

**Articles of Association of  
Cryofocus Medtech (Shanghai) Co., Ltd.**

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## Chapter 1 General Provisions

**Article 1** Cryofocus Medtech (Shanghai) Co., Ltd. (hereinafter referred to as the “Company”) is a joint stock company with limited liability established under the Company Law of the People’s Republic of China 《(中華人民共和國公司法)》 (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China 《(中華人民共和國證券法)》, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises 《(境內企業境外發行證券和上市管理試行辦法)》 (hereinafter referred to as the “Trial Administrative Measures”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”) and other relevant laws and administrative regulations of the People’s Republic of China (hereinafter referred to as the “PRC”).

The Company was established as a joint stock company established by Cryofocus Medtech (Shanghai) Company Limited (康灃生物科技(上海)有限公司) through an overall change in the form of promotion and was registered with the Shanghai Administration for Market Regulation (上海市市場監督管理局) on July 19, 2021 and obtained a business license on July 21, 2021. The Company’s unified social credit code is 91310115062524037K.

The Company’s promoters are: Ningbo Linfeng Biotechnology Co., Ltd. (寧波麟豐生物科技有限公司), LV Shiwen (呂世文), Zhuhai Gao Ling Junheng Equity Investment L.P. (Limited Partnership) (珠海高瓴鈞恒股權投資合夥企業(有限合夥)), Shanghai Shidi Industrial Development Co., Ltd. (上海仕地實業發展有限公司), Ningbo Maishang Investment L.P. (Limited Partnership) (寧波脈尚投資合夥企業(有限合夥)), Ningbo Hongyingkang Enterprise Management Partnership (Limited Partnership) (寧波弘盈康企業管理合夥企業(有限合夥)), Suzhou Industrial Park New Phase 2 Venture Capital Enterprise (Limited Partnership) (蘇州工業園區新建元二期創業投資企業(有限合夥)), Hangzhou Proxima Innovative Investment L.P. (Limited Partnership) (杭州比鄰星創新投資合夥企業(有限合夥)), FutureX Investment I Company Limited, Suzhou Proxima Venture Investment L.P. (Limited Partnership) (蘇州比鄰星創業投資合夥企業(有限合夥)), Ningbo Kangrui Investment Management Partnership (Limited Partnership) (寧波康銳投資管理合夥企業(有限合夥)), LIU Ya (劉亞), TD ENGINEERING, Suzhou Jingtian Medical Investment Partnership (Limited Partnership) (蘇州景天醫療投資合夥企業(有限合夥)), Galaxy Yuanhui Investment Co., Ltd (銀河源匯投資有限公司), SHEN Yao (申堯), Shanghai Shengshan Xingqian Venture Capital Center (Limited Partnership) (上海盛山興錢創業投資中心(有限合夥)), Ningbo Fuchuang Innovation and Venture Capital Center (Limited Partnership) (寧波複創創新創業投資中心(有限合夥)), Qingdao Marine Innovation Industry Investment Fund Co., Ltd. (青島海洋創新產業投資基金有限公司), Suzhou Shengshan Huiying Venture Capital Enterprise (Limited Partnership) (蘇州盛山惠贏創業投資企業(有限合夥)), Ningbo Tongshang Linfeng Equity Investment Partnership (Limited Partnership) (寧波通商麟豐股權投資合夥企業(有限合夥)), Ningbo Tongshang Venture Capital Partnership (Limited Partnership) (寧波通商創業投資合夥企業(有限合夥)), ZHU Jun (朱軍), Shenzhen Furong No.1 Venture Capital Partnership (Limited Partnership) (深圳富鎔一號創業投資合夥企業(有限合夥)), YUAN Dan (袁丹) and XU Li (徐力).

**Article 2** The registered name of the Company is:

Full name in Chinese: 康禮生物科技(上海)股份有限公司

Full name in English: Cryofocus Medtech (Shanghai) Co., Ltd.

