

# **Shenzhen Hepalink Pharmaceutical Group Co., Ltd.**

## **Articles of Association**

(Draft, applicable after issuance of H shares; considered and approved at the 26<sup>th</sup> meeting of the 4<sup>th</sup> Board of Directors of the Company on December 2, 2019 and considered and approved at the 4<sup>th</sup> extraordinary general meeting of 2019 on December 18, 2019; revised at the 35<sup>th</sup> meeting of the 4<sup>th</sup> Board of Directors of the Company on June 16, 2020 in accordance with the authorization as granted at the 4<sup>th</sup> extraordinary general meeting of 2019 ; revised at the 36<sup>th</sup> meeting of the 4<sup>th</sup> Board of Directors of the Company on July 31, 2020 in accordance with the authorization as granted at the 3rd extraordinary general meeting of 2020 on August 31, 2020)

The English version is for reference only. Should there be any inconsistency between the English and Chinese versions, the latter shall prevail.

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# Chapter 1

**Article 5** The address of the Company: No. 21 Langshan Road, Songpingshan, Nanshan District, Shenzhen; Postcode: 518057; Telephone number: +86755 2698 0200; Fax number: +86755 2698 0183.

**Article 6** The registered capital of the Company is RMB1,467,296,204.

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

**Article 8** The chairman of the Board of Directors shall be the legal representative of the Company.

**Article 9** The Company is an independent legal entity with independent properties and rights therein. All the assets of the Company are divided into shares of equal par value. Each Shareholder shall be liable to the Company to the extent of the shares as held by such Shareholder. The Company shall be liable for its debts to the extent of all its assets.

**Article 10** The Articles of Association shall take effect after consideration and approval at the Shareholders' general meeting and as from the date on which the Company's H shares are listed on the Hong Kong Stock Exchange. The original articles of association of the Company shall become null and void automatically on the date when the Articles of Association come into effect.

From the date on which the Articles of Association comes into effect, the Articles of Association shall constitute a legally binding document that regulates the Company's organization and actions, and governs the rights and obligations between the Company and each of its shareholders and of the shareholders inter se.

The Articles of Association shall be binding on the Company, its Shareholders, directors, supervisors, general manager and other senior management, all of whom shall be entitled to claim their rights on any matters relating to the Company pursuant to the Articles of Association. Pursuant to the Articles of Association, a shareholder may take legal action against other shareholders, the Company's directors, supervisors, general manager and other senior management and the Company, and the Company may take legal action against its shareholders, directors, supervisors, general manager and other senior management.

For the purpose of the preceding paragraph, the term "take legal action" shall include the instituting of legal proceedings with a court or filing with an arbitral authority for arbitration.

**Article 11** Other senior management referred to herein shall refer to the deputy general manager, Secretary to the Board of Directors and the chief financial officer.

**Article 12** To the extent permitted by laws and regulations, the Company may invest in other limited liability companies or joint-stock companies, and shall be liable to the invested companies to the extent of its capital contribution. Unless otherwise provided by laws, the Company shall not be the capital contributor bearing joint liability for the debts of the invested companies.

Upon approval by the company approval authority authorized by the State Council, the Company may invest and operate based on its management needs and in accordance with the Company Law.

## **Chapter 2 Business Objective and Scope**

**Article 13** The Company's business objectives are to develop, produce and sell heparin APIs with advanced and applicable technologies; to update technologies and improve the Company's business level; to obtain good economic benefits and enable the investors to obtain satisfactory economic benefits.

**Article 14** The legally registered business scope of the Company is: development and production of APIs (heparin sodium and enoxaparin sodium), import and export of goods and technologies (excluding goods for distribution or specially operated, controlled or sold by the state).

The Company may change its business scope according to laws, based on demands in domestic and international markets and its own development capability and business needs.

## **Chapter 3 Shares**

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

**Article 15** The Company shall have ordinary shares at all times. According to its needs, the Company may have other classes of shares upon approval of the department authorized by the State Council.

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

All shares of the same class issued at the same time shall be issued under the same conditions and at the same price. All entities or individuals subscribing for the shares shall pay the same price for each share.

**Article 17** All the shares issued by the Company shall have a par value denominated in RMB of RMB1 per share.

**Article 18** The Company may issue its shares to domestic and foreign investors upon approval by the securities regulatory authority of the State Council.

The term "foreign investors" referred to in the preceding paragraph shall refer to those investors from foreign countries and Hong Kong, Macau or Taiwan who subscribe for shares issued by the Company. The term "domestic investors" shall refer to those investors in the PRC, excluding the aforementioned regions, who subscribe for shares issued by the Company.

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

Shares issued upon approval by the securities regulatory authority of the State Council and listed on an overseas stock exchange upon approval by the overseas securities regulatory authority shall be referred to as “overseas listed shares”. Shareholders of domestic shares and shareholders of overseas listed shares are both ordinary shareholders. The overseas listed foreign shares offered by the Company on the Hong Kong Stock Exchange shall be referred to as “H shares”. H shares are shares which have been admitted for listing on the Hong Kong Stock Exchange, the par value of which is denominated in RMB and which are subscribed for and traded in Hong Kong dollars.

The term “foreign currencies” referred to in the preceding paragraph refers to the statutory currency, other than RMB, of another country or region, which is recognized by the foreign exchange authority of the PRC and can be used to pay the share price to the Company.

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

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

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

**Article 21** At the time of incorporation, the Company issued 90 million ordinary shares to the promoters, whose names and shareholding amounts and percentages are as follows:

<b>SN</b>	<b>Name of promoter</b>	<b>Number of shares (10,000 shares)</b>	<b>Percentage</b>
1.	Shenzhen Leren Technology Co., Ltd.	3,694.5	41.05%
2.	Shenzhen Jintiantu Technology Co., Ltd.	3,187.8	35.42%
3.	GS Direct Pharma Limited	1,125	12.5%
4.	Shenzhen Shuidi Shichuan Technology Co., Ltd.	362.7	4.03%
5.	Shenzhen Feilaishi Technology Co., Ltd.	315	3.5%
6.	Hunan Yingshi Information Technology Co., Ltd.	315	3.5%
<b>Total</b>		<b>9000</b>	<b>100%</b>

**Article 22** The shares of the Company subscribed for by the promoters of the Company before issuance of the H shares are as follows:

- (I) 147,780,000 shares subscribed for by Shenzhen Leren Technology Co., Ltd.;
- (II) 127,512,000 shares subscribed for by Shenzhen Jintiantu Technology Co., Ltd.;
- (III) 45,000,000 shares subscribed for by GS Direct Pharma Limited;
- (IV) 14,508,000 shares subscribed for by Shenzhen Shuidi Shichuan Technology Co., Ltd.;
- (V) 12,600,000 shares subscribed for by Shenzhen Feilaishi Technology Co., Ltd.; and
- (VI) 12,600,000 shares subscribed for by Hunan Yingshi Information Technology Co., Ltd.

The aforesaid promoters made contributions with net assets in October 2007.

**Article 23** Before the issuance of the H shares, the Company had a total of 1,247,201,704 shares, which were all ordinary shares.

Upon approval by the CSRC on April 1, 2020, the Company issued 220,094,500 H shares to the foreign investors. After the aforesaid issuance, the Company had a total of 1,467,296,204 shares, which were all ordinary shares, including 1,247,201,704 shares held by shareholders of domestic listed shares, accounting for about 85% of the Company's total share capital; and 220,094,500 shares held by shareholders of H shares, accounting for about 15% of the Company's total share capital.

**Article 24** The Board of Directors of the Company may make arrangements for separately issuing H shares and domestic shares according to the issuance scheme approved by the securities regulatory authority of the State Council.

According to the aforesaid scheme for separate issuance of H shares and domestic shares, the Company may issue the shares within 15 months after approval by the securities regulatory authority of the State Council or in the validity period of the approval documents thereof.

**Article 25** If the Company separately issues H shares and domestic shares within the total number specified in the plan for issuance, the said shares shall be issued respectively at one time; if it is impossible for the shares to be issued at one time for special reasons, the shares may be issued across several times upon approval by the securities regulatory authority of the State Council.

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

**Article 26** The Company may, in light of its operational and developmental needs and in accordance with applicable laws and regulations, increase its capital by any of the following methods subject to a separate resolution of the Shareholders' general meeting:

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) placing shares to existing shareholders;
- (IV) offering bonus shares to existing shareholders;
- (V) capitalization of surplus reserve into share capital; and
- (VI) other methods prescribed by laws and administrative regulations, or as approved by the securities regulatory authority of the State Council and other relevant regulatory authorities.

The increase of capital of the Company by issuing new shares shall be subject to approval as specified in the Articles of Association and follow the procedures specified by relevant laws, administrative regulations, departmental rules, regulatory documents and the listing rules for stock exchanges at the place where the Company's shares are listed.

**Article 27** The Company may reduce its registered capital. Any reduction of its registered capital shall be subject to the procedures prescribed by the Company Law and other applicable provisions, as well as the Articles of Association.

**Article 28** When reducing its registered capital, the Company shall prepare a balance sheet and an inventory of property.

Within 10 days of the date on which the resolution on reducing registered capital is passed, the creditors shall be notified, and a public announcement shall be made in the press within 30 days. A creditor shall, within 30 days of receipt of such a notice or within 45 days of the public announcement where the creditor has not received the notice, have the right to require the Company to settle its claim or provide a relevant debt repayment guarantee.

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



**Article 29** The Company may repurchase its shares in the following circumstances according to laws, administrative regulations, departmental rules and the Articles of Association:

- (I) reduction of the Company's registered capital;
- (II) merging with another company holding shares in the Company;
- (III) use of its shares for carrying out an employee stock ownership plan or equity incentive;
- (IV) requests to the Company to acquire their shares by shareholders who have voted against the resolutions passed at a Shareholders' general meeting on the merger or division of the Company;
- (V) use of shares for conversion of convertible corporate bonds issued by a listed company;
- (VI) the share repurchase is necessary for a listed company to maintain its corporate value and protect its Shareholders' equity; and
- (VII) other circumstances permitted by laws and administrative regulations.

Except for the circumstances set out above, the Company shall not repurchase its shares.

**Article 30** With the approval of the relevant competent authorities of the PRC, the Company may repurchase its shares by any of the following ways:

- (I) making a general offer to repurchase shares from all shareholders on a pro rata basis;
- (II) repurchasing the shares by public trading on the stock exchange;
- (III) repurchasing the shares by an off-market agreement; and
- (IV) by other means approved by laws or regulations or the securities regulatory authority of the State Council or other regulatory authorities.

**Article 31** Prior approval shall be obtained at a Shareholders' general meeting in respect of any share repurchase by the Company through an off-market agreement in accordance with the provisions of the Articles of Association. Where prior approval has been obtained from the shareholders in a Shareholders' general meeting in the same manner, the Company may rescind or alter any contracts entered into in the aforesaid manner or waive any rights granted under such contracts.

The contracts to repurchase shares as referred to in the preceding paragraph include, but are not limited to, the contracts whereby repurchase obligations are undertaken and repurchase rights are acquired.

The Company shall not assign a contract for repurchasing its own shares or any of its rights contained thereunder.

**Article 32** In respect of redeemable shares that the Company has the right to repurchase, in the event that such shares are not repurchased on the market or by tender, the repurchase price shall be limited to a maximum price; in the event that such shares are repurchased by tender, an invitation for tender shall be made to all shareholders equally on the same terms.

Repurchase of the Company's shares for reasons set out in Items (III), (V) or (VI) of the first paragraph of Article 29 of the Articles of Association shall be conducted by way of open and centralized transaction.

**Article 33** Repurchase of the Company's shares for reasons set out in Items (I) and (II) of the first paragraph of Article 29 of the Articles of Association shall be subject to approval by the Shareholders' general meeting; repurchase of the Company's shares for reasons set out in Items (III), (V) and (VI) of the first paragraph of Article 29 of the Articles of Association shall be subject to approval by a meeting of the Board of Directors with the attendance of more than two-thirds of the directors, according to the provisions of the Company's Articles of Association or as authorized by the Shareholders' general meeting.

The shares acquired under the circumstances in Item (I) of the first paragraph of Article 29 of the Articles of Association shall be deregistered within 10 days from the date of acquisition; the shares shall be assigned or deregistered within six months if the share repurchase is made under the circumstances in either Item (II) or Item (IV); and the shares held in aggregate by the Company after a share repurchase under any of the circumstances in Item (III), Item (V) or Item (VI) shall not exceed 10% of the Company's total outstanding shares, and shall be assigned or deregistered within three years.

Upon repurchase of shares, the Company shall cancel those shares and apply to register the change of the registered capital with the original companies' registration authority. The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.

**Article 34** Unless the Company is undergoing liquidation, it shall comply with the following requirements with respect to a repurchase of its issued shares:

- (I) for repurchases of shares by the Company at their par value, payment shall be made from the book balance of its distributable profits or from the proceeds of the issuance of new shares for that purpose;
- (II) where the Company repurchases its shares at a premium to its par value, payment up to the par value shall be made from the book balance of its distributable profits or from the proceeds of issuance of new shares for that purpose. Payment of the portion which is in excess of the par value shall be made as follows:
  - 1. if the shares repurchased are issued at par value, payment shall be made from the book balance of its distributable profits; and

2. if the shares repurchased are issued at a premium to its par value, payment shall be made from the book balance of its distributable profits or from the proceeds of issuance of new shares for that purpose. However, the amount deducted from the proceeds of the issuance of new shares shall not exceed the aggregate amount of the premium received by the Company from the issuance of the shares so repurchased, nor shall it exceed the amount in the Company's capital reserve fund account (including premium on the new issue) at the time of such repurchase;
- (III) the Company shall make the following payments from the Company's distributable profits:
1. acquisition of the rights to repurchase its own shares;
  2. amendment of contracts for the repurchase of its shares; and
  3. release from its obligations under the repurchase contracts.
- (IV) after the aggregate par value of the cancelled shares is deducted from the Company's registered capital in accordance with the relevant provisions, the amount deducted from the distributable profits used for the repurchase of the shares at par value shall be credited to the Company's capital reserve fund account.

If the laws, administrative regulations and relevant regulations of the securities regulatory authority at the locality where the Company's shares are listed have other provisions on the financial treatment involved in the aforesaid share repurchase, such provisions shall prevail.

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

**Article 35** Unless otherwise specified by laws, administrative regulations, departmental rules, regulatory documents and listing rules for stock exchanges at the locality where the Company's shares are listed, the shares of the Company may be transferred freely and without any liens attached. Shares of the Company may be presented, inherited and pledged pursuant to relevant laws, administrative regulations and the Articles of Association.

- (I) The Company's shares are listed on the SME Board of Shenzhen Stock Exchange for trading;
- (II) After being delisted, the Company's shares enter the Agency Share Transfer System and continues to be traded; and
- (III) No amendment is made to the provisions of the preceding paragraph in the Articles of Association.

Transfer of H shares shall be registered with the share registry in Hong Kong appointed by the Company.

**Article 36** All fully paid H shares may be freely transferred in accordance with the Articles of Association. However, the Board may refuse to recognize any instrument of transfer of the H shares without stating any reasons unless the following conditions are met:

- (I) instrument of transfer and any other documents related to the ownership of any H shares or likely to affect the ownership of any H shares shall be registered, and payment shall be made to the Company for such registration according to the standard expenses stipulated by the Hong Kong Listing Rules and the expense shall not exceed the highest amount stipulated by the Hong Kong Listing Rules from time to time;
- (II) the instrument of transfer only involves H shares;
- (III) the stamp duty (required by the laws of Hong Kong) for the instrument of transfer has been duly paid;
- (IV) the relevant share certificate and evidence reasonably required by the Board of Directors showing that the transferor has the right to transfer such shares shall be provided;
- (V) where the shares are to be transferred to joint holders, the number of joint shareholders registered shall not exceed four; and
- (VI) the relevant shares are free and clear of any lien of the Company.

