Article 67 of Mandatory Provisions
<b>Article 88</b>	On a poll taken at a meeting, a shareholder (including his/her proxies) entitled to two or more votes need not cast all his/her votes in the same way. The general meeting is voted by roll-call votes.	Article 68 of Mandatory Provisions Article 86 of Guidelines for Articles of Association
<b>Article 89</b>	Where there are two or more candidates for the election of a director at a general meeting, each of the shares held by the shareholders (including their proxies) shall have the same number of votes as the number of candidates, and the voting rights can be concentrated on electing one person, or be separated on electing several persons, provided that explanations shall be made on the allocations of the voting rights.	Article 106 of Company Law
<b>Article 90</b>	In case of equal affirmative and dissenting votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote.	Article 69 of Mandatory Provisions
<b>Article 91</b>	<p>The following matters shall be resolved by an ordinary resolution at a general meeting:</p> <ul style="list-style-type: none"> <li>(I) work reports of the Board of Directors and the Board of Supervisors;</li> <li>(II) profit distribution plan and loss recovery plan formulated by the Board;</li> <li>(III) election or removal of members of the Board and the shareholder representative supervisors, their remuneration and manner of payment;</li> <li>(IV) annual budget and final accounts plan, balance sheet, income statement, and other financial statements of the Company;</li> <li>(V) annual report of the Company; and</li> <li>(VI) such matters other than those required to be passed by special resolutions under the laws and administrative regulations and the listing rules of the stock exchange on which the Company's shares are listed or the Articles of Association.</li> </ul>	Article 70 of Mandatory Provisions Article 76 of Guidelines for Articles of Association

## Article 92

The following matters shall be resolved by a special resolution at a general meeting:

Article 71 of  
Mandatory  
Provisions

Article 77 of  
Guidelines  
for Articles of  
Association

- (I) increase or reduction in share capital, repurchase of shares, and issuance of shares of any class, stock warrants or other similar securities of the Company;
- (II) the issuance of debentures of the Company;
- (III) division, merger, dissolution, liquidation or change of corporate form of the Company;
- (IV) amendments to the Articles of Association;
- (V) the purchase and disposal of material assets by the Company or the guaranteed amount within a year which account for more than 30% of the latest audited total assets of the Company;
- (VI) share incentive plans; and
- (VII) such other matters considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and shall be adopted by a special resolution.

## Article 93

Shareholders or the Board of Supervisors requisitioning an extraordinary general meeting or class meeting of shareholders shall abide by the following procedures:

Article 72 of  
Mandatory  
Provisions

- (I) Two or more shareholders severally or jointly holding 10% or more of the shares carrying the right to vote at the meeting sought to be held or the Board of Supervisors shall, by signing one or more counterpart requisition in writing stating the object of the meeting, require the Board to convene an extraordinary general meeting or a class meeting. The Board shall give the feedbacks in writing on whether to convene the extraordinary general meeting or the class meeting or not within 10 days after receiving such requisition in writing. The shareholdings referred to above shall be calculated as of the date of the deposit of the requisition by the shareholders.
- (II) If the Board of Directors agrees to convene the extraordinary general meeting or the class meeting, it shall serve a notice of general meeting or class meeting within 5 days after the resolution is made by the Board of Directors. In the event of any change to the original proposal set forth in the notice, the consent of the original proposer shall be obtained.
- (III) If the Board does not agree to the proposals to convene the extraordinary general meeting or the class meeting, or serves no feedback within 10 days upon receipt of such proposals, the shareholders individually or jointly holding 10% or more of shares carrying voting rights at the meeting intended to be held have the right to propose to the Board of Supervisors to convene an extraordinary general meeting or class meeting and shall request the Board of Supervisors in writing.
- (IV) If the Board of Supervisors agrees to convene the extraordinary general meeting or class meeting, it shall serve a notice of general meeting or class meeting within 5 days after receipt of the request. In the event of any change to the original proposal set forth in the notice, the consent of the original proposer shall be obtained.



- (V) If the Board of Supervisors fails to convene the meeting within 10 days from the date of the receipt of such requisition in writing, the shareholders individually or jointly holding more than 10% of shares for over 90 consecutive days may themselves convene such a meeting with the procedures as similar as possible as that in which shareholders' meetings are to be convened by the Board within 4 months from the date of the receipt of the requisition by the Board.

The shareholding of the convening shareholder(s) shall not below 10% before the announcement of the resolutions of general meeting, and the convening shareholder(s) shall submit related certification materials to the designated authorities of the CSRC and the stock exchange of the Company's domicile country when serving the notice of general meeting or class meeting and the announcement of the resolutions of general meeting.

With regard to the general meeting convened by the Board of Supervisors or shareholders on their own, the Board of Directors and its secretary shall offer cooperation. The Board of Directors shall provide a register as of the shareholding registration date.

Where the general meeting is convened by shareholders themselves, the representative to preside over the meeting shall be elected by the convener.

Any reasonable expenses incurred by shareholders or the Board of Supervisors in convening and presiding over a meeting by reason of the failure of the Board of Directors to duly convene a meeting as requested above shall be borne by the Company and shall be set off against sums owed by the Company to the directors in default.

Except for those matters in relation to commercial secrets of the Company which cannot be made public at the general meeting, Directors, Supervisors and senior management shall respond to and address the enquiries and suggestions of the shareholders.

Articles 47,  
48, 49, 50, 67  
and 70 of  
Guidelines for  
Articles of  
Association

**Article 94**

A general meeting shall be convened and presided over by the chairman of the Board. If the chairman is unable to attend the meeting, the meeting shall be convened and presided over by the vice chairman. If the chairman and vice chairman are unable to attend the meeting, the meeting shall be convened and presided over by a director of the Company jointly elected by more than half of the Directors. If the chairman of the meeting is not designated, a person may be elected to be the chairman by the shareholders attending the meeting. If, for any reasons, the shareholders are unable to elect a chairman, the meeting shall be presided over by the shareholder (including his/her proxy) present in person who holds the largest number of shares with voting rights.

Article 73 of  
Mandatory  
Provisions  
Article 67 of  
Guidelines  
for Articles of  
Association

**Article 95**

The chairman of the meeting shall be responsible for deciding whether a resolution has been passed. His decision shall be final and shall be announced at the meeting and recorded in the minutes of meeting.

Article 74 of  
Mandatory  
Provisions

**Article 96**

If the chairman of the meeting has any doubt as to the result of a resolution put to the vote, he may have the votes counted. If the chairman of the meeting fails to have the votes counted, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may demand the votes be counted immediately after the announcement of the result, and the chairman of the meeting shall have the votes counted promptly.

Article 75 of  
Mandatory  
Provisions  
Article 90 of  
Guidelines  
for Articles of  
Association

**Article 97**

Every general meeting shall have its minutes which shall be kept by the secretary to the Board of Directors.

The minutes shall state the following contents:

- (I) time, venue and agenda of the meeting and names of the convener;
- (II) the presider's name and the names of the directors, supervisors, managers and other senior management attending or present at the meeting;
- (III) the numbers of shareholders and proxies attending the meeting, number of voting shares they hold and the percentages of their voting shares to the total shares of the Company;
- (IV) the process of consideration, summary of speeches and voting results of each proposal;

(V) shareholders' questions, opinions or suggestions and corresponding answers or explanations;

(VI) names of lawyers, vote counters and scrutinizers of the voting;

(VII) other contents to be included in the minutes as specified in this Articles of Association.

If vote counting is carried out at the general meeting, the vote counting result shall be recorded in the minutes of the meeting.

Article 76 of  
Mandatory  
Provisions

The directors, supervisors, the secretary to the Board of Directors, the convener or representative thereof, and the presider of the meeting present at the meeting shall sign on the minutes. The minutes of the meeting together with the attendance register of the attending shareholders and the proxy forms, as well as the valid information about online voting and voting via other methods shall be kept collectively at the address of the Company. The aforesaid minutes, attendance register and proxy forms shall not be destroyed for 10 years.

Articles 72  
and 73 of  
Guidelines for  
Articles of  
Association

#### **Article 98**

Copies of the minutes of meeting shall be available for inspection free of charge by shareholders during the business hours of the Company. If a shareholder requests the Company for a copy of such minutes, the Company shall send a copy of such minutes to him within 7 days upon the receipt of reasonable charges.

Article 77 of  
Mandatory  
Provisions  
Article 33 of  
Guidelines for  
Articles of  
Association

### **Chapter 9 Special Procedures for Voting by a Class of Shareholders**

#### **Article 99**

Shareholders holding different classes of shares are referred to as class shareholders.

Article 78 of  
Mandatory  
Provisions

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

If the share capital of the Company includes the shares carrying no voting rights, the word "non-voting" must appear in the designation of such shares.

Rule 10 of MB  
Listing Rules  
App 3

If the share capital includes the shares with different voting rights, the designation of each class of shares (other than those with the most favourable voting rights) must include the words "restricted voting" or "limited voting".

#### **Article 100**

Rights conferred on any class shareholders may not be varied or abrogated unless approved by a special resolution at a general meeting and by the class shareholders so affected at a separate meeting convened in accordance with Articles 104 to 106.

Article 79 of  
Mandatory  
Provisions

## Article 101

The following acts shall be deemed as a variation or abrogation of the rights of a particular class of shareholders:

Article 80 of  
Mandatory  
Provisions

- (I) to increase or decrease the number of shares of that class or increase or decrease the number of shares of a class having voting rights, rights to receive distributions or other privileges equal or superior to those of shares of that class;
- (II) to exchange all or part of the shares of that class for shares of another class, or to exchange or grant a right to exchange all or part of the shares of another class for shares of that class;
- (III) to remove or reduce rights to any accrued or cumulative dividends attached to shares of that class;
- (IV) to reduce or remove the preference rights attached to shares of that class to have priority in receiving dividends or in distribution of assets in the event that the Company is liquidated;
- (V) to add, remove or reduce the conversion privileges, options, voting rights, transfer or preemptive rights, or rights to acquire the Company's securities attached to shares of that class;
- (VI) to remove or reduce the rights to receive payments payable by the Company in particular currencies attached to shares of that class;
- (VII) to create a new class of shares having voting rights or rights to receive distributions or other privileges equal or superior to those of the shares of that class;
- (VIII) to impose restrictions or additional restrictions on the transfer or ownership of the shares of that class;
- (IX) to issue rights to subscribe for, or convert into, shares of that class or another class;
- (X) to increase the rights or privileges of shares of another class;

(XI) to restructure the Company in such a way so as to result in a disproportionate distribution of obligations among various classes of shareholders; and

(XII) to vary or abrogate provisions of this chapter.

#### **Article 102**

Shareholders of the affected class, whether having the right to vote at a general meeting, shall be entitled to vote in class meetings in respect of matters concerning subparagraphs (II) to (VIII),(XI) and (XII) of Article 101. However, interested shareholders shall have no voting right at such class meetings.

Article 81 of  
Mandatory  
Provisions

The aforementioned term “interested shareholders” means:

- (I) in the event that the Company makes a repurchase offer to all shareholders in the same proportion or the Company repurchases its own shares by way of public dealings on a stock exchange pursuant to Article 30 hereof, a “controlling shareholder” within the meaning of Article 58 hereof;
- (II) in the event that the Company repurchases its own shares by an off-market agreement pursuant to Article 31 hereof, a holder of the shares to which the proposed agreement relates;
- (III) in the event of a restructuring of the Company, a shareholder within a class who assumes a relatively smaller proportion of obligations than the obligations imposed on shareholders of that class or who has an interest in the proposed restructuring different from the general interests of the shareholders of that class.

#### **Article 103**

A resolution in a class meeting shall be passed by votes representing two-thirds or more of the voting rights of shareholders of that class present at the relevant meeting who are entitled to vote at the class meetings according to Article 102.