**Article 3** Domicile of the Company: Building 15, Lane 3399, Kangxin Road, Pudong New Area, Shanghai; Postal Code: 201318; Telephone number: 021-20977850.

**Article 4** The legal representative of the Company is the chairman of the Board.

**Article 5** The Company is a joint stock company of perpetual existence with limited liability and is an independent legal person and is governed and protected by the laws, administrative regulations and other relevant provisions of the PRC.

**Article 6** The entire property of the Company is divided into equal shares, and the shareholders are liable to the Company to the extent of the shares they have subscribed for, and the Company is liable for the debts of the Company to the extent of its entire property.

**Article 7** These Articles of Association shall take effect from the date when passed by a special resolution of a general meeting of the Company. The original Articles of Association of the Company shall automatically cease to have effect from the date of these Articles of Association.

These Articles of Association shall, from the date of their entry into force, be a legally binding document regulating the organization and conduct of the Company and the rights and obligations between the Company and the shareholders and between the shareholders and the shareholders.

**Article 8** These Articles of Association shall be legally binding on the Company and its shareholders, directors, supervisors, general manager and other senior management; each of the foregoing may claim rights in relation to the Company's affairs in accordance with these Articles of Association.

Shareholders may sue the Company under these Articles of Association; the Company may sue shareholders under these Articles of Association; shareholders may sue shareholders under these Articles of Association; shareholders may sue directors, supervisors, managers and other senior management of the Company under these Articles of Association.

The reference to prosecution in the preceding paragraph includes filing a lawsuit in court or applying for arbitration before an arbitration body.

**Article 9** Senior management as referred to in these Articles of Association refers to the General Manager, Deputy General Manager, Head of Finance, Board Secretary and such other senior management as determined by the Board of Directors of the Company.

**Article 10** The Company may invest in other companies with limited liability and joint stock companies with limited liability and shall be liable for the invested enterprise to the extent of such capital contribution.

**Article 11** The Company has established the organization of the Communist Party of China in accordance with the Company Law and the Constitution of the Communist Party of China. The Party organization plays a leading role in setting the direction, managing the overall situation and ensuring implementation. The party organization establishes party institutions, provides appropriate party staff and ensures funding for the work of the party organization.

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

**Article 12** The Company's business objective is to focus on the development, production and sales of products related to cryoablation technology in the field of minimally invasive intervention (including trans vascular and trans natural channels) and medical devices in the field of minimally invasive endoscopic surgery, to create a global innovative platform for cryoablation minimally invasive treatment.

**Article 13** The scope of business of the Company is subject to the items approved by the company registration authority.

The scope of business of the Company registered in accordance with the law is: permitted items: production of Class II medical devices; production of Class III medical devices; operation of Class III medical devices. (Items that require approval according to the law may only be operated after approval by the relevant authorities, and the specific items of operation are subject to the approval documents or permits of the relevant authorities) General items: design of biological material testing instruments, medical cold therapy equipment and interventional devices, and provision of related technical consultation services; production of Class I medical devices; sale of Class I medical devices, sale of Class II medical devices; wholesale, commission agency (except auction) and import and export of laboratory equipment, medical polymer materials and metal materials and fittings and related ancillary services (not involving state trade management; applications for commodities involving quota and permit management shall be made in accordance with relevant state regulations). (Except for items subject to approval in accordance with the law, the business activities shall be carried out independently in accordance with the business license).

The Company may, subject to the approval of the general meeting of shareholders and the relevant government departments, adjust the scope of its business in accordance with the law in the light of changes in domestic and international markets, business development and its own capabilities, and go through the relevant adjustment procedures in accordance with the regulations and amend its articles of association in accordance with the law.

### **Chapter 3 Shares and Registered Capital**

**Article 14** The Company shall at all times set up ordinary shares; the Company may set up other kinds of shares according to its needs and upon performing the relevant procedures of filing with the State Council securities regulatory authority or the authority authorized by the State Council according to the laws.