In the event the Board refuses to register a share transfer, the Company shall send to the transferor and the transferee a notice concerning the refusal to register the said share transfer within two months from the date of submission of the application for transfer.

**Article 37** Transfers of all H shares shall be effected by instruments of transfer in writing in an ordinary form or other in any other form acceptable to the Board (including the standard transfer format or form of transfer specified by the Hong Kong Stock Exchange from time to time); the instruments of transfer may be signed by hand only or (where the transferor or transferee is a corporation) by the seal of the company. Where the transferor or transferee is a recognized clearing house (hereinafter referred to as the “**Recognized Clearing House**”) as defined by relevant regulations in Hong Kong laws from time to time, or its nominee, the form of transfer may be signed by hand or in a machine-imprinted format.

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

**Article 38** The Company shall not accept its own shares as the subject of pledges.

**Article 39** Shares held by promoters shall not be transferred within one year from the date of establishment of the Company. Shares issued prior to the Company's initial public offering shall not be transferable within one year after the date on which the Company's shares are listed on the stock exchange.

The directors, supervisors and senior management of the Company shall notify the Company about their shareholdings and changes thereof and shall not transfer more than 25% of their shares per annum during their terms of office. Shares of the Company held by them shall not be transferred within one year after the shares of the Company are listed and within 6 months after their departure from the Company. In the period of twelve months commencing from the date on which the aforesaid six months expire, the shares disposed by them through the listing on stock exchange shall not exceed 50% of their total shareholding of the Company.

**Article 40** If the directors, supervisors, senior management and shareholders holding more than 5% of the shares of the Company sell shares within six months after buying the same or buy shares within six months after selling the same, the gains arising therefrom shall belong to the Company and the Board of the Company shall recover the said gains. However, if a securities firm holds more than 5% of the shares by buying the shares remaining after exclusive selling, the said 6-month limitation for selling the said shares shall not apply.

If the Board of the Company does not observe the provision in the preceding paragraph, the shareholders have the right to require the Board to execute the provision within 30 days. If the Board fails to execute the provision within the aforesaid period, the shareholders shall have the right to directly institute legal proceedings in the people's court in their own names for the interest of the Company.

If the Board fails to observe the provision in the first paragraph, the responsible directors shall bear joint liability according to the law.

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

**Article 41** The Company or its subsidiaries (including affiliated enterprises of the Company) shall not provide any financial assistance by means of gift, advanced payment, guarantee, indemnity or loan to purchasers or prospective purchasers who will or who intend to purchase the Company's shares. The aforesaid purchasers include persons directly or indirectly undertaking obligations because of the purchase of the Company's shares.

The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.

The provisions of this Article shall not apply to the circumstances described in Article 43 of these Articles of Association.

**Article 42** The term “financial assistance” mentioned in the Articles of Association shall include, without limitation, the financial assistance in the forms set out below:

- (I) gifts;
- (II) guarantee (including the assumption of liability or the provision of property by the guarantor in order to secure the performance of the obligation by the obligor), indemnity (not including, however, indemnity arising from the Company’s own fault) and release or waiver of rights;
- (III) provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other party to the contract, or a change in the party to such loan or contract as well as the assignment of rights under such loan or contract; and
- (IV) financial assistance in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a significant reduction in the net assets of the Company.

For the purpose of this Article, the term “undertake obligations” shall include the undertaking of an obligation by the obligator by concluding a contract or making an arrangement or by changing its financial position in any other way, whether or not such contract or arrangement is enforceable and whether or not such obligation is assumed by the obligator individually or jointly with any other person.

**Article 43** The acts listed below shall not be regarded as the acts prohibited under Article 41 of the Articles of Association:

- (I) the provision by the Company of the relevant financial assistance in the interest of the Company in good faith, and the main purpose of said financial assistance is not to purchase the Company’s shares, or said financial assistance is an incidental part of an overall plan of the Company;
- (II) the lawful distribution of the Company’s properties in the form of dividends;
- (III) the distribution of dividends in the form of shares;
- (IV) the reduction of registered capital, repurchase of shares, and adjustment of shareholding structure, etc. in accordance with the Articles of Association;
- (V) the provision of a loan by the Company within its scope of business and in the ordinary course of business (provided that this does not lead to a decrease in the net assets of the Company or that if this causes a reduction, the financial assistance is made out of the Company’s distributable profits); and

- (VI) provision of funds by the Company for an employee shareholding scheme (provided that such financial assistance shall not give rise to a decrease in the net assets of the Company, or, despite a decrease, such financial assistance is made out of the distributable profits of the Company).

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

**Article 44** Share certificates of the Company shall be in registered form.

The share certificates shall specify the following:

- (I) Name of the Company;
- (II) Date of incorporation of the Company;
- (III) Class and par value of the shares and the number of shares represented;
- (IV) Serial number of the share certificates; and
- (V) Other matters to be specified pursuant to Company Law, Special Regulations and other laws and regulations and as required by the stock exchanges where the Company's shares are listed.

If the share capital of the Company includes shares without voting rights, such shares shall be specified as "Without Voting Right". If the share capital includes shares with different voting rights, each class of shares (except for shares with the most privileged voting rights) shall be specified as "Restricted Voting Right" or "Limited Voting Right".

H shares issued by the Company may be in the form of foreign depository receipts or in other derivatives in accordance with the laws of Hong Kong, requirements of the Hong Kong Stock Exchange and the securities registration and depository practices.

**Article 45** During the listing of the H Shares on the Hong Kong Stock Exchange, the Company shall ensure all listing documents of all its shares listed on the Hong Kong Stock Exchange shall include the following statements, and shall instruct and procure its share registrar to reject the registration of the subscription, acquisition or transfer of shares in the name of any individual holder unless and until the individual holder submits the appropriately signed form relating to such shares to the share registrar and the form shall include the following statements:

- (I) The share purchaser and the Company and each of the shareholders, and the Company and each of the shareholders agree to observe and comply with the requirements of the Company Law, Special Provisions and other relevant laws, administrative regulations, and the Articles of Association.



- (II) The purchaser of the shares agrees with the Company and each of its shareholders, directors, supervisors, general manager and other senior management, and the Company, acting on behalf of itself and each of its directors, supervisors, general manager and other senior management, agrees with every shareholder, that all disputes or claims arising from the rights or obligations specified in the Articles of Association, Company Law or other relevant laws or administrative regulations and relating to the affairs of the Company shall be referred to arbitration for settlement in accordance with the Articles of Association. Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct an open hearing and to publish its arbitration award. Such arbitration shall be final and conclusive.
- (III) The purchaser of the shares agrees with the Company and each of the shareholders of the Company that the shares of the Company may be freely transferred by the holders.
- (IV) The purchaser of the shares authorizes the Company to enter into a contract on his/her behalf with each of the directors and senior management, pursuant to which the directors and senior management undertake to observe and perform their duties owed to the shareholders under the Articles of Association.

**Article 46** The share certificates shall be signed by the chairman of the Board. Other senior management of the Company shall also sign the share certificates if required by the stock exchange at the locality where the Company's shares are listed. The share certificates shall become valid after the Company seal is affixed thereto or imprinted thereon. The affixing of seal shall be authorized by 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.

Under the circumstance that the shares of the Company are issued and traded in a paperless manner, such provisions as stipulated by the securities regulatory authority and stock exchange at the locality where the Company's shares are listed shall apply.

**Article 47** The Company shall establish a register of shareholders recording the following matters:

- (I) the name or title, address or domicile, occupation or nature of each shareholder;
- (II) the class and number of shares held by each shareholder;
- (III) the amount paid or payable for the shares held by each shareholder;
- (IV) the serial number(s) of the share certificate(s) held by each shareholder;
- (V) the date on which each shareholder is registered as a shareholder; and
- (VI) the date on which each shareholder ceases to be a shareholder.

Unless there is proof to the contrary, the register of shareholders shall be sufficient evidence of the Shareholders' shareholding in the Company.



Subject to the Articles of Association and other applicable regulations, once the shares of the Company are transferred, the name or title of the transferee shall be listed in the register of shareholders as the holder of the said shares.

Transfer of shares shall be registered at domestic and overseas-listed share registrars entrusted by the Company and recorded in the register of shareholders.

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

- (I) The Company shall not register more than four persons as joint shareholders of any shares;
- (II) All joint shareholders of any shares shall be jointly and severally liable for all relevant costs payable;
- (III) In the event that any of the joint shareholders is deceased, only the other existing shareholder(s) shall be deemed as the owners of relevant shares, provided that the Board may require a certificate of death of the relevant shareholder it deems appropriate for the purpose of updating the register of shareholders;
- (IV) In respect of the joint shareholders of any shares, only the joint shareholder first named in the register of shareholders have the right to receive the certificate of relevant shares and notices of the Company. Any notice delivered to the aforesaid shareholder shall be deemed to have been delivered to all joint shareholders of the relevant shares. Any of the joint shareholders may sign the proxy form. In case that more than one of the joint shareholders attend the meeting, whether in person or by proxy, the vote of the senior joint shareholder will be accepted to the exclusion of the votes of the other joint shareholder(s), and for this purpose, seniority will be determined by the order in which the names stand in the register of shareholders in respect of the joint shareholding; and
- (V) If any one of the joint shareholders sends to the Company a receipt of any dividend, bonus or capital return payable to the said joint shareholders, the said receipt shall be deemed as a valid receipt sent by the said joint shareholders to the Company.

**Article 48** The Company may keep overseas the register of shareholders of overseas listed foreign shares and entrust an overseas agency for its custody in accordance with the understanding and agreement reached between the securities regulatory authority of the State Council and the overseas securities regulatory authority. The original of the register of shareholders of overseas listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

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

Where the original and copies of the register of shareholders of overseas listed foreign shares are inconsistent, the original shall prevail.

**Article 49** The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

- (I) the register of shareholders kept at the domicile of the Company, save as specified in Items (II) and (III) of this Article;
- (II) the Company's register(s) of shareholders of overseas listed foreign shares kept in the place(s) of the overseas stock exchange(s) where the shares are listed; and
- (III) the register(s) of shareholders that the Board decides to keep at other places for the purpose of the listing of shares of the Company.

**Article 50** The various parts of the register of shareholders shall not overlap. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register of shareholders.

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the law of the places where each part is kept.

**Article 51** Where laws, administrative regulations, departmental rules, normative documents, the relevant stock exchange where the Company's shares are listed or regulators stipulate on the period of closure of the register of members prior to a general meeting or the record date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

**Article 52** If any person objects to the register of shareholders and asks to have his/her name or title recorded in or deleted from the register of shareholders, the said person may apply to the court with jurisdiction to correct the register of shareholders.

**Article 53** If any shareholder in the register of shareholders or any person requesting to have his/her name or title entered into the register of shareholders has lost his/her share certificate (that is, the “**original share certificate**”), the said shareholder or person may apply to the Company to issue a replacement share certificate for the said shares (that is, the “**relevant shares**”).

If a holder of domestic shares who has lost his/her share certificate applies for a replacement share certificate, such an application shall be processed pursuant to Article 143 of the Company Law.

If a holder of overseas listed foreign shares who has lost his/her share certificate applies for a replacement share certificate, such an application shall be processed pursuant to the laws, regulations, rules of the stock exchange or other relevant regulations of the locality where the original of the register of shareholders of overseas listed foreign shares is kept.

If a holder of H shares who has lost his/her share certificate applies for a replacement share certificate, such an application shall meet the following requirements:

- (I) the applicant shall submit an application to the Company in a prescribed form designated by the Company and attach a notarial deed or statutory declaration which shall state the grounds for the application, the circumstances and evidence of the loss of the share certificate and a declaration that no other person may request registration as a shareholder in respect of the relevant shares;
- (II) before the Company decides to issue the replacement new share certificate, no statement made by any person other than the applicant declaring that his/her name shall be entered in the register of shareholders in respect of such shares has been received;
- (III) after deciding to issue the replacement share certificate to the applicant, the Company shall publish an announcement of its intention to issue the replacement share certificate on the newspapers designated by the Board. The announcement shall be published repeatedly at least once every 30 days within the period of the announcement of 90 days;
- (IV) before publishing the announcement of its intention to issue the replacement share certificate, the Company shall submit a copy of the announcement to be published to the stock exchange where the Company is listed, and may publish the announcement only after receiving a reply from the said stock exchange confirming that the said announcement has been displayed in the stock exchange. The announcement shall be displayed in the stock exchange for a period of 90 days.

If the application for issuing the replacement share certificate is not approved by the registered shareholder of the relevant shares, the Company shall mail a copy of the announcement to be published to the said shareholder;

- (V) if, after expiry of the 90-day period of announcement and display specified in Items (III) and (IV) of this Article, the Company has not received any objection to the issuance of the replacement share certificate, the Company may issue the replacement share certificate as requested by the applicant;
- (VI) when the Company issues the replacement share certificate according to this Article, the Company shall immediately cancel the original share certificate, and record the cancellation and replacement issue in the register of shareholders accordingly; and
- (VII) all the expenses relating to the cancellation of the original share certificate and the issuance of the replacement share certificate shall be borne by the applicant. The Company is entitled to refuse to take any action until reasonable security is provided by the applicant.

**Article 54** After the Company issues the replacement share certificate in accordance with the Articles of Association, the name or title of the bona fide purchaser of the aforesaid replacement share certificate or the shareholder (if he/she is a bona fide purchaser) later registered as owner of the said shares shall not be deleted from the register of shareholders.

**Article 55** The Company shall have no obligation to compensate any person for any loss arising from cancellation of the original share certificate or issuance of the replacement share certificate, unless the said person can prove that the Company has committed any fraud.

In case the Company is granted the right to issue warrants to unregistered holders, no new warrants may be issued in place of the lost ones unless the Company confirms, beyond all reasonable doubt, that the original warrants have been destroyed.

## **Chapter 4 Shareholders and Shareholders' General Meetings**

### **Section 1 Shareholders**

**Article 56** Shareholders of the Company are persons lawfully holding shares of the Company, with names (titles) recorded in the register of shareholders. The Company shall keep a register of shareholders according to the vouchers provided by the securities registration authority. Such a register bears adequate evidence of the shareholders holding shares of the Company. A shareholder shall enjoy rights and bear obligations according to the class and quantity of his/her shares. Shareholders of the same class shall enjoy the same rights and bear the same obligations.

**Article 57** If the Company convenes a Shareholders' general meeting, distributes dividends, commences liquidation or executes any other act requiring identifica (d)0.5 (e)0.5 (n)0.5 (t)0.5 es aar

- (V) to obtain relevant information in accordance with the Articles of Association, including:
1. to obtain the Articles of Association after paying the production costs thereof;
  2. to acquire the right to consult for free and copy after payment of reasonable cost for the following:
    - (1) all parts of the register of shareholders;
    - (2) personal information of the directors, supervisors, general manager and other senior management of the Company, including: (a) present and former names or alias; (b) principal address (residence); (c) nationality; (d) full-time and all other part-time jobs and titles; and (e) identification documents and number.
    - (3) information on the share capital of the Company;
    - (4) report of the total par value, quantity, the highest and lowest price of each class of shares repurchased by the Company from the last fiscal year and the total amount paid by the Company for this purpose, refined according to domestic shares and foreign shares;
    - (5) bond stub of the Company;
    - (6) minutes of the Shareholders' general meetings (only for shareholders to inspect) and special resolutions of the Company, resolutions of the Board meetings and resolutions of the Supervisory Committee meetings;
    - (7) the latest audited financial statements of the Company, and the reports of the Board, auditors and the Supervisory Committee;
    - (8) financial and accounting reports; and
    - (9) copy of the latest issue of annual report already submitted to the Administration for Industry and Commerce and other competent authorities for filing.

The Company shall keep documents and any other applicable documents related to Items (1), (3), (4), (6) (7), (8) and (9) at the Company's Hong Kong domicile for the public and its shareholders to inspect free of charge according to provisions of Hong Kong Listing Rules.