Article 82 of  
Mandatory  
Provisions

<b>Article 104</b>	A notice convening a class meeting shall be given according to the requirements of convening a general meeting as set out in Article 67 of the Articles of Association, to notify shareholders whose names appear in the register of members for such class shares of the matters proposed to be considered and the date and place of the meeting.	Article 83 of Mandatory Provisions Reply on the Adjustment of the Notice Period
	However, the quorum required at any class meetings (other than adjourned meetings) convened for the consideration of the variation of the rights of any class shares must be at least one-third of the shareholders of the shares in issue of such class.	Rule 6.(2) of MB Listing Rules App 3
<b>Article 105</b>	A notice of a class meeting shall be served exclusively to the shareholders entitled to vote thereat.	Article 84 of Mandatory Provisions
	The procedures of a class meeting shall resemble those of the general meeting to the fullest extent as possible. Provisions in the Articles of Association regarding the procedures for holding a general meeting shall be applicable to class meetings.	
<b>Article 106</b>	In addition to shareholders of other classes, holders of domestic shares and holders of overseas listed foreign shares shall be deemed as holders of different classes of shares.	Article 85 of Mandatory Provisions
	The special voting procedures for class meetings shall not apply in any of the following circumstances:	Rule 1(f) of MB Listing Rules App 13D
	(I) where the Company issues, upon approval by a special resolution of the general meeting, not more than 20% of each of its existing outstanding issued domestic shares and overseas listed foreign investor shares, either separately or concurrently once every 12 months;  (II) where under the approval by the securities regulatory authorities of the PRC, domestic shares held by holders of domestic shares are transferred to H shares and are dealt with on the stock exchange of Hong Kong.	

## Chapter 10 Board of Directors

### Section 1 Director

<b>Article 107</b>	The Board of Directors is established in the Company and comprises of Chairman, Vice-Chairman, independent non-executive Directors and employee Directors, of which 1 Chairman and 3 independent non-executive Directors are included.	Articles 86 and 87 of Mandatory Provisions Article 106 of Guidelines for Articles of Association
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**Article 108**

Directors shall be elected at the general meetings, and they can be dismissed from their positions by the general meetings before the term expires. Directors shall serve for a term of office of 3 years. Upon expiration of the term of office, a director is eligible for re-election and reappointment. The general meetings shall not dismiss the directors from their positions before the expiration of the term of office without reasons.

Article 87 of  
Mandatory  
Provisions  
Article 4  
of Letter of  
Opinions

A written notice regarding the intention of nominating candidates for Directors and the willingness of the candidates to be nominated shall be dispatched to the Company 7 days before convening general meetings.

Rule 4.(3) of  
MB Listing  
Rules App 3

Chairman shall be elected and removed by a simple majority of votes of all directors. The term of office of Chairman is 3 years, renewable upon re-election.

Article 111 of  
Guidelines for  
Articles of  
Association

Conditional on the requirements of related laws and administrative regulations are complied, the general meetings can remove any directors whose remaining term of office is not expired by ordinary resolutions (without prejudice to any claims to be lodged in accordance with any contracts).

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

**Article 109**

The directors' term of office is from the date when they take office to the expiration of the current Board of Directors' term of office. Where re-election is pending upon the expiration of the directors' term of office, the original director shall still perform his/her duties as directors in accordance with the requirements in laws, administrative regulations, departmental rules and this Articles of Association before the re-elected director takes office.

Article 96 of  
Guidelines for  
Articles of  
Association

Managers or other senior management can serve as directors concurrently, but the total number of directors, who also serve as managers or other senior management and those who are staff representatives, shall not exceed half of the total number of directors in the Company.

## Article 110

Procedures for nominating candidates for directors by shareholders who have nomination rights.

Article 4 of  
Letter of  
Opinions  
Rules 4.(4),  
4.(5) of MB  
Listing Rules  
App 3

If a shareholder with nomination rights (“Such Shareholder”) nominates a candidate for director (“Director Candidate”) other than independent directors at a general meeting of the Company according to the laws, such shareholder shall seek the consent of the Director Candidate and shall have sufficient knowledge of the profession, academic qualifications, titles and detailed information on work experience including all part-time employments, whether there is any connected relationship with the Company or its controlling shareholders and de facto controllers, disclosure on the number of the Company’s shares held, as well as whether there is any punishment imposed by the CSRC and other related departments and any penalty or warning from the stock exchange (“Such Information”) of the Director Candidate. The Director Candidate shall provide written confirmation to the Company agreeing to be nominated, and shall provide an undertaking in relation to the truthfulness and completeness of his/her particulars disclosed and shall guarantee the performance of a director’s duties after being elected (“Relevant Agreement and Undertaking”). In addition, Such Shareholder shall deliver, or cause the Director Candidate to deliver, the following document to the Company not less than 7 days before the general meeting of the Company, and such period shall commence after the issue of the notice of the general meeting by the Company in respect of such election:

Articles 56  
and 82 of  
Guidelines for  
Articles of  
Association

(I) the intention of nominating the Director Candidate;



(II) a written notice issued by the Director Candidate in respect of Relevant Agreement and Undertaking; and

(III) the written proofs containing Such Information of the Director Candidate.

If the Company receives the nomination of directors made by any shareholders before the convening of a meeting of the Board or the Board of Supervisors, the written proofs containing Such Information of the Director Candidate shall be disclosed together with the resolution of the Board or the Board of Supervisors or the notice of the general meeting.

If Such Shareholder nominates a candidate for independent director (“Independent Director Candidate”) at a general meeting of the Company according to the laws, such shareholder shall seek the consent of the Independent Director Candidate and shall have sufficient knowledge of Such Information of the Independent Director Candidate. The Independent Director Candidate shall make Relevant Agreement and Undertaking to the Company and shall make an open statement as to the absence of any relation between the Company and him which would affect his/her independent and objective judgment (“Statement of Independence”), while Such Shareholder shall give an opinion in respect of the qualifications and independence of the Independent Director Candidate to act as an independent director (“Such Opinion”). In addition, Such Shareholder shall deliver, or cause the Independent Director Candidate to deliver, the following document to the Company not less than 7 days before the general meeting of the Company, and such period shall commence after the issue of the notice of the general meeting by the Company in respect of such election:

(I) the intention of nominating the Independent Director Candidate;

(II) a written notice issued by the Independent Director Candidate in respect of Relevant Agreement and Undertaking;

(III) Statement of Independence and Such Opinion; and

(IV) the written proofs containing Such Information of the Independent Director Candidate.

If the Company receives the nomination of independent directors made by any shareholders before the convening of a meeting of the Board or the Board of Supervisors, the written proofs containing Such Information of the Independent Director Candidate, Statement of Independence and Such Opinion shall be disclosed together with the resolution of the Board or the Board of Supervisors or the notice of the general meeting.

Any person appointed as directors by the Board to fill the temporary vacancy of the Board or to increase the number of member in the Board may hold the position until the next annual general meeting of the Company is convened, and may be eligible for re-election and reappointment at that time.

Rule 4.(2) of  
MB Listing  
Rules App 3

The name list of candidates for directors and supervisors shall be submitted as proposals for voting at the general meeting.

General meetings can adopt cumulative voting in accordance with the requirements of this Articles of Association and resolutions of general meetings when voting on the election of directors and supervisors.

Cumulative voting as referred in the above paragraph means each share has the voting right representing the same number of directors or supervisors for election and voting rights of shareholders can be centralised in use during the election of directors or supervisors in general meetings.

## **Article 111**

A director may request to resign before his/her term of office expires. The resigning director shall tender a resignation letter to the Board in writing. The Board will disclose such circumstances within 2 days.

Article 100 of  
Guidelines for  
Articles of  
Association

If a director resigns within his/her term of office, or if an election is not conducted in time upon expiry of the term of a director, which makes the number of the members of the Board fall short of the quorum, the original director shall assume the responsibilities in accordance with the requirements of the laws and regulations and the Articles of Association before the new director is elected and holds office.

In case that the number of directors falls short of the quorum for the Board as a result of the resignation of the director, the resignation letter of such director shall not become effective until the vacancy resulting from his/her resignation is filled up by succeeding director. The remaining directors shall convene an extraordinary general meeting as early as possible to elect director and fill up the vacancy resulting from such resignation.

Save for the circumstances referred to in the preceding paragraph, a director's resignation shall become effective upon his/her resignation letter being served to the Board.

**Article 112**

Upon submission of a resignation of a director or at expiry of his/her term of office, he/she shall complete all handover procedures with the Board. His/her obligations of confidentiality in respect of commercial secrets of the Company shall survive the termination of his/her term of office until the same has become public available information.

Article 101 of  
Guidelines for  
Articles of  
Association

**Article 113**

Save as specified herein or duly authorised by the Board, no director shall act on behalf of the Company or the Board in his own name. A director shall, when acting in his own name, make a statement of his personal standpoint and capacity prior to such acts whenever a third party may reasonably believe that the said director is acting on behalf of the Company or the Board.

Article 102  
of Guidelines  
for Articles of  
Association

**Article 114**

A director who violates any laws, administrative regulations, department rules or the Articles of Association in performing his duties shall be liable for indemnification to any loss so caused to the Company.

Article 103 of  
Guidelines for  
Articles of  
Association

**Article 115**

Any director who has left his office without authorization before his term of office expires, thereby causing the Company to incur a loss, shall be held liable and keep the Company indemnified against such loss.

Article 99 of  
Guidelines  
for Articles of  
Association

A non-independent director failing to attend the meetings of the Board either in person or by proxy for two times in succession shall be deemed as incapable of performing the duties, and shall be subject to replacement as recommended by the Board to the general meeting.

## Section 2 Independent Non-executive Directors

### Article 116

The Company shall establish a system for independent non-executive directors. Independent non-executive directors of the Company refer to a director who holds no position other than as a director in the Company, has no connection with the Company and any of its substantial shareholders which might hamper his/her independent and objective judgment.

Articles 1 and 4 of Guidelines of Independent Directors

The members of the Board of the listed company shall comprise of at least one third of independent directors, and at least one professional in accounting (a person with senior title or register qualification of accountant) and at least one of its independent non-executive directors must be ordinarily resident in Hong Kong among them.

The term of office of independent non-executive directors is 3 years, renewable upon re-election at its expiry, provided that the renewed term shall not exceed 6 years.

Rule A.4.3 of MB Listing Rules App 14

### Article 117

An independent non-executive director shall meet the following basic conditions:

Article 2 of Guidelines of Independent Directors

- (I) qualifies as a director of a listed company pursuant to the relevant laws, administrative regulations, the listing rules of the stock exchange on which the Company's shares are listed and other relevant regulations;
- (II) being independent as specified in the listing rules of the stock exchange on which the Company's shares are listed;
- (III) having basic knowledge on operation of listed companies and proficiency in the relevant laws, administrative regulations and rules;
- (IV) having at least 5 years' experience in legal, economics or in other areas required for performing the duties as independent non-executive director;

- (V) should have obtained the certificates for qualification of independent directors already obtained in accordance with the requirements by Guidelines on Training of Senior Management of Listed Companies (《上市公司高級管理人員培訓工作指引》) issued by the CSRC and relevant requirements; candidates for independent directors who have not yet obtained certificates for qualification of independent directors at the nomination stage shall undertake in writing that they will participate in the qualification training for independent directors to be held most recently so as to obtain the certificates for qualification of independent directors;
- (VI) other conditions specified herein.