**Article 15** All shares issued by the Company shall be of par value and shall have a par value of RMB1 each. The RMB referred to in the preceding sentence refers to the legal tender of the PRC.

**Article 16** The shares of the Company shall be issued on an open, fair and equitable basis and every share of the same class shall have the same rights.

Shares of the same class issued at the same time shall be issued on the same terms and at the same price per share; and the same price shall be paid for each share subscribed by any entity or individual.

Domestic shares issued by the Company and overseas listed foreign shares shall have the same rights in respect of any distribution made by way of dividend or otherwise.

**Article 17** Subject to performing the relevant procedures of filing with the State Council securities regulatory authority or the authority authorized by the State Council in accordance with the laws, the Company may issue shares to domestic investors and overseas investors.

The foreign investors referred to in the preceding paragraph refer to investors in foreign countries, Hong Kong, Macau and Taiwan who subscribe for the shares issued by the Company; domestic investors refer to investors in PRC other than the aforementioned regions who subscribe for the shares issued by the Company.

**Article 18** Shares issued by a company to domestic investors and subscribed in RMB and not listed abroad are called domestic shares. Shares issued by the company to foreign investors and subscribed in foreign currency, and shares held by foreign investors and transferred from the shareholders of domestic shares of the company are uniformly referred to as foreign shares. If the foreign shares are overseas listed, they are called overseas listed foreign shares.

The foreign currency referred to in the preceding paragraph means freely convertible legal currency of a country or territory other than the RMB which is recognized by the national competent authorities for foreign exchange for the purpose of making payments to the Company in respect of the shares.

Overseas listed foreign shares issued by the Company and listed in Hong Kong, referred to as H shares, are shares approved for listing by the Hong Kong Stock Exchange, denominated in RMB and subscribed and traded in Hong Kong dollars.

Shares issued by the Company which are not listed on a domestic or foreign stock exchange are known as unlisted shares.

Subject to performing the relevant procedures of filing with the State Council securities regulatory authority or the authority authorized by the State Council in accordance with the laws and the consent of the Hong Kong Stock Exchange, shareholders of domestic shares of the Company may transfer their shares to overseas investors and have them listed and traded on overseas stock exchanges; all or part of the domestic shares of the Company may be converted into foreign shares and the converted foreign shares may be listed and traded on overseas stock exchanges. The transferred or converted shares shall be listed and traded on an overseas stock exchange and shall also comply with the regulatory procedures, rules and requirements of the overseas stock market. A shareholders' meeting or class meeting is not required to be held to vote on the shares transferred for listing and trading on an overseas stock exchange, or on the conversion of domestic shares into foreign shares and listing and trading on an overseas stock exchange. Domestic shares converted to overseas listed foreign shares are the same class of shares as overseas listed foreign shares listed on the same overseas stock exchange.

The shareholders of domestic shares and foreign shares are both ordinary shareholders and enjoy the same rights and have the same obligations.

**Article 19** With the approval of the company approval department authorized by the State Council, the total number of ordinary shares issued upon the establishment of the Company was 228 million with a par value of RMB1 per share, and the names of each promoter shareholder, the number and proportion of shares held by him/her/it were as follows:

No.	Name of shareholder	Number of shares held (shares)	Percentage of shareholding (%)	Method of capital contribution
1	Ningbo Linfeng Biotechnology Co., Ltd. (寧波麟豐生物科技有限公司)	63,626,136	27.9062	Net assets
2	LV Shiwen (呂世文)	21,869,988	9.5921	Net assets
3	Zhuhai Gao Ling Junheng Equity Investment L.P. (Limited Partnership) (珠海高瓴鈞恒股權投資合夥企業(有限合夥))	19,338,960	8.4820	Net assets
4	Shanghai Shidi Industrial Development Co., Ltd. (上海仕地實業發展有限公司)	14,288,532	6.2669	Net assets
5	Ningbo Maishang Investment L.P. (Limited Partnership) (寧波脈尚投資合夥企業(有限合夥))	12,818,160	5.6220	Net assets
6	Ningbo Hongyingkang Enterprise Management Partnership (Limited Partnership) (寧波弘盈康企業管理合夥企業(有限合夥))	12,415,056	5.4452	Net assets