- (VI) to participate in the distribution of the remaining assets of the Company based on the number of shares held in the event of the Company's dissolution or liquidation;
- (VII) to demand the Company to buy their shares in the event of objection to resolutions of the Shareholders' general meeting concerning merger or division of the Company;

- (VIII) with respect to shareholders individually or jointly holding 3% or more of the shares of the Company, to propose extraordinary proposals and submit them to the convener in writing 10 working days before the date of Shareholders' general meeting; and
- (IX) to enjoy other rights conferred in accordance with laws, administrative regulations, departmental rules, regulatory documents, listing rules for the stock exchange at the locality where the Company's shares are listed or the provisions of the Articles of Association.

The Company shall not exercise any power to freeze or otherwise damage any rights attached to the shares held by a person directly or indirectly interested in the Company due only to failure of the person to disclose its rights and interests to the Company.

**Article 59** When a shareholder requests to inspect the relevant information mentioned in Item (V) of the preceding article or requests any materials, such shareholder shall provide the Company with written documents evidencing the class and number of shares held, and the Company shall provide such relevant information or such materials upon request after verifying his shareholder identity.

**Article 60** If any resolution of the Shareholders' general meeting or the Board of the Company contravenes the laws and administrative regulations, the shareholders shall have the right to request the people's court to invalidate the said resolution.

If the convening procedure or voting method of the Shareholders' general meetings or Board meetings violates the laws, administrative regulations or the Articles of Association, or the contents of a resolution is contrary to the Articles of Association, the shareholders shall have the right to request the people's court to cancel such resolution within 60 days after the adoption of the resolution.

**Article 61** If any director or senior management violates the laws and administrative regulations or the Articles of Association in fulfilling his/her duties, thereby causing the Company to incur any loss, the shareholders individually or jointly holding 1% or more of the shares of the Company for more than 180 days consecutively shall have the right to request the Supervisory Committee in writing to institute legal proceedings in the people's court; if the Supervisory Committee violates the laws and administrative regulations or the Articles of Association in fulfilling its duties, thereby causing the Company to incur any loss, the shareholders shall have the right to request the Board in writing to institute legal proceedings in the people's court.

If the Supervisory Committee or the Board refuses to institute legal proceedings after receipt of the aforesaid written request from the shareholders as specified in the preceding paragraph 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 cause irrecoverable damage to the interests of the Company, the shareholders as specified in the preceding paragraph shall be entitled to directly institute legal proceedings in the people's court in their own names and in the interests of the Company.

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

**Article 62** If any director or senior management violates the laws and administrative regulations or the Articles of Association, thereby damaging the interests of the shareholders, the shareholders may institute legal proceedings in the people's court.

**Article 63** The shareholders holding ordinary shares of the Company shall have the following obligations:

- (I) to abide by the laws, administrative regulations, departmental rules, regulatory documents, listing rules for stock exchanges at the locality where the Company's shares are listed and the Articles of Association;
- (II) to make the payment in respect of the shares subscribed for and the method of subscription;
- (III) to not claim the share capital in respect of its shares, unless prescribed otherwise in the laws and regulations;
- (IV) to not abuse rights of shareholder to the detriment of the interests of the Company or other shareholders, or abuse the Company's independent legal person status or the limited liability of the shareholders, to the detriment of the interest of the creditors of the Company;

In the event of any damage caused to the Company or other shareholders arising from any abuse of the shareholder's rights, such shareholder shall be liable for compensation in accordance with the law;

In the event of any material damage caused to the interests of the creditors of the Company arising from any abuse of the Company's independent legal person status and the limited liability of the shareholders by any shareholder to evade from debts, such shareholder shall be jointly and severally liable for the Company's debts; and

- (V) to fulfill other obligations as stipulated by laws, administrative regulations, departmental rules, regulatory documents, listing rules for the stock exchange at the locality where the Company's shares are listed and the provisions of the Articles of Association.

Shareholders do not have the obligation to increase any share capital unless under the conditions accepted by the subscriber of shares at the time of subscription.

**Article 64** Any shareholder holding 5% or above of the voting shares of the Company, who pledges its shares, shall immediately report to the Company in writing on the date on which the said pledge is executed.



**Article 65** In addition to the obligations imposed by the laws, administrative regulations, departmental rules, regulatory documents or listing rules for the stock exchange at the locality where the Company's shares are listed, a Controlling Shareholder, in exercising the power as a shareholder, shall not exercise its voting rights in a manner prejudicial to the interests of all or some part of the shareholders when making decision on the following matters:

- (I) to exempt a director or supervisor from his/her duty to act in good faith in the best interests of the Company;
- (II) to approve the expropriation by a director or supervisor (for his/her own benefit or for the benefit of another), in any manner, the assets of the Company, including but not limited to an opportunity beneficial to the Company; and
- (III) to approve the expropriation by a director or supervisor (for his/her own benefit or for the benefit of another) the individual interests of other shareholders, including but not limited to rights to distributions and voting rights, except for restructuring of the Company submitted for approval by the shareholders in a Shareholders' general meeting in accordance with the Articles of Association.

**Article 66** The Controlling Shareholders and de facto controller of the Company shall not use the related party relations to damage the interests of the Company; otherwise, they shall be liable for compensation for any loss suffered by the Company.

The Controlling Shareholders and de facto controller of the Company shall bear fiduciary duty to the Company and the public shareholders of the Company. The Controlling Shareholders shall strictly abide by laws in exercising the investor's rights and shall not infringe the legitimate rights



shall assist him/her in the work regarding “moratorium upon misappropriation”. Specifically, the following procedures shall be followed:

- (I) The chief financial officer shall report in writing to the chairman of the Board on the day when he/she finds that the Controlling Shareholder misappropriates the Company’s assets; where the chairman of the Board is the Controlling Shareholder, the chief financial officer shall report in writing to the Secretary to the Board on the day when the Controlling Shareholder is found to have misappropriated the Company’s assets, and a copy of the report shall be sent to the chairman of the Board concurrently;
- (II) The chairman of the Board or the Secretary to the Board shall issue a notice of convening an extraordinary Board meeting on the day of receiving the written report of the chief financial officer;
- (III) The Secretary to the Board shall, in accordance with the Board resolutions, send a notice for repayment within a prescribed period to the Controlling Shareholder, apply to the relevant judicial departments for handling the freezing of the shares held by the Controlling Shareholder and other related matters, and make proper and relevant disclosure; and
- (IV) If the Controlling Shareholder is unable to restore or repay the Company’s assets which have been misappropriated within a prescribed period, the Company shall make an application to the relevant judicial departments for the monetization of the frozen shares to compensate the misappropriated assets within 30 days after the expiry of the aforesaid prescribed period. The Secretary to the Board shall make proper and relevant disclosure.

The directors, supervisors and senior management of the Company have a legal obligation to maintain the safety of the Company’s assets. In relation to the directors and senior management who assist and/or allow the Controlling Shareholders, de facto controller and their affiliated enterprises to misappropriate the Company’s assets, the Board of the Company shall, depending on the severity of the case, punish the person who is held directly responsible, and propose to the Shareholders’ general meeting to dismiss the director(s) who bear heavy responsibility.

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

**Article 67** The Shareholders’ general meeting shall be the governing organ of the Company. It may exercise the following powers in accordance with the law:

- (I) to decide on the business policies and investment plans of the Company;
- (II) to elect and replace directors, and supervisors who are not appointed as representatives of the employees and to decide on the remuneration of the relevant directors and supervisors;
- (III) to consider and approve reports made by the Board;
- (IV) to consider and approve reports made by the Supervisory Committee;

- (V) to consider and approve the Company's annual financial budgets and final accounts;
- (VI) to consider and approve the Company's profit distribution plans and loss recovery plans;
- (VII) to resolve on the increase or reduction of the Company's registered capital;
- (VIII) to resolve on the issuance of bonds of the Company;
- (IX) to resolve on matters such as the merger, division, dissolution, liquidation or change of form of the Company;
- (X) to amend the Articles of Association;
- (XI) to resolve on the appointment or removal of any accounting firm by the Company;
- (XII) to consider the proposals raised by the shareholders severally or jointly representing more than 3% of the voting shares of the Company;
- (XIII) to consider the guarantees stated in Article 68 of the Articles of Association;
- (XIV) to consider the acquisition (or disposal) of any major assets (by the Company or its subsidiaries) which amount exceeds 30% of its latest audited total assets within the last year;
- (XV)

- (IV) any guarantee provided for any entity with an asset-liability ratio of more than 70%;
- (V) any single guarantee with a value of more than 10% of the latest audited net assets of the Company;
- (VI) guarantees provided to shareholders, de facto controller and their related parties; and
- (VII) other external guarantees which are subject to consideration at the Shareholders' general meeting in accordance with the laws, administrative regulations, departmental rules, regulatory documents, listing rules for stock exchanges where the Company's shares are listed.

External guarantees to be considered at the Shareholders' general meeting shall be considered and approved by the Board before submission to the Shareholders' general meeting for consideration.

**Article 69** Shareholders' general meeting consists of annual general meeting and extraordinary general meeting. The annual general meeting shall be held once every year within six months following the end of the previous financial year.

**Article 70** An extraordinary general meeting shall be held within two months subsequent to the occurrence of any of the following events:

- (I) when the number of directors is less than the minimum number required by the Company Law, or is less than two thirds of the number stipulated in the Articles of Association;
- (II) when the uncovered loss is more than one-third of the Company's total share capital;
- (III) when any of the shareholders individually or jointly holding no less than 10% of total number of the Company's voting shares make any written request to convene the meeting;
- (IV) when the Board deems it necessary to convene the meeting;
- (V) when the Supervisory Committee proposes to convene the meeting; and
- (VI) any other circumstances as stipulated by laws, administrative regulations, departmental rules, regulatory documents and the listing rules for stock exchanges where the Company's shares are listed or the Articles of Association.

Number of shares in circumstance (3) above shall be calculated as at the date of the written request of the shareholders.

**Article 71** The venue of the Shareholders' general meetings of the Company shall be the domicile of the Company or other location specified by the convener in the meeting notice.

Shareholders' general meetings shall be held onsite at a venue. The Company may also provide an online voting platform for its shareholders to conveniently participate in Shareholders' general meetings. Shareholders participating in a Shareholders' general meeting by the aforementioned means shall be deemed to have attended such meeting.

**Article 72** In convening a Shareholders' general meeting, the Company shall engage a lawyer to provide legal opinions on the following issues and publish an announcement accordingly:

- (I) whether the convening of the Shareholders' general meeting and its procedures are in compliance with the laws, administrative regulations and the Articles of Association;
- (II) whether the attendees are eligible and whether the eligibility of the convener is lawful and valid;
- (III) whether the voting procedure and the voting outcome of the meeting are lawful and valid; and
- (IV) legal opinions on other relevant matters at the request of the Company.

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

**Article 73** Independent directors shall be entitled to propose to the Board to convene an extraordinary general meeting. In relation to the proposal of the independent directors to convene an extraordinary general meeting, the Board shall, pursuant to laws, administrative regulations, listing rules for stock exchanges where the Company's shares are listed and the Articles of Association, give a written reply on whether it consents to convening the extraordinary general meeting within 10 days after receipt of the proposal.

Where the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Where the Board does not agree to convene the extraordinary general meeting, it shall provide an explanation and make a relevant announcement.

If the securities regulatory authority at the locality where the Company's shares are listed have special provisions, such provisions shall apply.

**Article 74** The Supervisory Committee shall be entitled to propose to the Board to convene an extraordinary general meeting, and shall put forward its proposal to the Board in writing. The Board shall, pursuant to laws, administrative regulations, listing rules for stock exchanges where the Company's shares are listed and the Articles of Association, give a written reply on whether it consents to convening the extraordinary general meeting within 10 days after receipt of the proposal.

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

If the Board does not agree to convene the extraordinary general meeting or fails to give a reply within 10 days after receipt of the proposal, it shall be deemed as unable to perform or failing to perform the duty of convening the Shareholders' general meeting, and the Supervisory Committee may convene and chair the meeting.

**Article 75** Shareholders individually or jointly holding 10% or more of the voting shares at the meeting to be held shall have the right to request the Board to convene an extraordinary general meeting or a class meeting, and shall put forward such request to the Board in writing and specify the topics of discussion of the meeting. The Board shall, pursuant to laws, administrative regulations, listing rules for stock exchanges where the Company's share are listed and the Articles of Association, give a written reply on whether it consents to convening the extraordinary general meeting or class meeting within 10 days after receipt of the written request.

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

If the Board does not agree to convene the extraordinary general meeting or class meeting or fails to give a reply within 10 days after receipt of the request, the shareholders individually or jointly holding 10% or more voting shares at the meeting to be held shall have the right to request the Supervisory Committee to convene an extraordinary general meeting or class meeting, and shall put forward such request to the Supervisory Committee in writing.

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

If the Supervisory Committee fails to serve the notice of the Shareholders' general meeting or class meeting within the prescribed period, it shall be deemed as failing to convene and preside over the Shareholders' general meeting or class meeting, and the shareholders individually or jointly holding 10% or more voting shares at the meeting to be held for more than 90 days consecutively may convene and preside over the meeting.

**Article 76** Where the Supervisory Committee or shareholders decide to convene a Shareholders' general meeting by itself/themselves, the Board of Directors shall be notified in writing, and the meeting shall be registered with the local branch of the CSRC at the location of the Company and the stock exchange where the Company's shares are listed.

The shareholder(s) convening the Shareholders' general meeting shall hold no less than 10% of the shares of the Company prior to the announcement of any resolution approved at the Shareholders' general meeting.

The Supervisory Committee or the convening shareholders shall, upon issuing the notice of Shareholders' general meeting and announcement of any resolution approved at such meeting, submit the relevant documentation to the CSRC office at the location of the Company and the stock exchange where the Company's shares are listed.

**Article 77** The Board of Directors and its Secretary shall cooperate with the Supervisory Committee or such shareholder(s) convening the meeting on its/their own initiative, the Board and its Secretary shall offer cooperation. The Board of Directors shall provide the register of shareholders as of the record date.

**Article 78** Expenses necessary for a Shareholders' general meeting convened by the Supervisory Committee or shareholders by itself/themselves shall be borne by the Company and deducted from the monies payable by the Company to the defaulting directors.

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

**Article 79** The contents of the proposed motions shall fall within the functions and powers of the Shareholders' general meeting, shall feature definite topics and specific issues for resolution, and shall be in compliance with relevant requirements of laws, administrative regulations, listing rules for stock exchanges where the Company's shares are listed and the Articles of Association.

**Article 80** Where the Company convenes a Shareholders' general meeting, the Board, the Supervisory Committee and shareholders individually or jointly holding 3% or more of the shares of the Company may propose resolution(s) to the Company.

Shareholders individually or jointly holding 3% or more of the shares of the Company may submit written interim proposals to the convener 10 working days before a Shareholders' general meeting is convened. The convener shall serve a supplementary notice of Shareholders' general meeting within two days after receipt of the proposals and announce the contents of the interim proposals.

Save as specified in the preceding paragraph, the convener, after issuing the notice and announcement of the Shareholders' general meeting, shall neither revise the proposals stated in the notice of Shareholders' general meetings nor add new proposals.

Motions not set out in the notice of Shareholders' general meeting or not complying with Article 79 of the Articles of Association shall not be voted on or resolved at the Shareholders' general meeting.

**Article 81** The convener shall notify shareholders of the annual general meeting by announcement 20 working days before the meeting, and shall notify shareholders of the extraordinary general meeting by announcement 15 days (and at least 10 working days) before the meeting.