#### Article 118

In addition to the functions and powers provided by the Company Law, the other relevant laws and regulations and the listing rules of the stock exchange on which the Company's shares are listed, and the Articles of Association, independent non-executive directors shall have the following special functions and powers:

Article 5 of  
Guidelines of  
Independent  
Directors

- (I) Major related party transaction (represents the proposed related party transaction between the listed company and the related person, in amount more than \$3,000,000 and representing more than 5% of the latest audited net assets value of the listed company) shall be submitted to the Board for discussion upon approval by the independent directors;

Before making any judgments, the Independent Directors can engage an intermediary institution for issuance of an independent financial advisor report as a basis of their judgments.

- (II) to propose to the Board the appointment or dismissal of accounting firms;
- (III) to propose to the Board the convening of extraordinary general meeting;
- (IV) to propose the convening of board meetings;
- (V) upon unanimous consent of all the independent non-executive directors, to independently appoint external auditors or consultants for auditing and consultancy of specific matters at the expenses of the Company.

- (VI) to be able to conduct public solicitation of voting rights from shareholders before convening the general meetings.

Save for subparagraph (VI), independent non-executive directors shall obtain the consent of more than half of all the independent non-executive directors in exercising any of the above functions and powers. If any of the above proposals have not been adopted or if any of the above functions and powers could not be exercised properly, the Company shall disclose the details thereof.

#### **Article 119**

Independent directors shall express independent opinions for any of the material matters of the listed company

Article 6 of  
Guidelines of  
Independent  
Directors

- (I) In addition to performing the abovementioned duties, independent directors shall express independent opinions to the Board or the general meetings on the following matters:
1. nomination, appointment and removal of directors;
  2. appointment or removal of senior management;
  3. the remuneration of directors and senior management of the Company;
  4. the existing or new borrowings or other fund transactions of the listed company the total amount of which is more than RMB3,000,000 or representing more than 5% of the latest audited net asset value of the listed company by shareholders of the Company, de facto controllers and its related enterprises, and whether the Company has taken effective measures to recover the outstanding payments;
  5. any changes in the use of proceeds;
  6. externally guaranteed matters to be considered in general meetings as required by this Articles of Association;
  7. share option incentive scheme;
  8. any matters that independent directors consider to be likely to infringe the interests of small and medium shareholders;

9. other matters as specified by this Articles of Association.

(II) Independent directors shall express one of the opinions as categorised below in respect of the aforesaid matters: consent opinion; qualified opinion and the reasons thereof; objection opinion and the reasons thereof; unable to express an opinion and the reasons thereof.

(III) If such matters are disclosable, the listed company shall make an announcement of the opinions of the independent directors. Should no consensus be reached by independent directors, the Board shall disclose the opinion of each independent director respectively.

#### **Article 120**

An independent non-executive director shall not be dismissed without a justified cause before the expiration of his term. When an independent non-executive director is dismissed before expiration of his term, the Company shall disclose the dismissal as a special disclosable issue.

Article 4 of  
Guidelines of  
Independent  
Directors

In case that an independent non-executive director fails to attend the board meetings in person for 3 times in succession, the Board may file an application with the general meeting for replacement.

#### **Article 121**

For issues not covered by the independent non-executive director system in this section, the relevant laws, administrative regulations, department rules and the listing rules of the stock exchange on which the Company's shares are listed shall apply.

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

#### **Article 122**

A board of directors shall be accountable to the general meeting:

- (I) to convene the general meetings and report its work to general meetings;
- (II) to implement the resolutions passed at the general meetings;
- (III) to decide on the operational plan and investment scheme of the Company, specific annual operational target and finance plan other than the issuance of the debentures or other securities of the Company and listing;
- (IV) to formulate the annual budget and final accounts of the Company;
- (V) to formulate profit distribution plan and loss recovery plan of the Company;

Article 88 of  
Mandatory  
Provisions  
Article 105  
of Guidelines  
for Articles of  
Association  
Article 107  
of Guidelines  
for Articles of  
Association

- (VI) to formulate proposals for increase or reduction of the Company's registered capital and for the issuance of debentures or other securities of the Company and listing;
- (VII) to formulate plans for material acquisition, share repurchase, merger, division, dissolution or change in corporate form;
- (VIII) to determine the establishment of the Company's internal management structure and the establishment and abolishment the subsidiaries and other branch organizations;
- (IX) to elect chairman and vice chairman of the Company and appoint, employ or dismiss general manager of the Company;
- (X) to employ or dismiss secretary to the Board of the Company and chiefs of all special committees of the Board according to the nomination of chairman;
- (XI) to employ or dismiss deputy general manager and chief financial officer and determine their remuneration according to the nomination of general manager;
- (XII) to establish the Company's basic management system;
- (XIII) to formulate proposals for amendments to the Articles of Association;
- (XIV) to formulate the Company's share incentive plans;
- (XV) to manage the information disclosure issues of the Company;
- (XVI) to determine the establishment of special committees of the Board;
- (XVII) to determine and monitor the Company's risk management system, including risk assessment, financial control, internal audit and legal risk control;
- (XVIII) to propose to general meetings for the engagement or change of accounting firms for the Company's auditing;



- (XIX) to receive the regular or irregular working reports of the Company's general manager or entrusted senior management, and approve general manager's working report;
- (XX) the Company's external guarantee matters without the scope authorised by the shareholders' meeting, as stipulated in this Articles of Association;
- (XXI) to decide the issues such as the purchase and sale of assets, offering assets as guarantees, appointment to manage finance and connected transactions within the scope authorised by the shareholders' meeting;
- (XXII) other powers as stipulated in the laws and regulations and the listing rules of the stock exchange on which the Company's shares are listed, and being granted in general meeting, and the Articles of Association.

Save and except for the resolutions of the Board in respect of the matters specified in subparagraphs (VI), (VII) and (XIII) above which shall be passed by more than two-thirds of all directors, resolutions of the Board in respect of all other matters may be passed by more than half of all directors. The Board shall perform its duties in accordance with the laws and administrative regulations of the PRC, the Articles of Association and shareholders' resolutions.

The board of directors of the Company should explain at the general meeting in relation to qualified opinion on the audited financial statement as issued by the certified public accountant.

Article 108 of  
Guidelines for  
Articles of  
Association

## Article 123

The Board shall formulate the Rules of Procedures of the Board of Directors to ensure implementation of the resolutions of the general meetings, enhance work efficiency and ensure proper decision-making. The Rules of Procedures of the Board defining the convening and voting procedure of board meetings shall be formulated by the Board, subject to approval by the general meeting.

The Board may establish several special committees such as audit committee, remuneration and assessment committee and nomination committee. Under the leadership of the Board, the committees which the composition of the members and the terms of reference are otherwise discussed and determined by the Board, assist the Board to execute their function and power or provide strategic or consulting opinion to the Board for decision making.

## Article 124

The Board may resolve an investment in other enterprise or the provision of a guarantee to other party, unless otherwise specified by the laws, regulations and the listing rules of the stock exchange on which the Company's shares are listed. However, the provision of guarantee to a shareholder or de facto controller of the Company is subject to a resolution passed at the general meeting.

The shareholders specified in the preceding subparagraph or shareholders under control of such de facto controller shall abstain from voting on such matters as specified in the preceding subparagraph. Such proposal shall be subject to the approval by other shareholders who are present at the meeting and holding more than half of the voting rights.

The Company shall establish a strict internal control system on provision of external guarantee. All directors shall attach prudence to and exercise strict control on the debt risks resulting from the provision of external guarantees.

For provision of external guarantees, the Company shall take risk control measures such as the provision of back-to-back security by relevant counterparty, and the provider of back-to-back security shall be a party who can financially support such undertakings.

The responsible director or directors shall assume joint and several liabilities for any loss incurred to the Company arising from any provision of external guarantee in violation of the relevant laws, regulations, rules and the Articles of Association.

## Article 125

The Board shall not, without prior approval of shareholders in a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the consideration for the proposed disposal and the value of the consideration for any disposal of fixed assets in the 4 months immediately preceding the proposed disposal exceeds 33% of the value of the Company's fixed assets as stated in the latest balance sheet approved by the general meeting.

Article 89 of  
Mandatory  
Provisions

A "disposal of fixed assets" as referred to in this article includes the transfer of interest in certain assets but excludes the usage of fixed assets for provision of guarantee.

The effectiveness of transaction of the Company's disposal of fixed assets shall not be affected by a breach of the first paragraph of this Articles of Association.

## Article 126

The Chairman of the Board shall perform the following duties and powers:

Article 90 of  
Mandatory  
Provisions  
Articles 112  
and 113 of  
Guidelines for  
Articles of  
Association

- (I) to preside over general meetings and to convene and preside over board meetings;
- (II) to supervise and check the implementation of resolutions of board meetings and debrief relevant reports;
- (III) to supervise and organize formulation of rules and regulations on the operation of the board of directors, and to coordinate the operation of the board of directors;
- (IV) to sign securities certificates issued by the Company;
- (V) to sign important documents of the Board;
- (VI) to sign important legally binding documents on behalf of the Company;
- (VII) to exercise special rights of disposal over the Company's affairs that are in line with the requirements under the laws and the interests of the Company in the event of force majeure such as natural disasters in massive scale and under the critical situation where a board meeting cannot be held timely, and to report at board meetings afterwards;
- (VIII) to exercise other powers prescribed by the laws and regulations or the Articles of Association and conferred by the board of directors.

## Article 127

Meetings of the Board shall be held at least four times a year and convened by the Chairman of the Board. Notice of the meeting shall be served on all of the directors 14 days before the date of the meeting.

Article 91 of  
Mandatory  
Provisions  
Article 114  
and 115 of  
Guidelines for  
Articles of  
Association  
Rule A.1.1 of  
MB Listing  
Rules App 14

In any of the following circumstances, the Chairman of the Board shall convene and preside an extraordinary board meeting within 10 days after receipt of the proposal:

- (I) when proposed jointly by one-third or more of the directors;
- (II) when proposed by the Board of Supervisors;
- (III) when jointly proposed by more than half of the independent non-executive directors;

- (IV) when deemed as necessary by the Chairman of the Board;
- (V) when proposed by the shareholders representing more than one-tenth of voting rights;
- (VI) when proposed by the general manager.

#### **Article 128**

Notices of board meetings and extraordinary board meetings shall be dispatched, either by telephone, facsimile or email, 14 days before the date of the regular meeting of the Board (an extraordinary board meeting is not subject to the notice period, however, notices shall be given within a reasonable time for Directors to attend the meetings).

Article 92 of  
Mandatory  
Provisions  
Article 116  
of Guidelines  
for Articles of  
Association  
Rule A.1.3 of  
MB Listing  
Rules App 14

The time and place of a meeting of the Board may be prescribed in advance by the Board and recorded in the minutes. If such minutes have been dispatched to all directors at least 14 days prior to the convening of the next board meeting, no further notice is required to be served to the directors in respect thereof.

Directors who have attended the meeting will be deemed to have been issued a notice of board meeting if he had not raised any issues of not having received such notice before or during the board meeting.

A board meeting may be convened by means of telephone conference or other similar communication equipment through which directors participating in the meeting can communicate with each other simultaneously and instantaneously, and such participation shall constitute presence at a meeting as if those participating were present in person.

#### **Article 129**

Unless otherwise specified by this Articles of Association, a board meeting may not be held unless more than half of the directors are present.

Article 93 of  
Mandatory  
Provisions  
Article 118  
of Guidelines  
for Articles of  
Association

Each director has a ballot for voting. Save for otherwise specified by this Articles of Association, a board resolution shall be subject to approval by more than half of all the directors.

In the case of equal affirmative and dissenting votes, the Chairman shall be entitled to a casting vote.