No.	Name of shareholder	Number of shares held (shares)	Percentage of shareholding (%)	Method of capital contribution
7	Suzhou Industrial Park New Phase 2 Venture Capital Enterprise (Limited Partnership) (蘇州工業園區新建元二期創業投資企業(有限合夥))	12,283,500	5.3875	Net assets
8	Hangzhou Proxima Innovative Investment L.P. (Limited Partnership) (杭州比鄰星創新投資合夥企業(有限合夥))	8,047,944	3.5298	Net assets
9	FutureX Investment I Company Limited	7,963,128	3.4926	Net assets
10	Suzhou Proxima Venture Investment L.P. (Limited Partnership) (蘇州比鄰星創業投資合夥企業(有限合夥))	7,564,812	3.3179	Net assets
11	Ningbo Kangrui Investment Management Partnership (Limited Partnership) (寧波康銳投資管理合夥企業(有限合夥))	5,509,392	2.4164	Net assets
12	LIU Ya (劉亞)	5,064,108	2.2211	Net assets
13	TD ENGINEERING	4,747,416	2.0822	Net assets
14	Suzhou Jingtian Medical Investment Partnership (Limited Partnership) (蘇州景天醫療投資合夥企業(有限合夥))	3,839,976	1.6842	Net assets
15	Galaxy Yuanhui Investment Co., Ltd (銀河源匯投資有限公司)	3,839,976	1.6842	Net assets
16	SHEN Yao (申垚)	3,593,964	1.5763	Net assets
17	Shanghai Shengshan Xingqian Venture Capital Center (Limited Partnership) (上海盛山興錢創業投資中心 (有限合夥))	3,515,076	1.5417	Net assets
18	Ningbo Fuchuang Innovation and Venture Capital Center (Limited Partnership) (寧波複創創新創業投資中心(有限合夥))	3,267,240	1.4330	Net assets
19	Qingdao Marine Innovation Industry Investment Fund Co., Ltd. (青島海洋創新產業投資基金有限公司)	2,844,072	1.2474	Net assets
20	Suzhou Shengshan Huiying Venture Capital Enterprise (Limited Partnership) (蘇州盛山滄贏創業投資企業(有限合夥))	2,557,476	1.1217	Net assets



No.	Name of shareholder	Number of shares held (shares)	Percentage of shareholding (%)	Method of capital contribution
21	Ningbo Tongshang Linfeng Equity Investment Partnership (Limited Partnership) (寧波通商麟豐股權投資合夥企業(有限合夥))	2,419,992	1.0614	Net assets
22	Ningbo Tongshang Venture Capital Partnership (Limited Partnership) (寧波通商創業投資合夥企業(有限合夥))	2,178,084	0.9553	Net assets
23	ZHU Jun (朱軍)	1,472,424	0.6458	Net assets
24	Shenzhen Furong No.1 Venture Capital Partnership (Limited Partnership) (深圳富鎔一號創業投資合夥企業(有限合夥))	1,137,492	0.4989	Net assets
25	YUAN Dan (袁丹)	1,078,212	0.4729	Net assets
26	XU Li (徐力)	718,884	0.3153	Net assets
<b>Total</b>		<b>228,000,000</b>	<b>100.00%</b>	<b>–</b>