**Article 82** An extraordinary general meeting shall not resolve on matters not specified in the notice.

**Article 83** The notice of a Shareholders' general meeting shall:

- (I) be issued in writing;
- (II) specify the time, venue, form and duration of the meeting;
- (III) state the matters and proposals to be considered at the meeting;
- (IV) provide shareholders with all such information and explanation necessary to enable Shareholders to make informed decisions on the matters to be discussed. Without limiting the generality of the foregoing, where a proposal is made to consolidate and repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the specific terms and the contracts, if any, of the proposed transaction must be provided and the reason and effect of such proposal must be properly explained;
- (V) if any of the directors, supervisors, general manager and other senior management have material interest in the matters to be discussed, they shall disclose the nature and extent of such interest; and if the effects of the matters to be discussed have a different effect on a director, supervisor, general manager and other senior management in their capacity as shareholders from that on the shareholders of the same class, they shall explain such difference;
- (VI) contain the full text of any special resolution to be voted on at the meeting;
- (VII) contain a prominent statement stating that all shareholders are entitled to attend the meeting and appoint a proxy in writing to attend and vote on his/her behalf, and such proxy need not be a shareholder of the Company;
- (VIII) specify the time and venue for delivering the proxy form authorizing the proxy to vote at the relevant meeting;
- (IX) specify the record date for determining the shareholders who are entitled to attend the Shareholders' general meeting. The interval between the record date and the meeting date shall not be more than seven working days. The record date shall not be changed once confirmed; and
- (X) state the names and telephone numbers of the standing contact persons for the meeting.

Where a Shareholders' general meeting is held online or through other means, the designated time and procedure for voting online or other means shall be expressly stated in the notice of such meeting.

Notices and supplementary notices of Shareholders' general meetings shall adequately and completely disclose the specific contents of all proposals, as well as all the information or explanations necessary for the shareholders to make a reasonable judgment in respect of the matters to be discussed. Where the opinions of an independent director are required in relation



to the matters to be discussed, such opinions and reasons shall be disclosed when the notices or supplementary notices of Shareholders' general meetings are served.

**Article 84** If the election of directors or supervisors is proposed to be discussed at a Shareholders' general meeting, the notice of such meeting shall adequately disclose the detailed particulars of the candidates for the roles of directors or supervisors, which shall at least include:

- (I) personal particulars, including educational background, work experience and part-time jobs;
- (II) whether he/she has connected relations with the Company or its Controlling Shareholders and de facto controller;
- (III) his/her shareholding in the Company;
- (IV) whether he/she has received any punishment from the CSRC or other related authorities or been reprimanded by any stock exchange; and
- (V) information of the directors or supervisors to be appointed, or re-elected or re-designated that shall be disclosed according to the provisions of the Hong Kong Listing Rules.

Unless a director or supervisor is elected by means of cumulative voting, election of each candidate for director or supervisor shall be conducted by separate resolution.

**Article 85** Unless otherwise stipulated by laws, administrative regulations, listing rules for stock exchanges where the Company's shares are listed or the Articles of Association, the notice of a Shareholders' general meeting shall be delivered by hand or prepaid mail to all shareholders (regardless of whether they have voting rights at the Shareholders' general meeting). The address of the recipients shall be the address registered in the register of shareholders. For shareholders of domestic shares, the notice of a Shareholders' general meeting may be in the form of an announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers specified by the securities regulatory authority of the State Council 20 to 25 working days prior to the date on which the annual general meeting is to be convened, and 15 to 20 days (and not less than 10 working days) prior to the date on which the extraordinary general meeting is to be convened, and all holders of domestic shares shall be deemed to have been notified of the forthcoming Shareholders' general meeting once the announcement is published.

Provided that such action complies with relevant laws and regulations and the listing rules for stock exchanges where the Company's shares are listed and fulfills relevant procedures, for shareholder of H shares, the Company may also send the aforesaid notice of the Shareholders' general meeting to the shareholders through the website of the Company and the website specified by the Hong Kong Stock Exchange or by other methods approved by the Hong Kong Listing Rules and the Articles of Association to replace the method of delivery by hand or prepaid mail to holders of H shares.



**Article 86** After notice of the Shareholders' general meeting is issued, the meeting shall not be postponed or cancelled, and the proposals set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefor at least two working days prior to the date on which the meeting is originally scheduled.

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

**Article 87** The Board of Directors of the Company or any other convener shall take necessary measures to ensure the good order of the Shareholders' general meeting. The Board or any other convener shall take measures to deter any act disturbing the meeting, picking quarrels and provoking troubles or infringing the lawful rights and interests of any shareholder, and shall report in a timely manner such act to the relevant authorities for investigation and punishment.

**Article 88** All the shareholders in the register of shareholders on the record date, or their proxies, shall be entitled to attend the Shareholders' general meeting and exercise their voting rights according to relevant laws, regulations, departmental rules, listing rules for stock exchanges where the Company's shares are listed and the Articles of Association.

Any shareholder entitled to attend and vote at a Shareholders' general meeting may attend the Shareholders' general meeting in person or appoint one or more persons (who need not be a shareholder or shareholders) as his/her proxy(ies) to attend and vote on his/her behalf. The proxy(ies) so appointed may exercise the following rights as granted by the shareholder:

- (I) the right which the shareholder has to speak at the meeting;
- (II) the right to demand a poll alone or jointly with others; and
- (III) the right to vote by a show of hands. Where there is more than one proxy, the said proxies shall only vote by poll.

If the shareholder is a Recognized Clearing House or an agent thereof as defined in the relevant laws and regulations of the locality where the Company's shares are listed, the said shareholder may authorize one or more persons as he/she deems appropriate to act as his/her proxy at any Shareholders' general meeting or class meeting; however, where several persons are thus authorized, the power of attorney shall specify the number and class of the shares represented by each of the persons thus authorized. The power of attorney shall be signed by the persons authorized by the Recognized Clearing House. The person thus authorized may represent the Recognized Clearing House (or agent thereof) in exercising its rights at any meeting (without being required to present a share certificate, certified power of attorney and/or further evidence of due authorization) as if that person were an individual shareholder of the Company.

**Article 89** Individual shareholders attending a Shareholders' general meeting in person shall produce their identity cards or other valid proof or evidence of their identities or stock account cards; in the case of attendance by proxies, the proxies shall produce valid proof of their identities and the power of attorneys from shareholders.

In the case of a corporate shareholder, its legal representative or a proxy appointed thereby shall attend the meeting. The legal representative attending the meeting shall present his/her identity card or valid certificate bearing evidence of his/her qualifications as legal representative; a proxy attending the meeting on behalf of the legal representative shall present his/her identity card and power of attorney legally issued by the legal representative of the corporate shareholder.

Any shareholder attending the Shareholders' general meeting via online voting shall be identified by the trading system of Shenzhen Stock Exchange or internet voting system.

**Article 90** The power of attorney shall be in writing by hand of the principal or his/her proxy duly authorized in writing or, if the principal is a legal person, it shall be under seal or under the hand of a director or proxy duly authorized.

The power of attorney issued by a shareholder to appoint a proxy to attend a Shareholders' general meeting shall specify:

- (I) the name of the proxy;
- (II) the number of shares held by the principal represented by the proxy;
- (III) whether or not the proxy has any voting right(s);
- (IV) directives to vote for or against or abstain from voting on each and every issue under consideration included in the agenda of the Shareholders' general meeting;
- (V) the date of issue and validity period of the power of attorney; and
- (VI) the signature (or seal) of the principal. If the principal is a corporate shareholder, the corporate seal shall be affixed.

**Article 91** Any blank form of the power of attorney as issued by the Board of Directors of the Company to any shareholder for appointing a proxy shall allow the shareholder to freely choose to direct the shareholder's proxy to vote in favor of, against or abstain from each resolution and to give separate instructions on each of the resolutions to be decided at the meeting. The power of attorney shall specify whether, in default of directives from the shareholder, the proxy may vote as he/she thinks fit.

**Article 92** The power of attorney for voting shall be placed at the domicile of the Company or such other place as specified in the notice of meeting at least 24 hours prior to the meeting at which the proxy is entrusted to vote or 24 hours before the scheduled voting time. Where such a power of attorney for voting is signed by a person authorized by the principal, the power of attorney for authorized signature or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents shall, together with the power of attorney for voting, be placed at the domicile of the Company or such other location as specified in the notice of the meeting.

Where the principal is a legal person, its legal representative or a person authorized by the Board or other decision-making body shall attend the Shareholders' general meeting of the Company.

**Article 93** A vote given in accordance with the terms of the power of attorney shall be valid notwithstanding the previous death or loss of capacity of the principal or revocation of the power of attorney or of the authority under which the proxy was executed, or the transfer of the share(s) in respect of which the proxy is given, provided that no written notice of such death, loss of capacity, revocation or transfer has been received by the Company before the commencement of the meeting at which the proxy is issued.

**Article 94** An attendees register shall be prepared by the Company, which shall state the name (or names of the corporations), identification document number and the address of each attendee, the number of voting shares held or represented by them, the names of the principals (or names of the corporations) and so on.

**Article 95** The convener and the lawyers engaged by the Company shall verify the validity of the qualifications of shareholders based on such register of shareholders as provided by the securities registration and clearing institution, and shall register the names of the shareholders as well as the amount of their voting shares. The registration for a meeting shall be completed before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of their voting shares.

**Article 96** All directors, supervisors and the Secretary to the Board shall attend Shareholders' general meetings of the Company, while the general manager and other senior management shall be present at the meetings.

**Article 97** A Shareholders' general meeting shall be convened by the Board of Directors, and chaired by the chairman of the Board. In the event that the chairman is incapable of performing or is not performing his/her duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his/her duties, a director jointly nominated by half or more of the directors shall preside over the meeting.

A Shareholders' general meeting convened by the Supervisory Committee shall be chaired by the chairman of the Supervisory Committee. Where the chairman of the Supervisory Committee is incapable of performing or is not performing his/her duties, a supervisor jointly recommended by more than one half of the supervisors shall chair the meeting.

A Shareholders' general meeting convened by the shareholders themselves shall be chaired by a representative elected by the convener. If for any reason the convener fails to elect a chairperson, the shareholder (including proxy thereof) holding the most voting shares thereat shall chair the meeting (other than HKSCC Nominees).

When a Shareholders' general meeting is held and the chairperson violates the Articles of Association or rules of procedure for Shareholders' general meetings which makes it difficult for the Shareholders' general meeting to continue, a person may be elected at the Shareholders' general meeting to act as the chairperson, subject to the approval of more than half of the attending shareholders with voting rights.

**Article 98** The Company shall formulate rules of procedure for Shareholders' general meetings defining in detail the convening and voting procedures of Shareholders' general meetings, including notification, registration, consideration of proposals, voting, counting of ballots, announcement of voting results, formation of resolutions, meeting minutes and the signing and announcement thereof, and the principles and contents of the authorization of the Shareholders' general meetings on the Board. The rules of procedure for Shareholders' general meetings shall be appended to the Articles of Association and shall be formulated by the Board and approved at the Shareholders' general meeting.

**Article 99** The Board of Directors and the Supervisory Committee shall report on their work during the preceding year at the annual general meeting. Every independent director shall also make his work report.

**Article 100** Directors, supervisors and senior management shall provide explanations in relation to the inquiries and suggestions made by shareholders at Shareholders' general meetings.

**Article 101** The chairperson of the meeting shall, prior to voting, declare the number of attending shareholders and their proxies as well as the total number of their voting shares, and the number of attending shareholders and their proxies and the total number of their voting shares shall be as recorded in the meeting's register.

**Article 102** Minutes of a Shareholders' general meeting shall be kept by the Secretary to the Board. The meeting minutes shall specify:

- (I) the time, venue and agenda of the meeting, and the name of the convener;
- (II) the names of the chairperson, and the directors, supervisors, general manager and other senior management attending or present at the meeting;
- (III) the number of shareholders and proxies attending the meeting, the total number of voting shares they represent and the percentage of these shares to the total number of shares of the Company;
- (IV) the consideration process, summaries of speeches and voting result for each proposal;
- (V) details of the inquiries or suggestions from shareholders, and the corresponding response or explanations;
- (VI) the name(s) of the lawyer(s), counting officer(s) and monitoring officer(s); and
- (VII) other contents that shall be recorded in the minutes in accordance with the Articles of Association.

**Article 103** The convener shall ensure that the meeting minutes are true, accurate and complete. The attending Directors, supervisors, Secretary to the Board, convener or representative thereof, presider and recorder shall sign the meeting minutes. The minutes of the meeting, the signed attendance record of those shareholders present and the powers of attorney for attendance

by proxy, and valid information relating to online voting or by other means shall be kept for no less than 10 years.

**Article 104** Shareholders may have access to copies of the meeting minutes free of charge during the office hours of the Company. If any shareholder asks for copies of relevant meeting minutes, the Company shall send out the said copies within seven days after receipt of reasonable charges.

**Article 105** The convener shall ensure that a Shareholders' general meeting is held continuously until final resolutions are arrived at. If the Shareholders' general meeting is terminated or fails to reach any resolution due to force majeure or for other special reasons, the convener shall take measures necessary to resume the Shareholders' general meeting as soon as possible or directly terminate the Shareholders' general meeting and make an announcement accordingly. Meanwhile, the convener shall report to the CSRC office at the locality of the Company and stock exchanges where the Company's shares are listed.

## **Section 6 Voting and Resolutions at the Shareholders' General Meetings**

**Article 106** Resolutions of Shareholders' general meetings shall be classified as ordinary and special resolutions.

An ordinary resolution at a Shareholders' general meeting shall be passed by votes representing more than one half of the voting rights of the shareholders (including their proxies) who are present at the meeting.

A special resolution at a Shareholders' general meeting shall be passed by votes representing a two-thirds majority of the voting rights of the shareholders (including their proxies) who are present at the meeting.

**Article 107** The following matters shall be approved by ordinary resolutions at the Shareholders' general meeting:

- (I) work reports of the Board of Directors and the Supervisory Committee;
- (II) profit distribution proposals and loss recovery proposals formulated by the Board of Directors;
- (III) appointment and removal of members of the Board of Directors and the Supervisory Committee, their remuneration and payment methods;
- (IV) annual budget, final accounts, balance sheets, income statements and other financial statements of the Company;
- (V) annual report of the Company; and
- (VI) other matters other than those that are required to be adopted by way of special resolution

**Article 108** The following matters shall be approved by special resolution at the Shareholders' general meeting:

- (I) increase or reduction of the registered capital and the issuance of shares of any class, warrants and other similar securities of the Company;
- (II) issuance of bonds by the Company;
- (III) merger, division, change in corporate form, dissolution and liquidation of the Company;
- (IV) amendments to the Articles of Association;
- (V) purchase or disposal of substantial assets by the Company within one year or guarantee within one year with an amount exceeding 30% of the latest audited total assets of the Company;
- (VI) share incentive schemes;
- (VII) adjustment or change of the profit distribution policy; and
- (VIII) other matters stipulated by laws, administrative regulations, listing rules for stock exchanges where the Company's shares are listed or the Articles of Association, and specified by ordinary resolutions of the Shareholders' general meeting that are considered to be significant to the Company and shall be approved by special resolutions.

**Article 109** Shareholders (including proxies thereof) shall exercise their voting rights as per the voting shares they represent. Each share carries the right to one vote.

When the Shareholders' general meeting considers significant matters that could affect the interests of medium and small investors, the votes by medium and small investors shall be counted separately. The results of such separate vote counting shall be disclosed promptly and publicly in accordance with relevant laws and regulations and the listing rules for stock exchanges where the Company's shares are listed.

The Company has no voting right for the shares it holds, and these shares shall be excluded from the total number of voting shares represented by the shareholders attending the Shareholders' general meeting.

The Board, independent directors and shareholders who satisfy relevant requirements may solicit voting rights from shareholders. Information including the specific voting preference shall be fully provided to the shareholders for whom voting rights are being solicited. Consideration or de facto consideration for soliciting Shareholders' voting rights is prohibited. The Company shall not impose any minimum shareholding limitation for soliciting voting rights.

**Article 110** When a related party transaction is considered at a Shareholders' general meeting, the related shareholders may attend the Shareholders' general meeting and may express their views to the attending shareholders in accordance with meeting procedure, but shall not vote,



and the voting shares represented by them shall not be counted in the total number of valid votes; the announcement of any resolution made at the Shareholders' general meeting shall adequately disclose information relating to voting by non-related shareholders.