Unless otherwise specified by the laws, regulations and the listing rules of the stock exchange on which the Company's shares are listed, a resolution signed by the directors respectively with the number of the directors casting affirmative votes meets the effective quorum specified in the laws, regulations and this Articles of Associations shall be considered as valid as if a resolution which has been adopted by the board of directors at a meeting held according to the laws. Such written resolution may consist of a document of multiple copies with each copy signed by one or more directors. A resolution signed by a director or bearing his signature and served to the Company by mail, facsimile or by hand, for the purpose of this Articles of Association, shall be deemed as a document signed by him.

#### **Article 130**

A director should attend board meetings in person. Where a director is unable to attend for certain reasons, he may appoint in writing another director to attend the board meeting on his behalf. The instrument of proxy shall specify the name of the proxy, relevant matters, scope of authorisation and the validity period, and shall be signed or sealed by the appointor.

Article 94 of  
Mandatory  
Provisions  
Article 121  
of Guidelines  
for Articles of  
Association

The director attending the meeting on behalf of the entrusting director shall only exercise the rights within the scope of authorisation. A director failing to attend a board meeting either in person or by proxy shall be deemed as having waived his right to vote at the meeting.

#### **Article 131**

A director shall not vote on any board resolution on his own behalf or on behalf of any other directors if he or his associate has a connected relationship in the proposed board resolution. Such meeting of the board shall be conducted by more than half of the directors that do not have a connected relationship in the proposed resolution. The aforesaid resolutions shall be passed by more than half of the directors that do not have a connected relationship in the proposed resolution. Where the number of directors that do not have a connected relationship in the proposed resolution present at the meeting is less than three, the board shall submit such resolutions to the general meeting for review.

Article 119  
of Guidelines  
for Articles of  
Association  
Rule 4.(1) of  
MB Listing  
Rules App 3

## Article 132

The Board shall make minutes for matters to be resolved at the board meeting, which shall be signed by directors and secretary (recorder) to the Board present at the meeting. The minutes shall be kept for a period of 10 years. Directors shall be liable for the resolutions of the Board. Where a resolution of the Board violates the laws, administrative regulations or the Articles of Associations and results in serious losses to the Company, the directors who took part in such resolution shall be liable for indemnification to the Company, provided that the director who has expressly objected to the resolution put to the vote, and where such objection is evidenced and recorded in the minutes of the meeting, may be relieved of such liability.

Article 95 of  
Mandatory  
Provisions  
Articles 122  
and 123 of  
Guidelines  
for Articles of  
Association

The minutes of the board meeting shall contain the following information:

- (I) the date, venue and name of the person to convene the meeting;
- (II) the names of the directors present at the meeting and names of the directors (proxies) present at the meeting on behalf of other director(s);
- (III) agenda of the meeting;
- (IV) highlights of directors' speeches;
- (V) voting system and results of each resolution (the voting results shall set out the number of affirmative, dissenting and abstaining votes);
- (VI) signatures of directors.

## Article 133

In respect of any matter which needs to be resolved by the Board of Directors at an extraordinary meeting of the Board, where the Board of Directors has already distributed the content of the proposal to be voted on to all directors in writing (including fax and email) and guaranteed all directors can fully express their opinions, votes may be held and resolutions may be adopted by means of circulation and execution of written resolutions, and it is not necessary to hold a meeting of the Board of Directors. Nevertheless, an effective resolution shall be made only when the number of directors who have given their written consents thereto reaches the number of directors specified in Article 129 of Articles of Association to make a decision.

Article 120  
of Guidelines  
for Articles of  
Association

**Article 134** In principle, board meetings shall be held at the registered address of the Company. However, a board meeting may be held at any other places within or outside the PRC as approved by the convener.

**Article 135** The expenses reasonably incurred by directors in attending board meetings shall be borne by the Company. Such expenses shall include the travelling expenses from the place of domicile of the directors to the place of the meeting (if not being the place of domicile of the directors), catering and accommodation expenses during the meeting and local transportation expenses.

### **Chapter 11 Secretary to the Board of the Company**

**Article 136** The Company shall have a secretary to the Board, who shall be a senior management and report to the Board.

Article 96 of  
Mandatory  
Provisions

**Article 137** The secretary to the Board shall be a natural person who has the necessary professional knowledge and experience and shall be appointed by the Board. The secretary to the Board shall be responsible for organising the general meetings and Board meetings of the Company, keeping documents and managing information regarding the shareholders of the Company, and dealing with information disclosure and other matters. The primary duties of the secretary to the Board are:

Article 97 of  
Mandatory  
Provisions  
Article 133  
of Guidelines  
for Articles of  
Association

- (I) to ensure that the Company has maintained complete organisation documents and records;
- (II) to ensure that the reports and documents of the Company required by competent authorities are prepared and delivered according to law;
- (III) to ensure that the registers of shareholders of the Company are properly maintained, and to ensure that persons entitled to access the records and documents of the Company are furnished with such records and documents promptly.

The secretary to the Board shall comply with the laws, administrative regulations, department rules and relevant provisions of this Articles of Association.

**Article 138** Directors or senior management staff of the Company may serve concurrently as secretary to the Board of Directors. The accountants from the accounting agencies appointed by the Company may not serve concurrently as Secretary to the Board.

Article 98 of  
Mandatory  
Provisions

In the case where the office of the secretary to the Board of directors is concurrently held by a director, and a certain act is required to be done by the directors and the secretary to the board separately, the person who serves as both a director and the secretary to the Board of directors may not perform the act in a dual capacity.

## **Chapter 12 General Manager of the Company**

### **Article 139**

The Company has one general manager and a certain number of deputy general managers to assist the general manager in his work. The Company has one chief financial officer. General manager, deputy general managers and chief financial officer shall be appointed or dismissed by the Board.

Article 99 of  
Mandatory  
Provisions  
Article 124  
of Guidelines  
for Articles of  
Association

Each of the general manager and other senior management shall have a term of office of three years and shall be renewable upon re-election.

Article 127 of  
Guidelines for  
Articles of  
Association

### **Article 140**

The Company's general manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

Article 100  
of Mandatory  
Provisions

- (I) to lead the Company's production, operation and management, and report to the board of directors;
- (II) to organize the implementation of the Board's resolutions;
- (III) to organize the implementation of the Company's annual business plan as well as investment and financing plan formulated by the board of directors;
- (IV) to draft plans for the establishment of the Company's internal management structure;
- (V) to draft plans for the establishment of the subsidiaries and other branches of the Company;
- (VI) to draft the basic management system of the Company;
- (VII) to formulate detailed rules and regulations of the Company;

Article 128  
of Guidelines  
for Articles of  
Association



(VIII) to propose the appointment or dismissal of the Company's deputy general manager(s) and chief financial officer to the Board and make recommendation in relation to their remunerations;

(IX) to appoint or dismiss management members other than those required to be appointed or dismissed by the Board, and to determine their evaluations, remunerations, awards and penalties;

(X) to exercise other powers conferred by the Articles of Association or the board of directors.

<b>Article 141</b>	The Company's general manager shall attend the board meetings. Manager shall have no voting right if he/she is not a director.	Article 101 of Mandatory Provisions
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<b>Article 142</b>	The Company's general manager shall report to the Board of Directors or the Board of Supervisors as requested by them in relation to the conclusion, implementation and capital utilisation status of major contracts of the Company. The general manager shall guarantee the authenticity of the report.	
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<b>Article 143</b>	The Company's general manager shall formulate the working rules of the general manager, which shall be submitted to the Board for approval before implementation.	Article 129 of Guidelines for Articles of Association
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<b>Article 144</b>	The Company's general manager shall, in performing duties and powers, act in good faith, with due diligence and in accordance with the laws, administrative regulations and the Articles of Association.	Article 102 of Mandatory Provisions
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### **Chapter 13 Board of Supervisors**

<b>Article 145</b>	The Company shall establish a Board of Supervisors.	Article 103 of Mandatory Provisions
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<b>Article 146</b>	The Board of Supervisors shall consist of three supervisors. The term of office of supervisors shall be three years, renewable upon re-election.  The Board of Supervisors shall have one chairman. The appointment and dismissal of the chairman of the Board of Supervisors shall be passed by votes of two-thirds or more of its members.	Article 104 of Mandatory Provisions Section 1(d) (i) of MB Listing Rules App 13D Article 5 of Letter of Opinions
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<b>Article 147</b>	Appointment and removal of supervisors who are not staff representatives shall be subject to election at the general meeting, and appointment and removal of supervisors who are staff representatives shall be subject to democratic election by the staff of the Company. The proportion of supervisors who are staff representatives shall not be lower than one-third of all members of the Board of Supervisors.	Article 105 of Mandatory Provisions Article 51 of Company Law
<b>Article 148</b>	Directors, general manager and other senior management of the Company shall not serve concurrently as supervisors.	Article 106 of Mandatory Provisions Article 135 of Guidelines for Articles of Association
<b>Article 149</b>	Meetings of the Board of Supervisors shall be held at least twice a year and at least once every six months, and shall be convened and presided over by the chairman of the Board of Supervisors. Supervisors may propose the convening of extraordinary meeting of the Board of Supervisors. In the case where the chairman of Board of Supervisors is unable or fails to exercise his duties, a supervisor jointly elected by more than half of the supervisors shall perform such duties.	Article 107 of Mandatory Provisions Article 145 of Guidelines for Articles of Association Article 51 of Company Law
<b>Article 150</b>	<p>The Board of Supervisors shall be accountable to the general meeting and perform the following duties and powers in accordance with the laws:</p> <ul style="list-style-type: none"> <li>(I) to examine the Company's financial situation;</li> <li>(II) to supervise the performance of duties of directors and senior management and to propose removal of any directors and senior management who have violated the laws, administrative regulations, the Articles of Association or resolutions of shareholders' meetings;</li> <li>(III) to demand for rectification in the event of any damages to the interests of the Company caused by any of the directors, general manager or other senior management;</li> <li>(IV) to inspect the financial information such as financial reports, business reports and profit distribution plans to be submitted to general meeting by the Board. In case of any doubts, it may appoint a certified public accountant or practicing auditor to help in the review in the name of the Company;</li> </ul>	Article 108 of Mandatory Provisions Article 144 of Guidelines for Articles of Association

- (V) to propose for the convening of extraordinary general meetings; to convene and preside over general meetings in the event that the Board fails to perform such duties;
- (VI) to put forward resolutions to general meeting;
- (VII) to negotiate with or instigate proceedings against any of the directors and senior management on behalf of the Company;
- (VIII) to propose for the convening of extraordinary board meeting;
- (IX) to elect the chairman of the Board of Supervisors;
- (X) such other duties and powers prescribed by the laws, regulations and the Articles of Association.

Supervisors shall be in attendance at meetings of the Board.

## Article 151

Under justifiable reasons, a supervisor has the right to request the chairman of the Board of Supervisors to convene an extraordinary meeting. A notice to each meeting of the Board of Supervisors shall be given or dispatched by telephone or facsimile 10 days prior to the meeting. The notice of meetings shall set out the date and venue, duration and topics of the meeting and the dispatching date of the notice.

Article 109  
of Mandatory  
Provisions  
Article 6  
of Letter of  
Opinions  
Section 1(d)  
(ii) of MB  
Listing Rules  
App 13D

Meetings of the Board of Supervisors shall not be held unless two-thirds or more supervisors are present. The voting at meetings of the Board of Supervisors shall be conducted in the form of open ballot. Each supervisor has a ballot of voting right. A supervisor shall attend meetings of the Board of Supervisors in person. Where a supervisor is unable to attend for certain reasons, he may appoint in writing another supervisor to attend the meetings of the Board of Supervisors on his behalf. The instrument of proxy shall specify the scope of authorisation.

All resolutions passed at both regular or extraordinary meetings of the Board of Supervisors shall be the resolutions of Board of Supervisors, which shall be both passed by votes of two-thirds or more of its members.