**Article 20** With the approval of the State Council securities regulatory authority on October 12, 2022, the Company may issue up to 87,400,000 shares of overseas listed foreign shares to overseas investors; 24 shareholders, including Ningbo Linfeng Biotechnology Co., Ltd. (寧波麟豐生物科技有限公司), LV Shiwen (呂世文), Zhuhai Gao Ling Junheng Equity Investment L.P. (Limited Partnership) (珠海高瓴鈞恒股權投資合夥企業(有限合夥)), Shanghai Shidi Industrial Development Co., Ltd. (上海仕地實業發展有限公司), Ningbo Maishang Investment L.P. (Limited Partnership) (寧波脈尚投資合夥企業(有限合夥)), Ningbo Hongyingkang Enterprise Management Partnership (Limited Partnership) (寧波弘盈康企業管理合夥企業(有限合夥)), Suzhou Industrial Park New Phase 2 Venture Capital Enterprise (Limited Partnership) (蘇州工業園區新建元二期創業投資企業(有限合夥)), Hangzhou Proxima Innovative Investment L.P. (Limited Partnership) (杭州比鄰星創新投資合夥企業(有限合夥)), FutureX Investment I Company Limited, Suzhou Proxima Venture Investment L.P. (Limited Partnership) (蘇州比鄰星創業投資合夥企業(有限合夥)), Ningbo Kangrui Investment Management Partnership (Limited Partnership) (寧波康銳投資管理合夥企業(有限合夥)), LIU Ya (劉亞), TD ENGINEERING, Suzhou Jingtian Medical Investment Partnership (Limited Partnership) (蘇州景天醫療投資合夥企業(有限合夥)), SHEN Yao (申堃), Shanghai Shengshan Xingqian Venture Capital Center (Limited Partnership) (上海盛山興錢創業投資中心(有限合夥)), Ningbo Fuchuang Innovation and Venture Capital Center (Limited Partnership) (寧波複創創新創業投資中心(有限合夥)), Suzhou Shengshan Huiying Venture Capital Enterprise (Limited Partnership) (蘇州盛山惠贏創業投資企業(有限合夥)), Ningbo Tongshang Linfeng Equity Investment Partnership (Limited Partnership) (寧波通商麟豐股權投資合夥企業(有限合夥)), Ningbo Tongshang Venture Capital Partnership (Limited Partnership) (寧波通商創業投資合夥企業(有限合夥)), ZHU Jun (朱軍), Shenzhen Furong No.1 Venture Capital Partnership (Limited Partnership) (深圳富鎔一號創業投資合夥企業(有限合夥)), YUAN Dan (袁丹) and XU Li (徐力), converted 102,986,598 shares of the Company's domestic unlisted shares held by them into overseas listed foreign shares.

After the aforesaid issue of overseas listed foreign shares and the conversion of domestic unlisted shares into overseas listed foreign shares, the total number of shares of the Company is 239,110,000 and the number of ordinary shares is 239,110,000.

**Article 21** After filing with the CSRC, shareholders holding unlisted shares of the Company may list and trade the shares held by them outside the PRC. The regulatory procedures, regulations and requirements of overseas securities markets shall also be complied with when the aforesaid shares are listed and traded on overseas stock exchanges.

**Article 22** If a company issues overseas listed foreign shares and domestic shares separately within the total number of shares determined in the issue plan, they shall be raised in full at one time; if there are special circumstances that prevent them from being raised in full at one time, they may also be issued in parts.

**Article 23** Immediately prior to the issuance of H shares, the registered capital of the Company was RMB228 million.

Immediately following the completion of the issuance of the above H shares, the registered capital of the Company will be RMB239.11 million.

**Article 24** The Company may, in accordance with the needs of its operation and development, and in accordance with the provisions of laws, regulations and the listing rules of the securities regulatory authorities where the Company's shares are listed, and by resolution of the general meeting, approve any increase in capital in accordance with the relevant provisions of these Articles of Association.