The chairperson of the meeting shall, before any proposal on related party transactions is considered at the Shareholders' general meeting, inform related shareholders that they are not entitled to vote on the proposal, and announce the number of attending shareholders and proxies other than related shareholders and the total number of their voting shares.

The votes cast by any related shareholder on related party transactions in violation of this Article shall be invalid.

Resolution at a Shareholders' general meeting on a related party transaction shall be passed by votes representing more than one half of the voting rights held by non-related shareholders attending the Shareholders' general meeting. However, if the related party transaction involves any of the matters specified in Article 108 of the Articles of Association, a resolution at a Shareholders' general meeting on the related party transaction shall be passed by votes representing more than two thirds of the voting rights held by non-related shareholders attending the Shareholders' general meeting.

**Article 111** The Company shall provide convenience to shareholders to attend Shareholders' general meetings by whatever means including preferentially providing modern IT means such as online voting platform, provided that the Shareholders' general meetings shall be held legally and validly.

**Article 112** Unless the Company is in a crisis or any special circumstance, the Company shall not enter into any contract with anyone other than a director, general manager or other senior management to have all or a significant part of the Company's business in the care of such person, unless otherwise approved by the shareholders at a Shareholders' general meeting, with a special resolution.

**Article 113** A list of candidates for the roles of directors or supervisors shall be submitted by way of proposal to the Shareholders' general meetings for voting.

**Article 114** A cumulative voting system shall be adopted for the election of more than one director or supervisor at the Shareholders' general meeting.

The cumulative voting system referred to in the preceding paragraph means that each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the Shareholders' general meeting, and shareholders may consolidate their votes for one or more directors or supervisors. The Board of Directors shall provide shareholders with the brief biographies and background information of the candidates for the roles of directors or supervisors.

The principles below shall be followed for voting at a Shareholders' general meeting under the cumulative voting system:

- (I) the number of candidates for the roles of directors or supervisors may be greater than that of the directors or supervisors to be elected at the Shareholders' general meeting, but the number of candidates to be voted by each shareholder shall not exceed the number of directors or supervisors to be elected at the Shareholders' general meeting, and the total number of votes allocated to the shareholders shall not exceed the number of votes held by them; otherwise, the votes shall be invalid;
- (II) voting for independent directors and non-independent directors shall be carried out separately. For the election of independent directors, the number of votes each shareholder is entitled to shall be equal to the number of shares held by the shareholder multiplied by the number of independent directors to be elected, and such votes must be cast only for the candidates for the role of the Company's independent directors; for the election of non-independent directors, the number of votes each shareholder is entitled to shall be equal to the number of shares held by the shareholder multiplied by the number of non-independent directors to be elected, and such votes must be cast only for the candidates for the role of the Company's non-independent directors; and
- (III) the candidates to be finally elected as directors or supervisors shall be determined according to the numbers of votes they have received, but the minimum number of votes each candidate elected has received must exceed half of the total number of shares held by shareholders (including proxies thereof) attending the Shareholders' general meeting. If the number of directors or supervisors elected falls short of the number of directors or supervisors to be elected at the Shareholders' general meeting, a new round of voting shall be carried out for the candidates for the roles of directors or supervisors not having received the required number of votes to fill the shortage. If the shortage is still not filled, a by-election shall be conducted at the next Shareholders' general meeting of the Company. If two or more candidates for the roles of directors or supervisors have the same number of votes, but not all of them can be elected according to the election quota, a separate round of voting shall be conducted for such candidates with the same number of votes.

**Article 115** Other than the cumulative voting system, the Shareholders' general meeting shall vote on all proposals one by one; in the event that there are several proposals for the same issue, such proposals shall be voted on and resolved in order of the time at which they have been submitted. Unless the Shareholders' general meeting is terminated or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be set aside nor withheld at the Shareholders' general meeting.

**Article 116** No amendment shall be made to a proposal when it is considered at a Shareholders' general meeting; otherwise, the relevant amendment shall be deemed a new proposal and shall not be voted on at the Shareholders' general meeting.



**Article 117** Each voting right shall be exercised either at the meeting, online, or by any of other available means. The first vote shall prevail in cases when a given voting right is exercised repeatedly.

**Article 118** Under the Hong Kong Listing Rules, any vote of the shareholders at a Shareholders' general meeting must be taken by ballot except where the chairperson of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

**Article 119** If the issue required to be voted on by ballot relates to the election of the chairperson or termination of the meeting, voting by ballot shall be conducted immediately; in respect of other issues required to be voted on by ballot, the chairperson of the meeting shall decide the time of voting by ballot, and the meeting may proceed to consider other issues, and the voting results shall be deemed as resolutions passed at the said meeting.

**Article 120** Upon voting, the shareholders (including their proxies) entitled to two or more votes need not cast all their votes in the same way (vote in favor of or against each resolution).

**Article 121** In the event that the number of dissenting votes equals that of supporting votes, the shareholder acting as the chairperson of the meeting shall be entitled to an additional vote.

**Article 122** Shareholders' general meetings shall adopt voting by open ballot.

**Article 123** When proposals are voted on at the Shareholders' general meeting, two shareholder representatives shall be appointed to count, and monitor the counting of, the votes. Where any shareholder has interests in any matter considered, the said shareholder or proxy thereof shall not participate in the counting and monitoring of the votes.

When proposals are voted on at the Shareholders' general meeting, the lawyer, shareholder representative and supervisor representative shall be jointly responsible for the counting and monitoring of the votes and shall announce the voting results on the scene. Such voting results shall be recorded in the meeting minutes.

Shareholders or proxies thereof voting online or otherwise shall have the right to check their voting results via the corresponding voting system.

**Article 124** An on-site Shareholders' general meeting shall not conclude earlier than that held online or by other means, and the chairperson of the meeting shall be responsible for determining whether a proposal is passed or not at the Shareholders' general meeting according to the voting results of each proposal. His/her decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes.

Before the voting results are announced, the relevant parties including the Company, counting officer, monitoring officer, substantial shareholders and network service provider involved at the venue, online or otherwise shall have a confidentiality obligation.

**Article 125** A shareholder attending a Shareholders' general meeting shall express one of the following opinions on any proposal to be voted on: for, against or abstention.

Any unfilled, improperly filled or poorly handwritten votes or votes that are not cast shall be considered as abstentions from voting by the shareholders. Its respective shares shall be counted as "abstentions" in the voting results.

Where any shareholder is required to waive his/her voting rights or is restricted to cast only an affirmative or dissenting vote in relation to a certain resolution in accordance with the Hong Kong Listing Rules, any vote cast by the said shareholder or proxy thereof in violation of the relevant provisions or restrictions shall not be counted.

**Article 126** If the chairperson of the meeting has any doubt as to the results of a resolution which has been put to vote, he/she may have the votes counted. If the chairperson of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the results announced by the chairperson of the meeting may, immediately after the declaration of the results, demand that the votes be counted and the chairperson of the meeting shall have the votes counted immediately.

If votes are counted at a Shareholders' general meeting, the counting results shall be recorded in the meeting minutes. The meeting minutes together with the attendance record of the shareholders and the powers of attorney for attendance by proxy shall be kept at the domicile of the Company.

**Article 127** Resolutions of the Shareholders' general meeting shall be announced in due time. The announcement shall specify the number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of the voting shares of the Company, the voting method, the voting results for every proposal and the details of each of the resolutions passed.

**Article 128** Where a proposal has not been passed or the resolutions of the preceding Shareholders' general meeting have been changed at the current Shareholders' general meeting, special mention shall be made in the announcement of the resolutions of the Shareholders' general meeting.

**Article 129** Where a proposal on the election of directors or supervisors is passed at the Shareholders' general meeting, the new directors or supervisors shall take office immediately after conclusion of the meeting.

**Article 130** Where a proposal is passed by the Shareholders' general meeting in relation to cash dividends, bonus shares or increase of share capital by way of transfer from capital reserves, the Company shall implement the specific scheme within two months after conclusion of the Shareholders' general meeting.

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

**Article 131** Shareholders who hold different classes of shares shall be class shareholders.

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

Except for other classes of shareholders, the shareholders of domestic shares and H shares are regarded as shareholders of different classes.

Where appropriate, the Company shall ensure that holders of preference shares can obtain sufficient voting rights.

**Article 132** Any variation or abrogation of the rights of any class of shareholders proposed by the Company shall be approved by a special resolution at the Shareholders' general meeting and by the shareholders of the affected class at a separate class meeting convened in accordance with Article 134 to Article 138 of the Articles of Association.

**Article 133** The following circumstances shall be deemed to be variation or abrogation of the rights of shareholders of a certain class:

- (I) increase or decrease in the number of shares of that class, or increase or decrease in the number of shares of another class having the same or more rights in voting, distribution or other privileges;
- (II) conversion of all or part of the shares of that class into shares of other classes, or conversion of all or part of the shares of other classes into shares of that class or granting rights of such conversion;
- (III) removal or reduction of the entitlement and rights to receive or retain dividends attributable to shares of that class;
- (IV) reduction or removal of the priority of the shares of that class to receive dividends or distribution in the event of liquidation of the Company;
- (V) increase, removal or reduction of the right of conversion, options, voting rights, the right to transfer, priority in placement of shares and the right to acquire securities of the Company attached to shares of that class;
- (VI) removal or reduction of the right to receive sums payable by the Company in particular currencies attached to shares of that class;
- (VII) creation of a new class of shares having the same or more rights in voting, distribution or other privileges;
- (VIII) restricting the transfer or ownership of the shares of such class or imposing additional restrictions;
- (IX) issue of rights to subscribe for or convert into shares of that class or other classes;
- (X) increase in the rights and privileges of shares of other classes;

- (XI) proposed restructuring of the Company which shall result in different classes of shareholders having to assume disproportionate liabilities; and
- (XII) alteration or cancellation of the provisions set out under this section.

**Article 134** Where the issues specified in (II) to (VIII), (XI) to (XII) of Article 133 of the Articles of Association are involved, the affected class shareholders, whether or not they are entitled to vote at the Shareholders' general meetings originally, shall have the right to vote at the class meetings. However, shareholders with conflicts of interest shall have no voting rights at such class meetings.

Shareholders with conflicts of interest as specified in the preceding paragraph refer to:

- (I) in the event of a repurchase of shares by the Company by way of a general offer to all shareholders or by way of public transactions on a stock exchange pursuant to Article 30 of the Articles of Association, "shareholders with conflicts of interest" are Controlling Shareholders as defined in Article 270 of the Articles of Association;
- (II) in the event of a repurchase of shares by the Company by an off-market agreement pursuant to Article 30 of the Articles of Association, "shareholders with conflicts of interest" are shareholders related to the agreement;
- (III) in the event of a reorganization of the Company, "shareholders with conflicts of interests" are shareholders who assume a relatively lower proportion of obligations than any other shareholder of that class or who have an interest different from that of any other shareholder of that class.

**Article 135** Resolutions of a class meeting shall be approved by votes representing more than two thirds of the voting rights of the shareholders of that class present at the meeting who, in accordance with Article 134, are entitled to vote at the meeting.

**Article 136** Where the Company convenes a class meeting, a notice shall be given 20 working days prior to an annual general meeting or 15 days (at least 10 working days) prior to an extraordinary general meeting to notify all registered shareholders of the said class.

Where the listing rules for stock exchanges where the Company's shares are listed have special provisions, such provisions shall prevail.

**Article 137** The notice of a class meeting needs only be served to the shareholders entitled to vote thereat.

The Shareholders' class meeting shall be held according to the procedures, to the extent possible, as that applicable to a Shareholders' general meeting. The provisions related to the procedures for the holding of a Shareholders' general meeting in the Articles of Association shall be applicable to a Shareholders' class meeting.



**Article 140** Directors shall observe the laws, administrative regulations, listing rules for stock exchanges where the Company's shares are listed and the Articles of Association, and fulfill the following fiduciary duties to the Company:

- (I) to not abuse their official powers to accept bribes or other unlawful income, and not to expropriate the assets of the Company;
- (II) to not misappropriate the capital of the Company;
- (III) to not open in their own names or in others' names any account for the purpose of depositing any of the Company's assets or capital;
- (IV) to not lend monies of the Company to other persons or provide guarantee for other persons with the property of the Company counter to the Articles of Association or without the consent of the Shareholders' general meeting or the Board;
- (V) to not conclude any contract or conduct transactions with the Company counter to the Articles of Association or without the consent of the Shareholders' general meeting;
- (VI) to not take advantage of their positions to seek for themselves or others business opportunities that are due to the Company, or conduct for themselves or others any businesses similar to those of the Company without the consent of the Shareholders' general meeting;
- (VII) to not take as their own any commission for any transaction with the Company;
- (VIII) to not disclose any secret of the Company without authorization;
- (IX) to not use their connected relations to damage the interests of the Company; and
- (X) to fulfill other fiduciary duties specified by laws, administrative regulations, departmental rules, listing rules for stock exchanges where the Company's shares are listed and the Articles of Association.

Any income obtained by directors in violation of any of the provisions herein shall belong to the Company. The director shall be liable to indemnify the Company against any losses incurred.

**Article 141** Directors shall observe the laws, administrative regulations, listing rules for stock exchanges where the Company's shares are listed and the Articles of Association, and fulfill the following duties of diligence to the Company:

- (I) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure that the business operations of the Company comply with the laws, administrative regulations and various economic policies of the PRC and are not beyond the business scope specified in the business license of the Company;
- (II) to treat all shareholders impartially;

- (III) to keep informed of the business operations and management of the Company;
- (IV) to sign written opinions on the regular reports of the Company, and to ensure the information disclosed by the Company is true, accurate and complete;
- (V) to honestly provide the Supervisory Committee with relevant information, and to not prevent the Supervisory Committee or supervisors from exercising their functions and powers; and
- (VI) to fulfill other duties of diligence specified by the laws, administrative regulations, departmental rules, listing rules for stock exchanges where the Company's shares are listed and the Articles of Association.

**Article 142** The method and procedure for nominating directors is:

- (I) the candidates for directors (excluding independent directors) of the Board shall be nominated by the Board or by the shareholders individually or jointly holding 3% or more of the voting shares of the Company and shall be elected at a Shareholders' general meeting of the Company.
- (II) the candidates for independent directors shall be nominated by the Board or by the shareholders individually or jointly holding 3% or more of the voting shares of the Company and shall be elected at a Shareholders' general meeting of the Company.



disclose them in a timely manner. The Board of the Company shall, upon receipt of the proposal on relevant inquiry or dismissal, promptly hold a special meeting for discussion and disclose the results thereof.

**Article 144** A director may resign before his/her term of office expires. The director intending to resign shall submit a written resignation to the Board. The Board shall disclose the relevant information within two days.

If any director resigns so that the membership of the Board falls short of the quorum, the said director shall continue fulfilling the duties of a director pursuant to relevant laws, administrative regulations, departmental rules, listing rules for stock exchanges where the Company's shares are listed and the Articles of Association until a new director is elected.

Save as provided in the preceding paragraph, a director's resignation shall be effective when his/her resignation is served to the Board.

Without violating the relevant laws, regulations and regulatory rules of the locality where the Company's shares are listed, a person newly appointed as director by the Board to fill a temporary vacancy or to add to the quota of directors of the Board shall serve until the next annual general meeting of the Company, at which time the said person is eligible for re-election. All directors appointed to fill temporary vacancies shall accept appointment by shareholders at the first Shareholders' general meeting following their appointment.

**Article 145** If the resignation of a director takes effect or if his/her term of office expires, the said director shall go through all handover formalities with the Board. His/her fiduciary duties to the Company and shareholders thereof do not terminate automatically at the end of his/her term of office, and his/her obligation to keep the Company's business secrets confidential shall remain valid after his/her term of office expires until such secrets become publicly known. Other obligations shall remain valid for at least two years.