**Article 152**

Minutes shall be made for meetings of the Board of Supervisors. Supervisors have the right to request to record their statements at the meeting in the minutes. The supervisors present at meetings and the person taking minutes shall sign on the minutes. Minutes of meetings of the Board of Supervisors shall be kept by the secretary to the Board as corporate files. The minutes of meetings shall be kept for a period of 10 years.

Article 147  
of Guidelines  
for Articles of  
Association

**Article 153**

The Board of Supervisors shall set up a record system on the implementation of its resolutions. Each resolution of the Board of Supervisors shall be implemented or supervised over its implementation by designated supervisor(s). The designated supervisor(s) shall keep records of the implementation of the resolution, and report to the Board of Supervisors the results of implementation.

**Article 154**

Supervisors and the Board of Supervisors shall not be liable for resolutions of the Board. However, if the Board of Supervisors considers that a resolution of the Board is in violation of the laws, regulations or the Articles of Association or against the interests of the Company, the Board of Supervisors may resolve to propose a re-consideration to the Board.

**Article 155**

All reasonable expenses incurred in respect of the engagement of professionals such as lawyers, certified public accountants or practicing auditors by the Board of Supervisors in exercising its functions and powers shall be borne by the Company.

Article 110  
of Mandatory  
Provisions

The expenses reasonably incurred by supervisors in attending meetings of the Board of Supervisors shall be borne by the Company. Such expenses shall include the travelling expenses from the place of domicile of the supervisors to the place of the meeting (if not being the place of domicile of the supervisors), catering and accommodation expenses during the meeting, rent for the venue of the meeting and local transportation expenses.

Article 56 of  
Company Law

**Article 156**

The supervisors shall faithfully discharge their supervisory responsibilities in accordance with the laws, administrative regulations and the Articles of Association.

Article 111  
of Mandatory  
Provisions

#### **Chapter 14 Qualifications and Obligations of Directors, Supervisors, General Manager and Other Senior Management of the Company**

**Article 157**

A person shall be disqualified from being a director, supervisor, general manager or other senior management of the Company in any of the following circumstances:

Article 112  
of Mandatory  
Provisions  
Article 95 of  
Guidelines  
for Articles of  
Association  
Article 146 of  
Company Law

- (I) the person is of civil incompetence or limited civil competence;
- (II) a period of 5 years has not yet elapsed since the penalisation on conviction of corruption, bribery, expropriation of property, misappropriation of property or disrupting social and economic order; or a period of 5 years has not yet elapsed since being deprived of political rights due to the committing of offences;
- (III) a period of 3 years has not yet elapsed since the completion of the liquidation of any company or enterprise which was insolvent and where the person acted as a director, factory manager or manager of such company or enterprise and was personally liable for such insolvency;
- (IV) a period of 3 years has not yet elapsed since revocation of business license or enforced winding-up of a company or enterprise due to illegal business operations where the person was the legal representative of such company or enterprise and for which he was personally liable;
- (V) the person is personally liable for a substantial debt which is due for repayment but remains unpaid;
- (VI) the person has been involved in a criminal offence which is subject to investigation by the judicial authorities, and the case remains unsettled;
- (VII) the person is not a natural person;
- (VIII) a period of 5 years has not yet elapsed since the person was adjudged by the relevant regulatory authorities to be guilty of contravening of securities regulations involving fraud or dishonesty;
- (IX) the person is currently being prohibited from participating in the securities market by the CSRC and such barring period has not elapsed;
- (X) the person is not eligible for acting in the leadership of an enterprise according to the laws, administrative regulations or departmental rules of competent authorities;
- (XI) such other stipulations by the relevant laws and regulations and the listing rules in the jurisdiction where the shares of the Company are listed.

Staff members who serve in positions other than as directors in the controlling shareholders and de facto controllers of the Company shall not serve as senior management of the Company.

**Article 158**

The validity of an act of a director, general manager and other senior management on behalf of the Company is not, vis-a`- vis a bona fide third party, affected by any irregularity in his office, election or any defect in his suitability to his office.

Article 113  
of Mandatory  
Provisions

**Article 159**

In addition to the obligations imposed by the laws and administrative regulations or required by the listing rules of the stock exchange on which the shares of the Company are listed, directors, supervisors, general manager and other senior management of the Company shall, in performing their duties and powers conferred by the Company, assume the following obligations towards each shareholder:

Article 114  
of Mandatory  
Provisions

- (I) not to cause the Company to go beyond the scope of business stipulated in its business license;
- (II) to act honestly in the best interests of the Company;
- (III) not to expropriate in any guise the Company's property, including but not limited to usurpation of opportunities advantageous to the Company;
- (IV) not to expropriate the individual rights of shareholders, including but not limited to rights to distribution and voting rights, save pursuant to a restructuring of the Company submitted to a general meeting for approval in accordance with the Articles of Association.

**Article 160**

In exercising rights or fulfilling obligations, the directors, supervisors, general manager and other senior management of the Company have the duty to act with due discretion, diligence and skill as a reasonable discreet person should do in similar circumstances.

Article 115  
of Mandatory  
Provisions

**Article 161**

Each of directors, supervisors, general manager and other senior management of the Company shall exercise his powers or perform his duties in accordance with the fiduciary principle, and shall not put himself in a position where his duty and his interest may conflict. This principle shall include (but not be limited to) the fulfilment of the following obligations:

Article 116  
of Mandatory  
Provisions  
Article 97 of  
Guidelines  
for Articles of  
Association

- (I) to act honestly in the best interests of the Company;

- (II) to exercise powers within the terms of reference and not to act ultra vires;
- (III) to exercise the discretion vested in him personally and not to allow himself to act under the control of any other party, unless and to the extent permitted by the laws, administrative regulations or with the consent of informed shareholders at a general meeting, not to delegate the exercise of his discretion;
- (IV) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) unless otherwise stipulated in the Articles of Association or otherwise consented to by duly informed shareholders at a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) without the consent of duly informed shareholders at a general meeting, not to use the Company's property for his own benefits;
- (VII) not to exploit his position to accept bribes or other illegal income or misappropriate funds or expropriate property of the Company by any means, including but not limited to opportunities advantageous to the Company;
- (VIII) without the consent of duly informed shareholders at a general meeting, not to accept commissions in connection with any of the Company's transactions;
- (IX) to abide by the Articles of Association, perform his official duties faithfully and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private benefits;
- (X) not to compete with the Company in any way, save with the duly informed consent of the shareholders given in a general meeting; not to take advantage of his connected relationship to prejudice the interests of the Company;

- (XI) not to misappropriate the Company's funds or to lend such funds to any other person, not to use the Company's assets to set up deposit accounts in his own name or in the any other name, nor to use such assets to provide guarantee for the debts of a shareholder of the Company or any other personal liabilities; and
- (XII) save with the duly informed consent of the shareholders given in a general meeting, not to disclose the information in confidentiality acquired by him during his tenure; not to use such information other than in furtherance of the interests of the Company, save and except that disclosure of such information to the court or other competent government authorities is permitted in any of the following circumstances:
  - (1) when so prescribed by the laws;
  - (2) when public interests so warrants;
  - (3) when so required for the own interests of the director, supervisor, general manager or other senior management member.

## **Article 162**

A director, supervisor, general manager and any other senior management of the Company shall not cause the following persons or institutions ("associates") to do what he is prohibited from doing:

Article 117  
of Mandatory  
Provisions

- (I) the spouse or minor children of that director, supervisor, general manager and other senior management;
- (II) a person acting in the capacity of a trustee of that director, supervisor, general manager and other senior management or any person referred to in subparagraph (I) of this Articles of Association;
- (III) a person acting in the capacity of partner of that director, supervisor, general manager and other senior management or any person referred to in subparagraphs (I) and (II) of this Articles of Association;



- (IV) a company in which that director, supervisor, general manager and other senior management, either alone or jointly with any person referred to in subparagraphs (I), (II) and (III) of this Articles of Association or other directors, supervisors, general manager and other senior management of the Company, has a de facto controlling interest; and
- (V) directors, supervisors, general manager and other senior management of the controlled company referred to in subparagraph (IV) of this Articles of Association.

**Article 163**

The fiduciary duties of directors, supervisors, general manager and other senior management of the Company shall not necessarily cease with the termination of their tenures. The duty of confidentiality in relation to trade secrets of the Company shall survive upon termination of their tenures. Other duties may continue for such period, as fairness may require, depending on the time lapses between the termination and the act concerned and the circumstances and conditions under which the relationships with the Company are terminated.

Article 118  
of Mandatory  
Provisions

**Article 164**

Except as provided in Article 57 hereof, directors, supervisors, general manager and any other senior management of the Company may be relieved of liability for specific breaches of duties by the consent of duly informed shareholders at a general meeting.

Article 119  
of Mandatory  
Provisions

**Article 165**

Where a director, supervisor, general manager and other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than an employment contract of a director, supervisor, general manager and any other senior management with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the relevant issues shall be otherwise subject to approval of the Board.

Article 120  
of Mandatory  
Provisions

A director shall not vote in any resolution of the Board for approving any contract, transaction or arrangement or any other proposal in connection therewith in which such director or any of his associates (as defined in the applicable rules governing the listing of securities effective from time to time) is materially interested, and shall not be counted into the quorum of the meeting either.

Rule 4.(1) of  
MB Listing  
Rules App 3

Unless an interested director, supervisor, general manager and other senior management has disclosed his interests to the Board in accordance to the second paragraph of this article, and the contract, transaction or arrangement was approved by the Board at a meeting at which such interested director, supervisor, general manager or other senior management was not counted in the quorum and abstained from voting, the contract, transaction or arrangement is voidable by the Company, except as against a bona fide party thereto acting without being aware of the breach of duty by the interested director, supervisor, general manager or other senior management.

A director, supervisor, general manager and other senior management of the Company shall be deemed to be interested in a contract, transaction or arrangement in which any of his associates or related parties is interested.

**Article 166**

Where a director, supervisor, general manager or senior management of the Company gives a notice in writing to the Board before the date on which the entering into of the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company, stating that, by reason of facts specified in the notice, he is interested in any contract, transaction or arrangement of any description which may subsequently be made by the Company, that notice shall be deemed for the purpose of the preceding article of this chapter to be a sufficient declaration of interests of such director, supervisor, general manager or senior management.

Article 121  
of Mandatory  
Provisions

**Article 167**

The Company shall not in any manner pay taxes for or on behalf of its directors, supervisors, general manager and other senior management.

Article 122  
of Mandatory  
Provisions

**Article 168**

The Company shall neither directly or indirectly make a loan to or provide any loan guarantee to directors, supervisors, general manager and other senior management of the Company and its parent, nor make a loan to or provide any loan guarantee to any of their respective associates.

Article 123  
of Mandatory  
Provisions

The provisions of the preceding paragraph shall not be applicable to the following circumstances:

- (I) the provision by the Company of a loan or a loan guarantee to a subsidiary of the Company;

- (II) the provision by the Company of a loan or a loan guarantee or any other funds to a director, supervisor, general manager and other senior management of the Company to meet expenditures incurred by him for the purposes of the Company or for the purpose of enabling him to properly perform his duties, in accordance with the terms of a employment contract approved by shareholders at a general meeting; and
- (III) to the extent that the making of loans to or provision of loan guarantees by the Company is in its ordinary course of business, the Company may make loans or provide loan guarantees to any of the relevant directors, supervisors, general manager and other senior management or their respective associates, provided that such lending of money or provision of guarantees are on normal commercial terms.

**Article 169**

A loan made by the Company in breach of the preceding article shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

Article 124 of  
Mandatory  
Provisions

**Article 170**

A loan guarantee provided by the Company in breach of subparagraph (I) of Article 168 shall not be enforceable against the Company, unless:

Article 125 of  
Mandatory  
Provisions

- (I) the guarantee was provided in connection with a loan to an associate of any of directors, supervisors, general manager and other senior management of the Company or its parent and the lender were not aware of the relevant circumstances at the time the loan was advanced; or
- (II) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 171**

For the purpose of the foregoing articles of this chapter, a “guarantee” shall include an undertaking or property provided to secure the performance of obligations by the obligor.

Article 126 of  
Mandatory  
Provisions

**Article 172**

In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, general manager or other senior management of the Company is in breach of his duties to the Company, the Company shall have a right to:

Article 127 of  
Mandatory  
Provisions

- (I) claim damages from the director, supervisor, general manager and other senior management in compensation for losses sustained by the Company as a result of such breach;
- (II) rescind any contract or transaction entered into by the Company with the director, supervisor, general manager and other senior management or with a third party (where such third party is or should be aware that there is such a breach of obligations by the director, supervisor, general manager and other senior management who acts on behalf of the Company);
- (III) demand an account of the profits made by the director, supervisor, general manager and other senior management as a result of breach of obligations;
- (IV) recover any monies received by the director, supervisor, general manager and other senior management which should otherwise have been received by the Company, including but not limited to commissions;
- (V) require such director, supervisor, general manager and other senior management to return the interests accrued or potentially accrued on the monies which otherwise should have been paid to the Company; and
- (VI) commence legal proceedings to claim the properties arising from the breach of duties by the director, supervisor, general manager and other senior management.

### **Article 173**

The Company shall conclude written contracts with each director, supervisor and senior management, and such contracts shall include at least the following provisions:

Chapters  
19A.54 and  
19A.55 of MB  
Listing Rules

- (I) the director, supervisor or senior management warrants to the Company that he will observe the Company Law, the Special Regulations, the Articles of Association and other provisions established by the SEHK, and agrees that the Company will enjoy the remedial actions set forth under the Articles of Association, and that such contract and its position shall not be transferred;
- (II) the director, supervisor or senior management warrants to the Company that he will observe and perform his responsibilities owed to the shareholders specified in the Articles of Association; and
- (III) the arbitration article contained in Article 216 of the Articles of Association.

**Article 174**

The Company shall, with prior approval of shareholders at a general meeting, enter into a written contract with each director and supervisor on his remuneration. The aforesaid remuneration shall include:

Article 128  
of Mandatory  
Provisions

- (I) the remuneration for the office as a director, supervisor or senior management of the Company;
- (II) the remuneration for the office as a director, supervisor or senior management of a subsidiary of the Company;
- (III) the remuneration for providing management services for the Company and its subsidiaries; and
- (IV) a sum as compensation to a director or supervisor to be paid out in the event of his loss of office, or for retirement.

Except under a contract mentioned in the foregoing paragraph, no proceedings may be brought by a director or supervisor against the Company for any benefits due to him in respect of the matters mentioned above.

**Article 175**

The contract on remunerations between the Company and its directors or supervisors shall provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject to prior approval of shareholders at a general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement.

Article 129  
of Mandatory  
Provisions

A takeover of the Company referred to in the preceding paragraph includes any of the following circumstances:

- (I) a general offer made by any person to all shareholders; or
- (II) an offer made by any person with a view to make the offeror the controlling shareholder (as defined in Article 58 of the Articles of Association).

Where the relevant director or supervisor is in breach of this Article, any sum so received by him shall belong to those who have sold their shares as a result of the acceptance of the said offer. The expenses incurred in distributing such sum pro rata shall be borne by the relevant director or supervisor and shall not be deductible from the sum.

## Chapter 15 Financial and Accounting System and Profit Distribution

### Article 176

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the PRC accounting standards promulgated by the relevant financial authority of the State Council.

Article 130 of Mandatory Provisions Articles 149, 156 and 157 of Guidelines for Articles of Association

The Company implemented an internal audit system and hired professional auditors to supervise internal audit of the revenue and expenditure and business activities of the Company.

The internal audit system of the Company and the duties of auditors shall be executed d upon the approval of the Board. The person in charge of audit is responsible for reporting its work to the Board.

### Article 177

The Company shall prepare financial reports at the end of each fiscal year, which shall be audited by the accounting firm according to the laws.

Article 131 of Mandatory Provisions

The fiscal year of the Company is Gregorian calendar year, i.e. from 1 January to 31 December every year.

### Article 178

The Board shall, at each annual general meeting, submit to shareholders the financial reports prepared by the Company as required by the relevant laws, administrative regulations and regulatory documents promulgated by local government and regulatory authorities.

Article 132 of Mandatory Provisions

### Article 179

The Company's financial reports shall be made available for shareholders' inspection at the Company not later than 20 days before the date of each annual general meeting. Each shareholder shall be entitled to an access of a copy of the financial reports referred to in this chapter.

Article 133 of Mandatory Provisions

The Company shall deliver to each holder of overseas listed foreign shares a copy of the report of the Board together with the balance sheet (including such documents as shall be attached to the balance sheet according to the applicable laws and regulations), the profit and loss statement or the income statement, or the financial summary report not later than 21 days before the date of each annual general meeting by prepaid mail at the address as shown in the register of members. However, such reports may also be delivered or provided to holders of overseas listed foreign shares through the Company's website or methods as stipulated in the Listing Rules from time to time, provided that the laws, administrative regulations and listing rules of the stock exchange in which the Company's shares are listed are observed.

Article 7 of  
Letter of  
Opinions  
Rule 5 of MB  
Listing Rules  
App 3

#### **Article 180**

The financial statements of the Company shall, be prepared in accordance with the PRC accounting standards and regulations, unless otherwise specified by the stock exchange where the Company's shares are listed, shall also be prepared in accordance with either international accounting standards or that of the overseas jurisdiction(s) where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two of the aforementioned accounting standards, such difference shall be stated in the notes to financial statements. When the Company is to distribute its profit after tax of the relevant accounting year, the lower of the profit after tax as shown in the two financial statements shall be adopted for such purposes.

Article 134  
of Mandatory  
Provisions

#### **Article 181**

Any interim results or financial information published or disclosed by the Company shall, be prepared in accordance with the PRC accounting standards and regulations, unless otherwise specified by the stock exchange where the Company's shares are listed, shall also be prepared in accordance with either international accounting standards or that of the overseas jurisdiction(s) where the shares of the Company are listed.

Article 135  
of Mandatory  
Provisions

#### **Article 182**

The Company shall publish two financial reports in each fiscal year, meaning that an interim report shall be published within 60 days after the end of the first 6 months of a fiscal year and an annual report shall be published within 120 days after the end of a fiscal year.

Article 136  
of Mandatory  
Provisions

Article 150  
of Guidelines  
for Articles of  
Association

For shares listed domestically, the Company shall submit its annual financial reports to the CSRC and the stock exchange within 4 months from the end date of each fiscal year, its half-year financial reports to the local branch of the CSRC and the stock exchange within 2 months from the end date of the first 6 months of each fiscal year, and the quarterly financial reports to the local branch of the CSRC and the stock exchange within 1 month from the end date of the first 3 and first 9 months of each fiscal year respectively. These financial reports submitted to the local branch of the CSRC and the stock exchange are prepared in accordance with the relevant laws, administrative regulations and the requirements of department rules.

**Article 183**

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

Article 137  
of Mandatory  
Provisions  
Article 151 of  
Guidelines for  
Articles of  
Association

**Article 184**

Capital common reserve includes the following items:

Article 138  
of Mandatory  
Provisions

- (I) premium on shares issued at a premium price;
- (II) any other income designated for the capital common reserve by regulations of the relevant financial authority of the State Council.

**Article 185**

In distributing the current year's profit after tax, the Company shall withdraw 10% of the profit as the statutory surplus reserve. Such withdrawal may be stopped when the statutory surplus reserve of the Company has accumulated to at least 50% of the registered capital of the Company.

Articles 152  
and 153 of  
Guidelines for  
Articles of  
Association

If the statutory surplus reserve is insufficient to recover the losses in the previous years, the profit of the current year shall first be used to recover such losses before any withdrawal is made to the statutory surplus reserve in accordance with the preceding paragraph. The capital reserve shall not be used to recover the losses of the Company.

When the statutory surplus reserve is converted to capital, the remaining surplus reserve after such conversion shall be no less than 25% of the registered capital of the Company.



After the withdrawal is made to the statutory surplus reserve out of the profit after tax, the discretionary surplus reserve may also be withdrawn out of the same as resolved by the general meeting.

The profit after tax remaining after recovering losses and withdrawal of reserves shall be distributed to the shareholders in proportion to their shareholding unless otherwise specified in the Articles of Association.

If the general meeting, in violation of the provision in the preceding paragraph, distributes profit to shareholders before recovering losses and withdrawing from the statutory surplus reserve, the profit so distributed shall be returned to the Company.

No profit shall be distributed in respect of the shares in the Company held by itself.

**Article 186**

The Company may take either or both of the following ways to distribute the dividend:

- (I) Cash;
- (II) Shares.

Article 139 of  
Mandatory  
Provisions

Articles 152  
and 154 of  
Guidelines  
for Articles of  
Association

Dividend and other payments by the Company to holders of the domestic shares shall be denominated and declared in RMB and paid in RMB within 3 months after the declaration of the dividend, whereas those to holders of the overseas listed foreign shares shall be denominated and declared in RMB and paid in the local currency of the place where such overseas listed foreign shares are listed within 3 months after the declaration of the dividend. The dividend and other payments by the Company to holders of the overseas listed foreign shares shall be handled in accordance with relevant state regulations on foreign exchange control. In the absence of such regulations, the applicable conversion rate shall be the average closing rate of the relevant foreign currency as published by website of the People's Bank of China for the 7 business days immediately prior to the date of declaration of such dividend and other payments. The dividend distribution of the Company shall be approved by the general meeting by way of an ordinary resolution and implemented by the Board of Directors. After the resolution of the profit distribution plan has been passed at the Company general meeting, the Board must complete the dividend (or shares) distribution within two months after the general meeting.

Decision-making procedures and mechanism of profit distribution are as the follows:

- (1) The annual profit distribution proposal of the Company shall be proposed and prepared by the Board of Directors in accordance with the requirements of this Articles of Association and in view of the profitability and capital supply and needs. Independent Directors shall issue their independent opinions on the profit distribution proposal, which is subject to the consideration and approval by the Board before submission to the general meeting for consideration and approval by the Shareholders. Independent Directors may seek opinions from minority Shareholders, prepare a distribution proposal and submit it directly to the Board of Directors for consideration.
- (2) In considering the profit distribution proposal at the general meeting, the Shareholders shall be provided with the method of online voting. A number of channels shall be adopted to actively communicate and exchange information with the Shareholders, especially minority Shareholders, take into full account the opinions and requests of them and answer their questions in a timely manner.

- (3) If the Company is profitable for any year and the conditions for cash dividends have been met, but the Board fails to submit a profit distribution proposal at the general meeting in accordance with the existing profit distribution policy, the Board shall give a special explanation on the reason for no cash dividend distribution, the use of the fund that has not been utilized for distribution but retained by the Company and the utilization plan, and shall disclose the same in regular reports, on which independent Shareholders shall express their independent opinions.