**Article 146** Save as specified in the Articles of Association or as legally authorized by the Board, no director shall act on behalf of the Company or the Board in his/her personal name. If a director acts in his/her own name but a third party may reasonably think that the said director is acting on behalf of the Company or the Board, the said director shall make a prior statement of his/her standpoint and capacity.

**Article 147** If any director violates the laws, administrative regulations, departmental rules or the Articles of Association in fulfilling his/her duties, thereby causing the Company to incur any loss, the said director shall be liable for compensation.

If a director provides a guarantee for others with the property of the Company without the approval of the Board or the Shareholders' general meeting, the Board shall suggest that the Shareholders' general meeting replace the said director; and if the Company has suffered any loss arising therefrom, the said director shall be liable for compensation.

**Article 148** The qualifications, procedure of nomination and election, term of office, resignation and powers and functions of independent directors shall be as specified by the laws, administrative regulations, departmental rules, and the listing rules for stock exchanges where the Company's Shares are listed.

An independent director may resign before his/her term of office expires. If at any time the independent directors of the Company do not meet the requirements of Hong Kong Listing Rules on the number, qualification or independence of independent directors, the Company shall notify the Hong Kong Stock Exchange immediately and explain the relevant details and reasons by announcement, and appoint an adequate number of independent directors within three months after the said noncompliance so as to meet the requirements of the Hong Kong Listing Rules.

## **Section 2 Board of Directors**

**Article 149** The Company shall have a Board, which shall be accountable to the Shareholders' general meeting.

**Article 150** The Board shall consist of eight directors, with one chairman, one vice chairman and three independent directors.

**Article 151** The Board shall exercise the following functions and powers:

- (I) to convene Shareholders' general meetings and report to the Shareholders' general meeting;
- (II) to implement resolutions passed at the Shareholders' general meetings;
- (III) to determine the Company's business plans and investment plans;
- (IV) to formulate the Company's annual financial budgets and final accounting plans;
- (V) to formulate the Company's profit distribution plans and loss recovery plans;
- (VI) to formulate the proposals for increase or decrease of the Company's registered capital, and proposals for the issuance of bonds or other securities and listing;
- (VII) to formulate plans for any substantial acquisition by the Company, repurchase of Shares or merger, division, dissolution and change in form of the Company;
- (VIII) to decide matters relating, but not limited to, to the Company's external investments, purchase and disposal of assets, mortgage of assets, external guarantees, entrusted wealth management and connected transactions within the scope of authority granted by the Shareholders' general meeting;
- (IX) to decide the establishment of the Company's internal management structure;

- (X) to appoint or dismiss the Company's general manager and Secretary to the Board and, based on nomination by the general manager, to appoint or dismiss senior management including the deputy general manager and chief financial officer of the Company and to determine their remuneration, incentives and penalties;
- (XI) to formulate the basic management policies of the Company;
- (XII) to formulate the proposals for any amendment to the Articles of Association;
- (XIII) to manage matters relating to information disclosure of the Company;
- (XIV) to propose to the Shareholders' general meeting the appointment or change of the accounting firm acting as the auditors of the Company;
- (XV) to consider and review the working report and the work of the general manager of the Company; and
- (XVI) to perform other functions and powers specified by the laws, administrative regulations, departmental rules, listing rules for stock exchanges where the Company's shares are listed or the Articles of Association.

The Board may resolve on the issues specified in the preceding paragraph by approval of more than one half of the directors save for the issues specified in (VI), (VII) and (XII) and other issues specified by the laws, administrative regulations, departmental rules, listing rules for stock exchanges where the Company's shares are listed or the Articles of Association, for which approval of two thirds of the directors is required.

The Board of the Company may have an Audit Committee and other special committees on strategy, nomination, remuneration and evaluation as needed. The special committees shall be accountable to the Board and fulfill duties as specified in the Articles of Association and as authorized by the Board, and proposals of the committees shall be submitted to the Board for examination and decision. The special committees shall all consist of directors. In the Audit Committee, Nomination Committee, and Remuneration and Evaluation Committee, independent directors shall be the majority and shall act as conveners, and the convener of the Audit Committee shall be an accountant. The Board shall be responsible for formulating the procedures governing the work of the special committees and regulate their operations.

**Article 152** The Board shall not dispose of or agree to dispose of any fixed assets without the approval of the Shareholders' general meeting if the sum of the expected value of the fixed assets to be disposed of and the value derived from the disposal of fixed assets within four months prior to such proposal to dispose of the fixed assets exceeds 33% of the value of the fixed assets as shown on the latest balance sheet considered and approved by the Shareholders' general meeting.

Disposal of fixed assets referred to in this Article include the transfer of some asset interests, but do not include guarantees provided by the pledge of fixed assets.

The effectiveness of the Company's transaction of disposing fixed assets shall not be affected by any breach of the foregoing provisions in Paragraph 1 of this Article.

**Article 153** The Board shall make explanations at the Shareholders' general meeting for the qualified audit opinions on the audit report on the financial report of the Company issued by the certified public accountant.

**Article 154** The Board shall formulate the rules of procedure for Board meetings to ensure implementation of the resolutions of the Shareholders' general meeting, and ensure the working efficiency and scientific decision making of the Board.

The rules of procedure for Board meetings shall be appended to the Articles of Association and shall be formulated by the Board and approved by the Shareholders' general meeting.

**Article 155** The Board shall establish strict review and decision-making procedures for the Company's external investment, purchase and disposal of assets, asset mortgage, external guarantee, entrusted wealth management and connected transactions. Specifically, the Board has the authority to examine and approve the following matters:

- (I) investments of a single amount below 30% and above 10% of the total asset value on the Company's consolidated accounting statements of the most recent financial year, including equity investments (excluding venture capital), operating investments, entrusted wealth management and entrusted loans; venture capital other than securities investment with an amount below RMB50 million. For investments with funds raised from the issuance of securities that require approval by the Shareholders' general meeting in accordance with the departmental rules of the CSRC and the normative documents of the Shenzhen Stock Exchange, approval from the Shareholders' general meeting shall be obtained;
- (II) asset collateral or pledge, the cumulative amount of which is less than 50% of the total asset value on the Company's consolidated accounting statements of the most recent financial year;
- (III) other external guarantees other than those required to be submitted to the Shareholders' general meeting for consideration and approval in accordance with Article 68 of the Articles of Association;
- (IV) debt financing matters (excluding bond issuance) with a single amount below 10% of the net asset value on the Company's consolidated statements of the most recent financial year, and the debt ratio to the Company's assets remains under 60% after such financing;
- (V) purchase and disposal of assets that are not required by laws, administrative regulations, relevant documents of the CSRC and the Rules Governing the Listing of Shares on Shenzhen Stock Exchange to be submitted to the Shareholders' general meeting for consideration and approval;

- (VI) fixed asset and long-term equity investments with losses of more than RMB80 million and a single amount below 10% of the net asset value on the Company's consolidated statements of the most recent financial year;
- (VII) related party transactions that are not required by the laws, administrative regulations, relevant documents of the CSRC and the Rules Governing the Listing of Shares on Shenzhen Stock Exchange to be submitted to the Shareholders' general meeting for consideration and approval; related party transactions between the Company and a related natural person involving an amount of more than RMB300,000 (inclusive), and related party transactions between the Company and a related legal person the amount of which exceeds RMB3 million (inclusive) or accounts for more than 0.5% (inclusive) of the latest audited absolute value of the net asset of the Company but is less than RMB30 million or 5% of the latest audited absolute value of the net asset of the Company.

External guarantees that are required to be examined and approved by the Board must be approved by more than one half of all the directors of the Company and more than two thirds of all independent directors, and shall be passed by more than two thirds of the directors present at the Board meeting.

**Article 156** The chairman and the vice chairman shall be elected with approval of more than half of all the directors.

**Article 157** The chairman shall exercise the following powers and functions:

- (I) to chair the Shareholders' general meetings and convene and chair the Board meetings;
- (II) to supervise and inspect the implementation of resolutions passed by the Board;
- (III) to sign important documents passed by the Board or other documents which required to be signed by the legal representative of the Company (including but not limited to signing the securities issued by the Company);
- (IV) to exercise other functions and powers conferred by the Board; and
- (V) in any emergent force majeure event such as a natural disaster, to exercise the special right of disposal in respect of the business of the Company in compliance with laws and regulations and in the interests of the Company, and to report to the Board and the Shareholders' general meeting of the Company afterwards.

**Article 158** Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by more than half of the directors shall perform such duties.

**Article 159** Board meetings shall be held at least four times a year, and shall be convened by the chairman, with written notice of the meeting sent to all the directors and supervisors 14 days in advance.

**Article 160** Interim Board meetings may be convened upon proposal by the shareholders representing at least one-tenth of the total voting rights, by at least one-third of the directors, by at least one-half of the independent directors, by the Supervisory Committee, or by the general manager. The chairman shall convene and chair a Board meeting within 10 days after receipt of the proposal.

**Article 161** A notice of extraordinary Board meetings shall be served in writing three days prior to the date of the meeting; and be served at any time in oral form, telephone, or otherwise in the event of emergencies.

**Article 162** The notice of Board meeting shall specify:

- (I) the time and venue of the meeting;
- (II) the form of the meeting;
- (III) matters (proposals) to be considered;
- (IV) convener and chairperson of the meeting, proposer of and his/her written proposal for the extraordinary meeting;
- (V) documents needed for the directors to consider and vote on the resolutions;
- (VI) requirement that directors attend the meeting in person or by proxy;
- (VII) contact person(s) and contact details; and
- (VIII) date on which the notice is sent.

A verbal notice of the meeting shall at least include Items (I) and (II) above, and an explanation for an interim Board meeting in emergency.

**Article 163** A Board meeting shall be attended by more than one half of the directors, unless otherwise specified in the Articles of Association.

Save as otherwise specified in the Articles of Association, resolutions made by the Board shall be passed by more than one half of all directors.

Resolutions of the Board shall be passed on a “one person one vote” basis.

If the numbers of votes in favor and the votes against any resolution are the same, the chairman shall be entitled to an additional vote.

**Article 164** If any director is connected with the enterprise or individual involved in the resolution made at a Board meeting, the said director shall not vote on the said resolution for himself/herself or on behalf of other directors. A Board meeting may be held when more than one half of the non-connected directors attend the meeting. The resolution made at the Board meeting shall be passed by more than one half of the non-connected directors. If the number of non-connected directors attending the meeting is less than three, the matter shall be submitted to the Shareholders' general meeting for consideration.

**Article 165** Resolutions of the Board shall be voted by written votes, unless more than half of the directors present at the meeting agree to vote by a show of hands.

Provided that the directors fully express their opinions, an extraordinary Board meeting may be held via written means (including serving meeting documents in person, or by post, fax or email) or via teleconference (or through similar communications equipment) to replace on-site meetings. The Secretary to the Board shall prepare minutes of the Board after the meeting and submit them to the attending directors for signing.

**Article 166** Directors shall attend Board meetings in person. If any director cannot attend the meeting for any reason, he/she may issue a written power of attorney to authorize another director to attend on his/her behalf. The power of attorney shall specify the name of the proxy, the matters to be handled in proxy, the scope of authorization and the validity period, and shall bear the signature or seal of the principal. The director attending the meeting on behalf of another director shall exercise the rights of a director within the scope of authorization. If a director fails to attend a Board meeting and does not appoint a proxy to act on his/her behalf, the said director shall be deemed as



(VI) the voting method and results for each proposal (setting out the respective number of votes for, votes against and abstentions); and

(VII) other issues that the attending directors think should be recorded.

**Article 169** The directors shall be responsible for the resolutions passed at Board meetings. Where a resolution of the Board is in violation of any law, administrative regulation, the Articles of Association, or resolutions of the Shareholders' general meeting and thereby causes any serious loss to the Company, the directors who adopt the resolution shall be liable for compensation. However, if a director has been proven to have expressed dissenting opinions on the resolution during the voting and such opinions are recorded in the meeting minutes, he/she may be exempt from liability.

If the Board makes a resolution on external guarantees in violation of the provisions of the Articles of Association on the power of examination and approval and the review procedures for external guarantees, the Supervisory Committee shall suggest that the Shareholders' general meeting replace those directors who have voted in favor of the resolution at the Board meeting; and if the Company has suffered any loss arising therefrom, the directors who have voted in favor of the resolution at the Board meeting shall be jointly liable for compensation to the Company.

## **Chapter 6 General Manager and Other Senior Management**

**Article 170** The Company shall have one general manager, who shall be appointed or dismissed by the Board.

The general manager, deputy general manager, chief financial officer and the Secretary to the Board are senior management of the Company.

**Article 171** The provisions on directors' duties of loyalty under Article 140 of the Articles of Association and the provisions on directors' duties of diligence under (IV) – (VI) of Article 141 shall also apply to senior management.

**Article 172** Staff of the controlling shareholders of the Company who serve administrative positions other than as director or supervisor shall not serve as senior management of the Company.

**Article 173** The term of office of the general manager shall be three years. Upon expiry of his/her term, the general manager may be re-elected for successive terms.

The term of office of other senior management shall be consistent with that of the general manager and senior management may be re-elected for successive terms.

**Article 174** The general manager shall be accountable to the Board and shall exercise the following powers:

- (I) to be in charge of the Company's production, operation and management, to implement the resolutions of the Board, and report to the Board;

- (II) to organize the implementation of the Company's annual business plan and investment plan;
- (III) to formulate the Company's internal management structure;
- (IV) to draft the basic management scheme of the Company;
- (V) to formulate the Company's concrete bylaws;
- (VI) to propose to the Board the appointment or dismissal of the Company's deputy general manager(s) and the chief financial officer;
- (VII) to determine the appointment or dismissal of responsible management except for those who should be appointed or dismissed by the Board;
- (VIII) to formulate the plans for the salary, benefits, rewards and punishments of the Company's employees, and to determine the employment and dismissal of the Company's employees; and
- (IX) to exercise other powers conferred by the Articles of Association or the Board.

The general manager may be present at a Board meeting. The general manager has no voting rights at the Board meetings unless he/she is also a director.

**Article 175** The general manager shall formulate relevant working rules, which shall come into effect upon approval by the Board.

**Article 176** The working rules of the general manager shall specify:

- (I) the conditions, procedures and attendees for convening general manager's meetings;
- (II) the respective duties and division of responsibilities among the general manager and other senior management;
- (III) use of funds and assets of the Company, limits of his/her authority to enter into important contracts, and the system to report to the Board and the Supervisory Committee; and
- (IV) other matters deemed necessary by the Board.

**Article 177** The general manager may resign before his/her term of office expires. The procedure and rules for resignation of the general manager shall be specified in the employment contract between the general manager and the Company.

**Article 178** As the assistants to the general manager, the deputy general manager and the chief financial officer are in charge of the work assigned and instructed by the general manager; they are accountable to the general manager and issue relevant business documents within the scope of their duties.

When the general manager is unable to exercise his/her functions and powers, the deputy general manager and the chief financial officer may be entrusted by the general manager to act on behalf of the general manager.

**Article 179** The Company shall have a Secretary to the Board who shall have the requisite professional knowledge and experience and shall be responsible for matters such as the preparations for Shareholders' general meetings and Board meetings, keeping of documentation and Shareholders' data and handling of matters relating to information disclosure, so as to ensure that:

- (I) the Company has complete organizational documents and records;
- (II) the Company prepares and submits reports and documents as required by the competent authorities in accordance with the law; and
- (III) the Company's register of shareholders is set up properly and the persons who have the right of access to relevant records and documents of the Company are able to obtain the same timely.

The Secretary to the Board shall observe the laws, administrative regulations, departmental rules, listing rules for stock exchanges where the Company's shares are listed and the Articles of Association.