The policy of profit distribution is as follows:

- (1) Conditions of cash dividend distribution

Except under special circumstances, in the event that there is profit and the accumulated undistributed profits are positive in the current year, the Company should give priority to distribute dividends in cash and paying cash dividends will not affect its ongoing and sustainable operations. At the same time, the auditing firm has furnished standard and unqualified opinion in the audit report of the Company's financial report in that current year. Special circumstances refer to:

1. Cash dividend will affect the capital needs of the Company for normal and continued operations in the future;
2. The Company will engage in significant investment plans or cash expenditure events within the next 12 months (except fund-raising projects). Significant investment plans or significant cash expenditure events refer to one of the following situations: ① The accumulated expenditure for the external investments, acquire assets or purchase equipment of the Company within the next 12 months will be up to or over 50% of the audited net assets of the Company in the latest period and the amount will exceed \$50,000,000; ② The accumulated expenditure of the external investment, asset purchase or equipment purchase of the Company within the next 12 months will reach or exceed 30% of the audited total assets of the Company in the latest period;

3. Other circumstances that the Board considers unsuitable for cash dividends.

(2) Form of distribution

The Company may distribute dividends by means of cash, securities, a combination of cash and securities and other legal means, and give priority to adopt cash dividends as the form of profit distribution. However, profit distribution shall not exceed the range of the accumulated distributable profits.

(3) Distribution cycle

In principle, the Company may conduct a cash dividend after every annual general meeting in the first three years after listing (including the year of A Share Offering) provided that the Company can satisfy the conditions required for cash dividend and ensure its normal operation and long-term development. In the event that annual profit distribution budget has not been made by the Board of the Company, the reasons for the non-dividend payment shall be disclosed in the periodic report. Independent directors shall express their independent opinions on this matter. In the event that the Company's cash expenditure plan can be satisfied, the Board of the Company may propose that the Company can conduct an interim cash dividend based on the operating profit and cash flow of the Company in the current year.

(4) Proportion of cash dividend distribution

In the first three years after the listing of the Company (including the year of A Share Offering), the profit distributed in form of cash per annum shall not be less than 10% of the available distributable profit realized in that year, and the Company's cumulative profits distributed in form of cash for three consecutive years shall not be less than 30% of the annual average distributable profits realized in those three years.

(5) Differentiated cash dividend distribution policy

The Board of the Company shall comprehensively consider the factors including characteristics of the industry, the stage of development, its own business mode, the level of profitability, and whether there are major capital expenditure arrangements (except fund-raising projects); to distinguish the following situations and shall come up with a differentiated cash dividend policy in accordance with the procedures stipulated in the "Articles of Association" of the Company:

1. When the development of the Company is at a mature stage and there is no major capital expenditure arrangement, the cash dividend shall account for no less than 80% of the profit distribution when conducting profit distribution;
2. When the development of the Company is at a mature stage and there are major capital expenditure arrangements, the cash dividend shall account for no less than 40% of the profit distribution when conducting profit distribution;
3. When the development of the Company is at a growing stage and there are major capital expenditure arrangements, the cash dividend shall account for no less than 20% of the profit distribution when conducting profit distribution.

The specific profit distribution plan is determined by the Board of the Company in accordance with the relevant provisions promulgated by the CSRC; combined with specific operating data; fully considering the profit scale of the Company; the cash flow status; the development stage and the capital requirement of the current period, and to be combined with the opinions expressed by the shareholders (especially the public investors) and by the independent directors. The implementation of the plan must be approved by more than two-thirds of the voting rights held by the shareholders (including the proxies of shareholders) attending the general meeting of shareholders.

#### **Article 187**

Any amount paid up in advance of calls on any share shall carry interest but shall not entitle the relevant shareholder to participate in respect thereof in a dividend subsequently declared.

Rule 3.(1) of  
MB Listing  
Rules App 3

#### **Article 188**

The Company shall appoint a receiving agent for holders of overseas listed foreign shares, which shall be a trust company registered under the Trustee Ordinance of the laws of Hong Kong. The receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect of the overseas listed foreign shares.

Article 140  
of Mandatory  
Provisions,  
Article 8  
of Letter of  
Opinions,  
Section 1(c)  
of MB Listing  
Rules App 13D

The receiving agent appointed by the Company shall satisfy the requirements under the laws of the jurisdiction where the Company's shares are listed or the rules of such stock exchange(s).

Subject to the relevant laws and regulations of the PRC as well as the provisions of the SEHK, the Company may exercise its right of forfeiture over unclaimed dividends, provided that such right cannot be exercised prior to the expiration of the applicable statute of limitations.

Rule 3.(2)  
of MB Listing  
Rules App 3

The Company has the right to terminate the dispatch of dividend warrants to holders of overseas listed foreign shares by mail, provided that such right shall not be exercised until the dividend warrants have not been cashed for two consecutive occasions. However, where the dividend warrant is undelivered to the addressee and returned, the Company may also exercise such right.

Rule 13.(1)  
of MB Listing  
Rules App3

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

Rule 2.(2) of  
MB Listing  
Rules App 3

The Company has the right to sell, in such manner as the Board thinks fit, any shares of an overseas listed foreign shareholder who is untraceable, subject to and conditional upon:

Rule 13.(2) of  
MB Listing  
Rules App 3

- (1) the Company having distributed dividends for at least 3 times to such shares within 12 years, but none of such dividends was claimed; and
- (2) The Company, after the expiration of 12 years, made the public announcement on the newspaper(s) at the jurisdiction where the Company is listed, stating its intention to sell such shares, and notified the stock exchange on which such shares were listed.

## **Chapter 16 Appointment of Accounting Firm**

### **Article 189**

The Company shall appoint qualified independent certified public accountants, which have obtained the “qualifications to carry out securities-related businesses” and are compliant to relevant regulations as the accounting firm to audit the annual financial reports and other financial reports of the Company.

Article 141  
of Mandatory  
Provisions  
Article 158  
of Guidelines  
for Articles of  
Association

The first accounting firm of the Company may be appointed at the founding meeting before the first annual general meeting, and the term of the said accounting firm shall end at conclusion of the first annual general meeting.

If the founding meeting does not exercise its authority specified in the preceding paragraph, such authority shall be exercised by the Board of Directors.

**Article 190**

The accounting firm appointed by the Company shall hold office from the close of the current annual general meeting until the conclusion of the next annual general meeting.

Article 142  
of Mandatory  
Provisions

**Article 191**

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

Article 143  
of Mandatory  
Provisions

- (I) to access the account books, records and vouchers at any time if deemed proper, and to ask directors, the general manager or other senior management to provide relevant information and explanations;
- (II) to request the Company to take all reasonable actions to obtain information and explanations from its subsidiaries needed for the accounting firm to perform their duties;
- (III) to be present as an observer at shareholders' meetings, receive notice of meetings for any shareholders or other information relating to such meetings, and deliver speeches at any shareholders' meetings in relation to the matters concerning its role as the accounting firm of the Company.

**Article 192**

If there is a vacancy in the position of the auditor of the Company, the Board may retain an accounting firm to fill such vacancy before the convening of the general meeting. Any other accounting firm which has been engaged by the Company may continue to act during the period of existence of such vacancy.

Article 144  
of Mandatory  
Provisions

**Article 193**

Notwithstanding the stipulations in the contract between the Company and the accounting firm, shareholders at a general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its term of office, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

Article 145  
of Mandatory  
Provisions

**Article 194**

The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by shareholders at a general meeting. The remuneration of an accounting firm appointed by the Board shall be determined by the Board.

Article 146  
of Mandatory  
Provisions  
Article 161  
of Guidelines  
for Articles of  
Association

**Article 195**

The Company's appointment, removal and non-reappointment of an accounting firm shall be resolved upon by shareholders in general meeting. The resolution of the general meeting shall be filed with the PRC securities regulatory authorities.

Article 147  
of Mandatory  
Provisions

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

Article 9  
of Letter of  
Opinions  
Section 1(e)(i)  
of MB Listing  
Rules App 13D

- (I) A copy of the proposal shall be sent before notice of meeting is given to the shareholders to the accounting firm proposed to be appointed or proposing to leave its post, or the accounting firm which has left its post in the relevant fiscal year.

“Leaving” includes leaving by removal, resignation and retirement.

- (II) If the accounting firm leaving its post makes representations in writing and requests the Company to notify such representations to the shareholders, the Company shall (unless the written representations are received too late):
  - (1) state that representations have in fact been made by the accounting firm leaving in the notice of the resolution given to shareholders regarding said matter; and
  - (2) deliver as prescribed by the Articles of Association a copy of the representations as attachment to the notice to the shareholders.
- (III) The relevant accounting firm may (in addition to its right to be heard) require that the representations be read out at the meeting if the representations of the relevant accounting firm are not sent in accordance with this sub-clause (II).



(IV) An accounting firm which is leaving its post shall be entitled to attend meetings as follows:

- (1) the general meeting at which its term of office would otherwise have expired;
- (2) any general meeting at which it is proposed to fill the vacancy caused by its removal; and
- (3) any general meeting convened on its resignation.

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

#### **Article 196**

Prior to the removal or the non-renewal of the appointment of the accounting firm, notice of such removal or non-renewal shall be given in advance to the accounting firm and such firm shall be entitled to make representations at the general meeting. Where the accounting firm resigns from its post, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

Article 148  
of Mandatory  
Provisions  
Article 162  
of Guidelines  
for Articles of  
Association

(I) An accounting firm may resign its office by depositing at the Company's domicile a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following information:

Article 10  
of Letter of  
Opinions  
Section 1(e)(ii)  
of MB Listing  
Rules App 13D

- (1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any such circumstances which should be brought to notice.

(II) Where a notice is deposited as mentioned in subparagraph (I) of this Article, the Company shall, within 14 days, send a copy of the notice to the relevant authorities. If the notice contains a statement under sub-clause (2) of subparagraph (I) of this Article, a copy of such statement shall be placed at the domicile of the Company for the inspection of shareholders. The Company shall also send a copy of such statement by prepaid mail to each holder of overseas listed foreign shares at the address registered in the register of members. However, such copies may also be delivered or provided to holders of overseas listed foreign shares through the Company's website or methods as stipulated in the Listing Rules from time to time, provided that the laws, regulations and listing rules of the stock exchange in which the Company's shares are listed are observed.

Section 1(e)  
(iii) of MB  
Listing Rules  
App 13D

(III) Where the accounting firm's notice of resignation contains a statement under sub-clause (2) of subparagraph (I) of this Article, it may require the Board to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

Section 1(e)  
(iv) of MB  
Listing Rules  
App 13D

## **Chapter 17 Insurance**

### **Article 197**

Insurance of the Company shall be arranged in accordance with the relevant insurance laws of the PRC.

## **Chapter 18 Labour Unions**

### **Article 198**

Employees of the Company are entitled to establish labour unions and carry out union activities in accordance with the laws to protect their legal entitlements. The Company shall provide necessary conditions for activities of such labour unions.

## **Chapter 19 Merger and Division**

### **Article 199**

In the event of a merger or division of the Company, the Board shall submit a proposal, which shall be approved in accordance with the procedures stipulated in the Articles of Association and go through relevant examination and approval formalities pursuant to the laws. Shareholders who object to the merger or division proposal shall be entitled to request that the Company or the consenting shareholders acquire shares held by such dissenting shareholders at a fair price. The resolutions on merger or division of the Company shall be made as special documents available for shareholders' inspection.

Article 149  
of Mandatory  
Provisions

**Article 200**

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

Article 150  
of Mandatory  
Provisions

Article 171  
of Guidelines  
for Articles of  
Association

In the event of a merger of the Company, the parties to the merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days and publish announcements in newspaper within 30 days after the date of the Company's merger resolution. The creditors may require the Company to repay debts or provide guarantees in respect thereof within 30 days after receipt of the notice or within 45 days after the announcement if such notice is not received.

Article 172  
of Guidelines  
for Articles of  
Association  
Article 174 of  
Company Law

After the merger of the Company, creditor's rights and debts of the parties to the merger shall be assumed by the surviving company or the newly established company after the merger.

Article 173  
of Guidelines  
for Articles of  
Association

**Article 201**

In the event of a division of the Company, its assets shall be divided accordingly.

Article 151  
of Mandatory  
Provisions

In the event of a division, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days and publish announcements on the newspaper recognized by the stock exchange on which the Company's shares are listed within 30 days after the date of the Company's division resolution.

Article 174  
of Guidelines  
for Articles of  
Association  
Article 176 of  
Company Law

The post-division companies shall be jointly and severally liable for the pre-division debts of the Company, unless provided otherwise in a written agreement on debt repayment reached between the Company and a creditor prior to the division.

Article 175 of  
Guidelines for  
Articles of  
Association

**Article 202**

The Company shall, as a result of a merger or division, apply for a change in business registration, if any, with the company registration authorities. The Company shall also apply for cancellation of its registration in the case of a dissolution, and apply for a new registration in the case of a new establishment, in accordance with the laws.

Article 152  
of Mandatory  
Provisions  
Article 177 of  
Guidelines for  
Articles of  
Association

**Chapter 20 Dissolution and Liquidation****Article 203**

The Company shall be dissolved and liquidated in accordance with the laws in any of the following circumstances:

Article 153  
of Mandatory  
Provisions  
Article 178  
of Guidelines  
for Articles of  
Association

(I) the operating period expires;

- (II) the general meeting makes a resolution on dissolution;
- (III) the Company has to be dissolved on account of its merger or division;
- (IV) the Company is declared as bankrupt according to the laws on account of its being unable to repay due debts;
- (V) the Company has its business license revoked, is ordered to close down or be dissolved in accordance with the laws;
- (VI) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding more than 10% of all shareholders' voting rights may petition a People's court to dissolve the Company;
- (VII) other circumstances as stipulated in the laws and regulations that the Company shall dissolve.

#### **Article 204**

Where the Company is dissolved pursuant to subparagraphs (I) and (II) of the preceding article, it shall within 15 days thereof establish a liquidation committee, the members of which shall be elected by an ordinary resolution of shareholders at a general meeting.

Article 154  
of Mandatory  
Provisions  
Article 180  
of Guidelines  
for Articles of  
Association

Where the Company is dissolved pursuant to subparagraphs (IV) and (VI) of the preceding article, the People's Court shall establish a liquidation committee according to the laws comprising members from the shareholders and relevant authorities and relevant professionals to proceed with the liquidation.

Where the Company is dissolved pursuant to subparagraph (V) of the preceding article, the relevant governing authorities shall establish a liquidation committee comprising members from the shareholders and relevant authorities and relevant professionals to proceed with the liquidation.

#### **Article 205**

Where the Board has decided to liquidate the Company for any reason other than the Company's declaration of its own insolvency, the Board shall state in the notice convening a general meeting that it has made full enquiry into the affairs of the Company and is of the opinion that the Company shall be able to settle its debts in full within 12 months from the commencement of the liquidation.

Article 155  
of Mandatory  
Provisions

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

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

#### **Article 206**

The liquidation committee shall, within 10 days of its establishment, notify the creditors of the same, and, within 60 days of its establishment, publish announcements in newspapers. Creditors shall declare their claims to the liquidation committee within 30 days after receipt of the written notice or, if they did not receive a written notice, within 45 days after the date of the announcement. The liquidation committee shall register creditor's rights in accordance with the laws.

Article 156  
of Mandatory  
Provisions

Article 185 of  
Company Law

During the claim declaration period, the liquidation committee may not pay any debts to creditor.

#### **Article 207**

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

Article 157  
of Mandatory  
Provisions  
Article 181  
of Guidelines  
for Articles of  
Association

- (I) to organise the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (II) to notify the creditors or to publish announcements;
- (III) to dispose of any continuing businesses of the Company in connection with the liquidation;
- (IV) to pay outstanding taxes and the taxes arising during liquidation;
- (V) to settle claims and debts;
- (VI) to deal with the remaining assets of the Company subsequent to the settlement of debts;

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

#### **Article 208**

Following the organisation of the Company's assets and the preparation of a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation proposal and present it to the general meeting or to the relevant governing authorities for confirmation.

Article 158  
of Mandatory  
Provisions  
Article 183  
of Guidelines  
for Articles of  
Association

After the general meeting resolves to dissolve the Company or the Company is lawfully declared bankrupt or ordered to close down, no disposal of the Company's assets is allowed without the permission of the liquidation committee.

The assets of the Company shall be liquidated in the following order of priority: liquidation costs; salaries and social insurance premiums owed to the employees of the Company and statutory compensation; outstanding taxes; and debts of the Company.

Any remaining assets of the Company subsequent to the settlement in accordance with the foregoing provisions shall be distributed to its shareholders on the basis of the class of shares and in the proportion of shares being held.

During the period of liquidation, the Company shall continue to exist but shall not carry out any business activities which are irrelevant with the liquidation.

#### **Article 209**

In the event of liquidation due to dissolution, the liquidation committee shall immediately apply to the People's Court for a declaration of bankruptcy if it becomes aware, having liquidated the Company's assets and prepared a balance sheet and an inventory of assets, that the Company's assets are insufficient to repay its debts in full.

Article 159  
of Mandatory  
Provisions  
Article 184  
of Guidelines  
for Articles of  
Association

Upon the Company being declared bankrupt by a ruling of the People's Court, the liquidation committee shall transfer to the People's Court all matters arising out of the liquidation.

**Article 210**

Following the completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report, a statement of income and expenses and financial accounts for the liquidation, which shall be verified by certified public accountants in the PRC and submitted to the general meeting or the relevant governing authorities for confirmation.

Article 160  
of Mandatory  
Provisions  
Article 185  
of Guidelines  
for Articles of  
Association

The liquidation committee shall, within 30 days after such confirmation by the general meeting or the relevant governing authorities, submit the aforementioned documents to the company registration authorities for an application for a cancellation of registration of the Company, and publish an announcement in respect of the termination of the existence of the Company.

**Chapter 21 Procedures for Amendments to the Articles of Association****Article 211**

The Company may amend its Articles of Association in accordance with the requirements of the laws, administrative regulations and provisions in the Articles of Association.

Article 161  
of Mandatory  
Provisions

**Article 212**

The amendments to the Articles of Association involving the Mandatory Provisions shall become effective upon the approval by the company-approving authorities authorised by the State Council and the PRC securities regulatory authorities. For any change relating to the registered particulars of the Company, application shall be made for change in registration in accordance with the laws.

Article 162  
of Mandatory  
Provisions

**Chapter 22 Notices****Article 213**

Unless otherwise specified in this Articles of Association, for notice issued by the Company to the holders of overseas-listed foreign-invested shares by way of announcement, the Company shall on the same day submit an electronic version to the SEHK through the SEHK electronic publishing system for immediate release on the website of the SEHK in accordance with the rules of the listing place. The announcement shall also be published on the Company's website at the same time so as to give the shareholders sufficient notice and time to exercise their rights or act in accordance with the terms of the notice.

Rules 7(1)  
(2)(3) of MB  
Listing Rules  
App 3

Holders of the Company's overseas-listed foreign-invested shares may elect in writing to receive the Company's communications that the Company is required to send to shareholders either by electronic means or by post, and may also elect to receive either the English or Chinese version only, or both the English and Chinese versions. They shall have the right to change their choices as to the manner of receiving the same and the language at any time by reasonable prior written notice to the Company in accordance with applicable procedures. If the notice of the Company is delivered by electronic means, the notice shall be browsed or downloaded from the website of the Company; if the notice of the Company is sent by post, the notice shall be delivered to each of the registered addresses as set forth in the register of shareholders of overseas-listed foreign-invested shares by personal delivery or postage paid mail subject to the listing requirement of the listing place.

Rule 2.07(A)  
(2) of MB  
Listing Rules

#### **Article 214**

A notice shall be deemed issued when the envelope containing such notice was put into postbox and deemed duly received after 48 hours thereafter if it was delivered by post, provided that the address was clearly written, postage fee pre-paid and the notice was put inside such envelope.

A notice made by the Company to holders of its domestic shares shall be sent by personal delivery or postage paid mail. It shall also be published by way of announcement on one or more media designated by the PRC securities regulatory authorities and on the Company's website; upon the publication of such announcement, all holders of domestic shares shall be deemed to have received the relevant notice.

#### **Article 215**

In respect of the means of provision and/or dispatch of the Company's communications to its shareholders in accordance with the Hong Kong Listing Rules, notwithstanding the aforesaid requirement on the provision and/or dispatch of written Company's communications to shareholders, if the Company has obtained shareholders' prior written consent or implied consent according to the relevant laws and regulations and the Hong Kong Listing Rules as amended from time to time, the Company may dispatch or provide the Company's communications to its shareholders by electronic means or via its website. The Company's communications include but not limited to circulars, annual reports, interim reports, quarterly reports, notices of shareholders' general meetings, and other types of the Company's notice as specified in the Hong Kong Listing Rules.



## Chapter 23 Settlement of Disputes

### Article 216

The Company shall abide by the following rules for dispute resolution:

Article 11  
of Letter of  
Opinions  
Article 163  
of Mandatory  
Provisions

- (I) whenever any disputes or claims arise between (i) the Company and its Directors or senior executives, and (ii) shareholders of overseas-listed foreign shares and the Company, shareholders of overseas-listed foreign shares and the Company's Directors, Supervisors, general manager or other senior executives, or shareholders of overseas-listed foreign shares and shareholders of domestic shares, based on any rights or obligations conferred or imposed by our Articles of Association, the Company Law, or any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights is referred to arbitration, the entire claim or dispute shall be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration provided that such person is in the capacity of the Company or our shareholders, Directors, Supervisors, general manager, or other senior executive.

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

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

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

- (III) If any dispute or claim of rights stated in (I) is referred to arbitration, the laws of the People's Republic of China shall apply, save as otherwise provided in the laws and administrative regulations.

(IV) The award of an arbitration body shall be final and conclusive and binding upon all the parties.

## **Chapter 24 Supplementary Provisions**

<b>Article 217</b>	The references “not less than”, “within” and “not more than” referred to in these Articles are all inclusive terms, while the references “more than” and “other than” are exclusive terms.	Article 195 of Guidelines for Articles of Association
<b>Article 218</b>	The references “senior management” referred to general manager, vice-general manager, chief financial officer, Board secretary and other officers employed by the Board. The “general manager”, “vice-general manager” and “chief financial officer” in the Articles of Association referred to “general manager”, “vice-general manager” and “chief financial officer” in the Company Law.	Article 11 of Guidelines for Articles of Association
<b>Article 219</b>	For the purpose of the Articles of Association, references to accounting firm shall bear the same meaning as “auditors”.	Article 165 of Mandatory Provisions
<b>Article 220</b>	<p>These Articles of Association are written in Chinese. Where versions in other languages or different versions have different interpretations or meanings, the latest verified Chinese version registered in the Company registration authority shall prevail.</p> <p>The Articles of Association shall be interpreted by the Board of the Company. Any matters unspecified in the Articles of Association shall be decided by resolutions of the shareholders’ general meetings proposed by the board of directors and will take effect since the date of the initial public offering and listing of the Company in the PRC.</p> <p>This Articles of Association shall comply with the listing rules of the stock exchange on which the Company’s shares are listed, other laws and regulations, as amended from time to time. In case of any inconsistencies, contraventions or conflicts arising between any applicable laws, regulations, the listing rules of the stock exchange on which the Company’s shares are listed and this Articles of Association, the relevant laws, regulations and the listing rules of the stock exchange on which the Company’s shares are listed shall prevail and this Articles of Association shall be amended accordingly.</p>	<p>Article 194 of Guidelines for Articles of Association</p> <p>Article 196 of Guidelines for Articles of Association</p>