**Article 180** A director or other senior management of the Company may serve concurrently

#### **Art6.6**

## **Chapter 7 Supervisory Committee**

### **Section 1 Supervisors**

**Article 182** Directors, general manager and other senior management shall not serve as supervisors concurrently.

**Article 183** The supervisors shall observe laws, administrative regulations, listing rules for stock exchanges where the Company's shares are listed and the Articles of Association, fulfill fiduciary duties and duty of diligence to the Company and faithfully perform their supervisory duties and shall not abuse their powers to accept bribes or other unlawful gains or expropriate the Company's property.

**Article 184** The term of office of a supervisor shall be three years and is renewable upon re-election when it expires.

**Article 185** If the term of office of a supervisor expires but re-election is not made promptly, or if any supervisor resigns during his/her term of office so that the membership of the Supervisory Committee falls short of the quorum, the said supervisor shall continue to perform the duties of a supervisor pursuant to the laws, administrative regulations, departmental rules, normative documents and listing rules of the stock exchange at the locality where the Company's shares are listed and the Articles of Association until a new supervisor is elected.

**Article 186** The supervisors shall ensure the information disclosed by the Company is true, accurate and complete.

**Article 187** Supervisors may be present at Board meetings and make inquiries or suggestions in relation to the resolutions of Board meetings.

**Article 188** Supervisors shall not abuse their affiliated relationships to damage the interests of the Company, and shall compensate the Company for any losses caused.

**Article 189** If any supervisor violates the laws, administrative regulations, departmental rules, normative documents, listing rules of the stock exchange or the Articles of Association in fulfilling his/her duties, thereby causing the Company to incur any loss, the said supervisor shall be liable for compensation.

### **Section 2 Supervisory Committee**

**Article 190** The Company shall have a supervisory committee. The Supervisory Committee shall consist of three supervisors, including one chairman, who shall be appointed or removed by the votes of more than two thirds of the members of the Supervisory Committee. The chairman of the Supervisory Committee shall convene and chair the Supervisory Committee meetings; where the chairman cannot or does not fulfill the duty thereof, more than half of the supervisors may elect a supervisor to convene and chair the Supervisory Committee meetings.

The Supervisory Committee shall consist of two shareholder representatives and one employee representative. Shareholder representatives of the Supervisory Committee shall be elected and dismissed at Shareholders' general meetings, and employee representatives shall be elected democratically by the employees of the Company at the employee representatives' meeting.

**Article 191** The Supervisory Committee shall be accountable to the Shareholders' general meeting and shall exercise the following powers in accordance with the law:

- (I) to review the periodical reports of the Company prepared by the Board of Directors and to provide written comments thereon;
- (II) to monitor the financial situation of the Company;
- (III) to supervise the perirectony;

Supervisors may propose to convene an extraordinary Supervisory Committee meeting. A notice of extraordinary Supervisory Committee meeting shall be served in writing three days prior to the date of the meeting; and be served at any time in oral form, telephone, or other forms, in the event of emergencies.

Voting at Supervisory Committee meetings shall be by a show of hands, and each supervisor shall have the right to one vote. Resolutions of Supervisory Committee meetings shall be approved by more than two thirds of the members of the Supervisory Committee.

**Article 193** The Supervisory Committee shall formulate rules of procedure for Supervisory Committee meetings specifying the deliberation method and voting procedure of Supervisor Committee meetings to ensure the work efficiency and scientific decision-making of the Supervisory Committee.

The rules of procedure for Supervisory Committee meetings shall be an appendix to the Articles of Association and shall be formulated by the Supervisory Committee and approved at the Shareholders' general meeting.

**Article 194** The Supervisory Committee shall file resolutions considered as minutes, which shall be signed by attending supervisors and the recorder.

Any supervisor shall have the right to have an explanatory note made in the minutes regarding his/her speech at the meeting. The minutes of Supervisory Committee meetings shall be kept as archives of the Company for 15 years.

Notice of a Supervisory Committee meeting shall specify:

- (I) time and venue of the meeting;
- (II) matters (proposals) to be considered;
- (III) convener and chairperson of the meeting, proposer of and his/her written proposal for the extraordinary meeting;
- (IV) documents needed for the supervisors to vote;
- (V) requirement that supervisors attend the meeting in person;
- (VI) contact person(s) and means of contact; and
- (VII) date on which the notice is sent.

A verbal notice of a meeting shall at least include (I) and (II) above, and an explanation for an extraordinary Supervisory Committee meeting in emergency situations.

## **Chapter 8 Qualifications and Obligations of Directors, Supervisors, General Manager and Other Senior Management**

**Article 195** A person may not serve as director, supervisor, general manager or other senior management of the Company if such person:

- (I) has no civil capacity or has limited civil capacity;
- (II) was sentenced for the offense of corruption, bribery, expropriation, misappropriation of property or for disrupting the order of the socialist market economy, and less than five years has elapsed since the sentence was served, or has been deprived of political rights due to such crimes, and less than five years has elapsed since the deprivation was completed;
- (III) has served as a director, factory manager or manager of a company or an enterprise that was bankrupted and liquidated, and was personally liable for the bankruptcy of such company or enterprise, and less than three years has elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (IV) was a former legal representative of a company or an enterprise which has had its business license revoked and been ordered to close down its business for violating the laws, and was personally liable for that revocation, and less than three years has elapsed since the date of revocation;
- (V) has a substantial amount of debts due and outstanding;
- (VI) is currently under judicial investigation for criminal offense, and the investigation is not yet concluded;
- (VII) has been prohibited to enter the securities market by the securities regulatory authority of the State Council and the term of prohibition has not expired;
- (VIII) is prohibited from acting as a corporate leader by virtue of any laws and administrative regulations;
- (IX) is not a natural person;
- (X) has been convicted by relevant competent authorities for violation of securities related laws and regulations, where such violation involved fraudulent or dishonest acts, and less than five years has elapsed since the date of such conviction; or
- (XI) other contents stipulated by laws, administrative regulations, departmental rules, regulatory documents or listing rules for stock exchanges where the Company's shares are listed.



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

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

**Article 196** The validity of an act of a director, general manager or other senior management on behalf of the Company with respect to third parties who act in good faith shall not be affected by any irregularity in their appointment, election or qualification.

**Article 197** In exercising the functions and powers conferred by the Company, directors, supervisors, general manager and other senior management of the Company shall assume the following obligations to each shareholder in addition to the obligations under the laws, administrative regulations or listing rules for stock exchanges where the Company's shares are listed:

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

**Article 198** When exercising their powers and discharging their duties, the directors, supervisors, general manager and other senior management of the Company have the duty to act cautiously, diligently and skillfully as a reasonable prudent person should do in similar circumstances.

**Article 199** In performing their duties, the directors, supervisors, general manager and other senior management of the Company shall observe the principle of honesty and shall not put themselves in a position where their duties and their interests may conflict. The said principle includes, but is not limited to, performance of the following obligations:

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

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



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

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

**Article 204** If, before concluding relevant contracts, transactions or arrangements with the Company for the first time, the directors, supervisors, general manager and other senior management of the Company have notified the Board in writing that they will have interest in the contracts, transactions or arrangements concluded in the future because of the reasons set out in the notice, they will be deemed as having given disclosure as specified in the preceding article of this chapter with respect to the statement(s) contained in the notice.

**Article 205** The Company shall not pay taxes in any form for its directors, supervisors, general manager and other senior management.

**Article 206** The Company shall not, directly or indirectly, provide loans or loan guarantees to the directors, supervisors, general manager and other senior management of the Company and its parent company, nor shall the Company provide the same to their Connected Persons.

The preceding paragraph shall not apply to the following circumstances:

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

**Article 207** If the Company provides a loan in breach of the preceding article, the person who has received the loan shall repay it immediately regardless of the conditions of the loan.

**Article 208** The Company shall not be forced to execute the loan guarantee provided in violation of paragraph 1 of Article 206 except in the following circumstances:

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

**Article 209** The guarantee as referred to in the preceding article includes the act of the guarantor to undertake the responsibility or provide property to ensure that the obligor fulfills the obligations.

**Article 210** If the directors, supervisors, general manager and other senior management fail to fulfill the obligations to the Company, the Company has the right to take the following actions in addition to the rights and remedial measures under the relevant laws and administrative regulations:

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

**Article 211** The Company shall conclude written contracts with every director, supervisor, general manager and other senior management, covering at least the following matters:

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

- (II) the directors, supervisors, general manager and other senior management shall undertake to the Company to observe and perform such duties that they should be accountable to the shareholders as provided under the Articles of Association;
- (III) such arbitration clauses as specified in Article 269 of the Articles of Association.

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

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

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

**Article 212** The Company shall stipulate the following upon entering into a remuneration-related contract with a director or supervisor: when the Company is to be acquired, the directors and supervisors of the Company shall, subject to prior approval from the Shareholders' general meeting, be entitled to compensation or other funds for loss of their positions or for retirement. The acquisition of the Company mentioned in the preceding paragraph refers to one of the following circumstances:

- (I) a takeover offer made by any person to all shareholders;
- (II) a takeover offer made by any person with the intent of becoming a Controlling Shareholder. The definition of a Controlling Shareholder is the same as that in Article 270 of the Articles of Association.

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

## **Chapter 9 Financial and Accounting Systems, Profit Distribution and Audit**

### **Section 1 Financial and Accounting Systems**

**Article 213** The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and the provisions of relevant state authorities. The Company shall prepare financial reports at the end of each financial year, which shall be subject to legal examination and verification.

**Article 214** The Company shall submit an annual financial report to the CSRC and the stock exchange within four months from the end of each financial year, submit an interim financial report to the CSRC offices and the stock exchange within two months from the end of the first six months of each financial year, and submit a quarterly financial report to the CSRC offices and the stock exchange within one month from the end of the first three months and nine months respectively of each financial year.

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

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

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

**Article 215** The Board of the Company shall, at each annual general meeting, submit to the shareholders the financial reports prepared by the Company in accordance with the relevant laws, administrative regulations, and regulatory documents of local governments and competent authorities.

**Article 216** Financial reports of the Company shall be kept in the Company and be accessible to shareholders 20 days before the convening of the annual general meeting. Every shareholder of the Company shall have the right to access the financial reports mentioned in this chapter.

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



**Article 217** The Company shall have no accounting books other than the statutory books. The Company's assets shall not be deposited in any account opened under the name of an individual.

**Article 218** When distributing each year's after-tax profits, the Company shall withdraw 10% of the profits as the statutory reserve fund of the Company. Such withdrawal is no longer required when the statutory reserve fund of the Company has accumulated to at least 50% of the registered capital of the Company.

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

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

The after-tax profits remaining after makeup of losses and withdrawal of reserves funds shall be distributed by the Company to the shareholders in proportion to their shareholding.

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

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

**Article 219** The reserve funds of the Company shall be used to make up for the losses, enhance the operating scale or increase the capital of the Company. However, the capital reserve fund shall not be used to recover the losses of the Company. The capital reserve fund shall include:

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

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

**Article 220** The Company's profit distribution policy:

- (I) The Company's profit distribution policy

The Company adopts a consistent and stable profit distribution policy, which shall emphasize reasonable investment returns to investors, take into account the Company's sustainable development and adhere to the following principles:

1. Profits must be distributed in the statutory order;
2. No profits shall be distributed if there is any unrecovered loss;
3. The Company shall not be entitled to any distribution of profits in respect of shares held by it.

## (II) Form of profit distribution

The Company may distribute profits in the form of cash, shares, a combination of cash and shares and other forms as permitted by laws and regulations. If the conditions for distribution of cash dividends are met, the Company shall first distribute profits in cash dividends.

Cash dividends distributed by the Company shall be stated and announced in RMB. Cash dividends distributed by the Company to holders of domestic shares shall be paid in RMB; cash dividends distributed by the Company to holders of foreign shares shall be paid in foreign currencies.

The sums in foreign currencies which the Company needs to pay to holders of foreign shares shall be obtained pursuant to relevant state regulations on foreign exchange. The exchange rate between a foreign currency and RMB shall be the official price of the said currency announced by the PBOC on the date of payment of the dividends.

## (III) Conditions for distribution in cash

1. The Company's earnings per share of the current year is not less than RMB0.1;
2. The audit institution produces a standard unqualified audit report on the Company's financial reports of the current year; and
3. The Company does not have any material investment plans or major cash expenditures (excluding fundraising projects).

Material investment plans or major cash expenditures refer to circumstances under which the Company's accumulated expenditure for intended external investment, asset acquisition or equipment procurement in the following 12 months reaches or exceeds 30% of the latest audited net assets of the Company.

## (IV) Proportion of distribution in cash

1. The profits distributed in cash by the Company every year shall not be less than 10% of the distributable profits in the current year, and the profits cumulatively distributed in cash by the Company in any three consecutive years shall not be less than 30% of the annual average distributable profits realized in these three years;
2. The Company's profit distribution shall neither exceed the range of the accumulated distributable profits nor harm the Company's ability to operate sustainably; and
3. The Board shall formulate differentiated cash dividend policies in different

development stages, business model, profitability, whether there are major capital expenditure arrangements and other factors:

If the Company is fully developed and has no major capital expenditure arrangements, cash dividends shall take up a minimum of 80% in the profit distribution;

If the Company is fully developed and has major capital expenditure arrangements, cash dividends shall take up a minimum of 40% in the profit distribution;

If the Company is in a growth stage and has major capital expenditure arrangements, cash dividends shall take up a minimum of 20% in the profit distribution;

If it is difficult to define the development stage of the Company, but the Company has major capital expenditure arrangements, the preceding provisions may still be followed.

(V) Period of profit distribution

The Company distributes profits once every year in principle in compliance with the profit distribution policy to ensure the Company's normal operation and long-term development; the Board of the Company may propose and implement (upon consideration and approval by the Shareholders' general meeting) an interim profit distribution plan according to the Company's profitability and capital demand.

(VI) Conditions for share dividend distribution

The Company may propose and implement a share dividend distribution plan while proposing the cash dividend distribution plan when it meets the conditions for cash dividend distribution and the Board believes that the Company has a reasonable share capital size and shareholding structure.

(VII) Decision-making procedure and mechanism of profit distribution

1. The Company's profit distribution plan shall be proposed and formulated by the Company's management and the Board based on the Company's profitability, capital demand and Shareholders' returns plan and considered at a Shareholders' general meeting after consideration and approval by the Board. Independent directors shall provide, announce and disclose their independent opinions in this regard. The cash dividend distribution plan shall be passed by votes representing more than one half of the voting rights represented by the shareholders or their proxies attending the Shareholders' general meeting; the share dividend distribution plan and the plan for distribution by integrating cash and shares shall be passed by votes representing more than two thirds of the voting rights represented by the shareholders or their proxies attending the Shareholders' general meeting;

2. In determining the specific profit distribution plan, the Board shall carefully study and discuss the timing, conditions, minimum ratio of cash dividends of the Company, the conditions for adjustment of the plan and the Company's decision-making procedure and other matters, and independent directors shall provide definite opinions in this regard. Independent directors may solicit opinions from the minority shareholders, put forward proposals for dividends and submit them directly to the Board for consideration. Dividend distribution plans shall be submitted to the Shareholders' general meeting for consideration after being considered and approved by the Board;
3. When making relevant decisions and formulating a profit distribution plan, the Board shall record in detail the summaries of speeches of attending directors, opinions of independent directors, voting results of the Board and other contents, and shall produce written records properly kept as the Company's archives;
4. Where an audit institution includes explanatory statements, expresses qualified opinion, refuses to give an opinion, or gives an adverse opinion on the financial reports of the Company in its audit report, the Board of the Company shall explain at the Shareholders' general meeting the relevant issues which led the audit institution to express the aforesaid comments and the effect on such on the financial and operating conditions of the Company. Where such issues have direct impact on the profit for the current period, the Board of the Company shall determine the profit distribution plan on the basis that whichever is lower is preferred;
5. When the detailed cash dividend plan is considered by the Shareholders' general meeting, the Company shall actively communicate and exchange ideas with the shareholders, especially minority shareholders, by various means (including but not limited to providing online voting means and inviting minority shareholders to attend the meeting), take into full account the opinions and requests of minority shareholders and address their concerns in time.

(VIII) Disclosure of information on profit distribution

1. The Company shall disclose the contents and implementation of its profit distribution plan and plan for conversion of capital reserve fund into share capital, and independent directors shall provide their independent opinions on the contents of the said plans;
2. Where the management and the Board do not propose or formulate any cash dividend distribution plan for the Company's profits of the current year, the Company shall disclose, in its summaries of regular reports, relevant reasons, including reasons for not distributing dividends, the use and plan of use of the funds not included in the dividend distribution and retained by the Company. Independent directors shall provide and disclose their independent opinions in this respect.

(IX) Principle of adjustment in profit distribution policies

Where a Company needs to adjust its profit distribution policies according to the production and operation conditions, investment planning, long-term development, or due to the substantial changes in the external operating environment and its own operating conditions, the adjusted profit distribution policies shall not contravene the relevant laws and regulations, regulatory documents and the provisions of the Articles of Association. Proposals on adjustment to the profit distribution policies, in relation to which independent directors and the Supervisory Committee shall provide written opinions. Such opinions shall be submitted to the Shareholders' general meeting for deliberation after deliberation by the Board of the Company, and shall be approved by more than two-thirds of the voting rights held by the shareholders attending the meeting.

(X) The Supervisory Committee shall supervise the implementation and decision-making procedures of the Company's profit distribution policies and Shareholders' return plans by the Board and the management of the Company, and shall issue special explanations and opinions on the implementation of the relevant policies and plans if any profits are made in a year but no profit distribution plan is proposed.

(XI) After the profit distribution plan is adopted at the Shareholders' general meeting, the Board shall complete the distribution of dividends (or shares) within 2 months after conclusion of the Shareholders' general meeting.

**Article 221** Monies paid for any shares before dunning shall be entitled to dividends, but the shareholders are not entitled to dividends later announced for the said monies.

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

**Article 222** The Company's power to cease sending dividend slips to holders of H Shares by post will not be exercised until such dividend slips had been left uncashed on two consecutive occasions. Such power may also be exercised after the first occasion on which such dividend slips are returned undelivered.

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

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

**Article 223** The Company shall appoint receiving agents for holders of overseas listed foreign shares. The receiving agents shall, on behalf of the relevant shareholders, receive dividends distributed by the Company for the overseas listed foreign shares and other payables.

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

## **Section 2 Internal Audit**

**Article 224** The Company shall conduct internal audits and assign full-time auditors to conduct internal audits and supervise the financial revenues and expenditures and economic activities of the Company.

**Article 225** The internal audit system and duties of the auditors shall be subject to the approval of the Board. The officer in charge of audit shall be accountable to the Board and report to the same.

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

**Article 226** The Company shall engage accounting firms “qualified for securities business” to audit its accounting statements, verify its net assets, and provide other relevant consulting services. The term of appointment shall be one year which commences on the date of conclusion of the current Shareholders’ general meeting and ends on the date of conclusion of the subsequent Shareholders’ general meeting. The term of office may be renewed.

**Article 227** The Company’s appointment of an accounting firm shall be decided by the Shareholders’ general meeting. The Board of Directors shall not appoint any accounting firm prior to a decision made by the Shareholders’ general meeting, unless it is otherwise provided in our Articles of Association.

**Article 228** The Company shall undertake to provide the accounting firm with true and complete accounting documents, accounting books, financial accounting reports and other accounting information, and shall not reject, conceal or misstate any information.

**Article 229** An accounting firm appointed by the Company shall have the following rights:

- (I) To inspect, at any time, the Company’s account books, records or documents, and shall have the right to require the directors, managers or other senior management to provide relevant data and explanations;
- (II) To require the Company to adopt all reasonable measures to obtain from its subsidiaries data and explanations which the accounting firm requires for the performance of its duties; and
- (III) To attend Shareholders’ general meetings and to receive notices of and other information

relating to the meetings that any shareholder is entitled to receive, and to speak at any Shareholders' general meeting in relation to matters concerning its role as the accounting firm of the Company.

**Article 230** In the event that the position of accounting firm is vacant, the Board may appoint an accounting firm to fill such vacancy before convening the Shareholders' general meeting. This appointment, however, shall be confirmed at the next Shareholders' general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period of



**Article 231** Regardless of the terms in the contract concluded between the accounting firm and the Company, the Shareholders' general meeting may, through an ordinary resolution, dismiss the said accounting firm before expiration of the term thereof. In relation to any rights claimed by the accounting firm against the Company, the said rights shall not be affected.

**Article 232** The remuneration of the accounting firm or the manner in which the firm is to be remunerated shall be determined by the Shareholders' general meeting. The remuneration of the accounting firm appointed by the Board shall be determined by the Board.

**Article 233** Where the Company dismisses or does not continue engaging the accounting firm, 10 days of prior notice shall be issued to the accounting firm, and the accounting firm has the right to state its opinions when the Shareholders' general meeting is voting on the dismissal of the accounting firm.

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

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

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

The Company shall send a copy of the written notice as mentioned in the preceding paragraph to the relevant competent authority within 14 days after its receipt. If the notice contains a statement as mentioned in the preceding sub-paragraph (II), a copy of such statement shall be placed at the Company for the shareholders to inspect. Except as otherwise provided in the Articles of

## **Chapter 10 Notice and Announcement**

### **Section 1 Notice**

**Article 235** Notices of the Company may be served as follows:

- (I) by personal delivery;
- (II) by post;
- (III) by fax or email;
- (IV) by announcement on the websites designated by the Company and stock exchanges in accordance with laws, administrative regulations, departmental rules, regulatory documents, listing rules for stock exchanges where the Company's shares are listed, and the Articles of Association;
- (V) by bulletin;
- (VI) by other means specified in the Articles of Association;
- (VII) by other means agreed previously between the Company and the recipient or approved by the recipient; and
- (VIII) by other means approved by the regulatory authorities at the locality where the Company's shares are listed or specified in the Articles of Association.

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

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

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

5. circulars; and
6. proxy forms (as specified in the listing rules for stock exchanges where the Company's shares are listed).

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

**Article 236** Where a notice of the Company is served by announcement, the notice shall be deemed as received by the relevant persons once the notice is announced.

**Article 237** Notice of a Shareholders' general meeting of the Company shall be served by announcement.

**Article 238** Notice of a Board meeting of the Company shall be served by personal delivery, post, fax or email. Except as otherwise provided for in the Articles of Association, an extraordinary Board meeting shall be convened for emergency reasons.

**Article 239** Notice of meeting of the Supervisory Committee of the Company shall be served by personal delivery, post, fax or email. Except as otherwise provided for in the Articles of Association, an extraordinary Supervisory Committee meeting shall be convened for emergency reasons.

**Article 240** If the notice of the Company is served by personal delivery, the recipient shall affix their signature (or seal) to the Return on Service and the signing date shall be the date of service; if the notice of the Company is served by post, the fifth working day after handover to the post office shall be the date of service; if the notice of the Company is served by announcement, the date of first announcement shall be the date of service; if the notice of the Company is sent by fax, the time recorded by the fax machine shall be the date of service; if the notice of the Company is sent by e-mail, the time of sending the e-mail recorded by computer shall be the date of service.

**Article 241** The accidental failure to give notice of meeting to, or non-receipt of notice of meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions adopted at the meeting.

**Article 242** Where the listing rules at the locality where the Company's shares are listed stipulate that the Company should send, post, distribute, issue, announce or otherwise provide relevant documents of the Company in English and Chinese, and the Company has made appropriate arrangements to confirm whether the shareholders wish to receive only the English version or the Chinese version, the Company may (as per the intent stated by the shareholders) send only the English version or the Chinese version to the related shareholders within the scope allowed by the applicable laws and regulations and pursuant to the applicable laws and regulations.

## **Section 2 Announcement**

**Article 243** The Company shall designate at least one newspaper and one website to issue the Company's announcement and other information to the holders of domestic shares within the media designated by the laws, regulations and the securities regulatory authority of the State Council. If the announcement shall be made to holders of H shares in accordance with the Articles of Association, the relevant announcement shall also be published in accordance with the methods prescribed in the Hong Kong Listing Rules.

The information disclosed by the Company in other public media shall not precede the disclosure in the designated newspapers and websites, and the announcement of the Company shall not be replaced by press release or press conference, or other forms.

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

## **Chapter 11 Merger, Division, Capital Increase, Capital Reduction, Dissolution and Liquidation**

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

**Article 244** Merger of the Company may take the form of absorption or establishment of a new company.

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

**Article 245** The merger or division of the Company shall be proposed by the Board for approval in accordance with the Articles of Association. Approval for merger or division shall be sought in accordance with the relevant legal requirements. A shareholder who disagrees with the proposed merger or division shall have the right to demand the Company or the consenting shareholders to acquire his/her shares at a fair price. The resolution of merger or division of the Company shall be contained in a special document for inspection by shareholders.

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

**Article 246** In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of property. The Company shall notify all creditors within 10 days after adoption of the merger resolution and shall make at least three announcements on the designated media for information disclosure within 30 days. The creditors may require the Company to repay debts or to provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice.

**Article 247** The credits and debts of the Company during merger shall be inherited by the company subsisting after the merger or by the newly established company.

**Article 248** Where the Company is divided, its properties shall be divided accordingly.

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

**Article 249** The debts of the Company prior to the division shall be undertaken by the companies after division, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before the division.

**Article 250** Changes in registered particulars arising from a merger or division of the Company shall be registered with the companies registration authority according to the law. If the Company is dissolved, it shall be deregistered according to the law. If a new company is established, such establishment shall be registered according to the law.

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

**Article 252** If the Company is dissolved pursuant to (I), (II) or (VI) of the preceding article, it shall establish a liquidation committee within 15 days after the circumstance for dissolution arises. The liquidation committee shall consist of members determined by the directors or the Shareholders' general meeting. If the Company fails to set up the liquidation committee within the period, creditors may apply to the people's court for appointment of relevant persons to form a liquidation committee and carry out liquidation.

If the Company is dissolved in the circumstance set out in (III) of the preceding article, liquidation shall be effected in accordance with the contracts concluded between the parties to the merger or division.

If the Company is dissolved pursuant to (IV) of the preceding article, a liquidation committee consisting of shareholders, relevant departments and relevant professionals shall be established by the people's court in accordance with relevant laws to carry out the liquidation.

If the Company is dissolved pursuant to (V) of the preceding article, a liquidation committee consisting of shareholders, relevant departments and relevant professionals shall be established by the relevant competent authority to perform liquidation.

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

**Article 253** Where the Board proposes to liquidate the Company for any reason other than the declaration of its own insolvency, the Board shall include a statement in its notice convening a Shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

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

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

**Article 254** The liquidation committee shall exercise the following powers during the liquidation period:

- (I) to examine and take possession of the assets of the Company and prepare the balance sheet and an inventory of assets;
- (II) to inform creditors by notice or announcement;
- (III) to deal with the outstanding affairs of the Company in relation to liquidation;

- (IV) to pay off outstanding taxes as well as taxes arising in the course of liquidation;
- (V) to settle claims and debts;
- (VI) to dispose of the remaining assets of the Company after repayment of debts; and
- (VII) to represent the Company in civil proceedings.

**Article 255** The liquidation committee shall notify all creditors within 10 days after its establishment and shall make at least three announcements on the designated media for information disclosure within 60 days. The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice.

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

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

**Article 256** After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and an inventory of assets, it shall formulate a liquidation plan and submit it to the Shareholders' general meeting or the people's court for confirmation.

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

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

**Article 257** If, after verifying the assets of the Company and preparing a balance sheet and an inventory of assets in connection with the liquidation of the Company, the liquidation committee discovers that the assets of the Company are insufficient to repay the debts of the Company in full, it shall apply to the people's court for a declaration of insolvency according to the law.

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

**Article 258** Upon completion of liquidation, the liquidation committee shall prepare a liquidation report and a statement of the receipts and payments and the financial accounts for the liquidation period. After verification of the Chinese certified public accountants, it shall submit the same to the Shareholders' general meeting or the people's court for confirmation. The liquidation committee shall, within 30 days after obtaining confirmation from the Shareholders' general meeting or the people's court, submit the aforesaid documents to the companies registration authority, and apply to cancel the registration of the Company and announce the termination of the Company.



**Article 259** Members of the liquidation committee shall perform their duties with due diligence and carry out their liquidating obligations in accordance with laws.

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

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

**Article 260** Where the Company is declared bankrupt according to the law, bankruptcy liquidation shall be implemented pursuant to laws on bankruptcy of enterprises.

## **Chapter 12 Amendments to the Articles of Association**

**Article 261** The Company may amend its Articles of Association in accordance with the laws, regulations and the Articles of Association.

**Article 262** The Company shall not make any amendment to the provisions of paragraph 2 of Article 35 of the Articles of Association.

**Article 263** The Company shall amend the Articles of Association in any of the following circumstances:

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

**Article 264** Where the amendments to the Articles passed by the Shareholders' general meeting require approval of competent authorities, the amendments shall be submitted to the relevant authorities for approval. If such amendments involve any registered particulars of the Company, application shall be made for change of registration in accordance with laws.

**Article 265** The Board shall amend the Articles of Association as per the resolution passed

**Article 267** Amendments of the Articles of Association which involve the contents of the Mandatory Provisions shall become effective upon receipt of approvals from the company approval authority authorized by the State Council and the securities regulatory authority of the State Council (if applicable); if the amendments involve registered particulars of the Company, registration of the change shall be carried out in accordance with the law.

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## Chapter 14 Supplementary Provisions

### Article 269 Definitions

- (I) Controlling shareholder: when acting alone or jointly with other parties, such a person can elect more than half of the Company's directors; when acting alone or jointly with other parties, such a person holds more than 30% (inclusive) of the outstanding shares of the Company; when acting alone or jointly with other parties, such a person can exercise more than 30% (inclusive) of the voting rights of the Company, or control the exercise of more than 30% (inclusive) of the voting rights of the Company; when acting alone or jointly with other parties, such a person has de facto control of the Company.
- (II) De facto controller refers to a person who is not a shareholder of the Company but can effectively control the Company through investment, agreement or other arrangements.
- (III) Connected relations refer to the relations between a controlling shareholder, de facto controller, director, supervisor or senior management of the Company and the enterprises directly or indirectly controlled by the same, and such other relationships which may give rise to a transfer of interests of the Company, provided however that there should be no connected relations between state-controlled enterprises solely because they are under the common control of the State.
- (IV) External guarantee refers to the guarantee provided by the Company for others, including the guarantee provided by the Company for its holdings subsidiaries.
- (V) Total external guarantee of the Company and its holdings subsidiaries refers to the sum of Company's total external guarantee including the guarantee provided by the Company for its holdings subsidiaries plus the total external guarantee provided by the holdings subsidiaries of the Company.

**Article 270** The Board may formulate by-laws in accordance with the Articles of Association. The by-laws shall not conflict with the Articles of Association.

**Article 271** The Articles of Association are written in Chinese. Where the articles of association in any other language or version is inconsistent with the Articles of Association, the Chinese version of the Articles of Association more recently approved and registered by the companies registration authority shall prevail.

**Article 272** The phrases "above" and "below" as mentioned in the Articles of Association are inclusive while "less than" and "more than" are exclusive.

**Article 273** The Articles of Association shall be subject to the interpretation of the Board of the Company and shall take effect after adoption at the Shareholders' general meeting and shall be effective from the date on which the overseas listed foreign shares (H shares) issued by the Company are listed on the Hong Kong Stock Exchange. The original articles of association shall become null and void on the date the Articles of Association enters into effect.

**Article 274** Appendixes to the Articles of Association include rules of procedure for Shareholders' general meetings, rules of procedure for Board meetings and rules of procedure for Supervisory Committee meetings.

**Shenzhen Hepalink Pharmaceutical Group Co., Ltd.**