The Company may increase its capital in the following ways:

- (i) Issuing new shares to non-specified investors;
- (ii) Placing new shares to existing shareholders;
- (iii) Distributing new shares to existing shareholders;
- (iv) Issuing new shares to specified investors;
- (v) Converting to share capital from provident funds;

(vi) Other means permitted by laws, administrative regulations and relevant regulatory bodies such as the State Council securities regulatory authority.

The issue of new shares by the Company by way of capital increase shall be approved in accordance with the provisions of these Articles of Association and shall be carried out in accordance with the procedures prescribed by the relevant national laws, administrative regulations and the listing rules of the place where the shares of the Company are listed.

**Article 25** Except as otherwise provided by law, administrative regulations, the relevant regulations of the securities regulatory authority where the shares of the Company are listed or these Articles of Association, fully paid shares of the Company are freely transferable and free from any lien.

Transfers of shares of the Company shall be registered with the share registrar appointed by the Company.

**Article 26** The Company may sell the shares of a shareholder who is untraceable and retain the proceeds, if:

(i) during a period of twelve years, at least three dividends have become due and payable on the share and the shareholder has not received any dividend; and

(ii) upon the expiry of the twelve-year period, the Company shall advertise in the newspapers its intention to sell the shares and shall notify the CSRC and the relevant overseas securities regulatory authorities in accordance with these Articles of Association.

#### **Chapter 4 Capital Reduction and Share Repurchase**

**Article 27** In accordance with the provisions of these Articles of Association, the Company may reduce its registered capital. Any reduction of the registered capital of the Company shall be carried out in accordance with the Company Law and other relevant provisions and the procedures set out in these Articles of Association.

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

The Company shall notify the creditors within 10 days from the date of the resolution to reduce the registered capital and announce the same in the newspapers within 30 days. Creditors shall have the right to demand the Company to settle its debts or provide corresponding guarantees within 30 days from the date of receipt of the notice, or within 45 days from the date of announcement if they have not received the notice.

**Article 29** The Company may, in accordance with the law, administrative regulations, the listing rules of the place where the Company's shares are listed and these Articles of Association, report to the relevant state authorities for approval to buy back its issued shares in accordance with the statutory procedures if:

(i) the Company cancels shares for the purpose of reducing the registered capital of the Company;

(ii) the Company merges with another company holding shares of the Company;

(iii) the Company uses shares for employee share schemes or equity incentives;

(iv) a shareholder who requests the Company to acquire his/her shares because he/she disagrees with the resolution on the merger or demerger of the Company passed at the general meeting of shareholders;

(v) the Company applies the shares for conversion of corporate bonds issued by the Company which are convertible into shares;

(vi) it is necessary for the Company to do so in order to preserve the value of the Company and the interests of its shareholders;

(vii) in other circumstances as permitted by law, administrative regulations, the listing rules of the place where the Company's shares are listed and approved by the regulator.

Save as aforesaid, the Company shall not deal in the shares of the Company.

If the Company acquires shares of the Company in the circumstances set forth in (i) and (ii) of the first paragraph of this Article, it shall be resolved at a general meeting; if the Company acquires shares of the Company in the circumstances set forth in (iii), (v) or (vi) of the first paragraph, it may, in accordance with the provisions of these Articles of Association or as authorized by the general meeting, be resolved at a meeting of the Board of Directors at which two-thirds of the Directors are present.

If the Company repurchases shares of the Company for the reasons set forth in (iii), (v) or (vi) of the first paragraph of this Article, the repurchase shall be made by means of a public centralized transaction.

After the Company acquires shares of the Company in accordance with the provisions of the first paragraph, the shares of the Company in the case of (i) shall be cancelled within 10 days from the date of acquisition; in the case of (ii) and (iv), they shall be transferred or cancelled within six months; in the case of (iii), (v) and (vi), the number of shares of the Company held by the Company in aggregate shall not exceed 10% of the total number of issued shares of the Company and shall be transferred or cancelled within 3 years.

The Company shall not accept the shares of the Company as the object of a pledge.

Where the relevant laws and regulations, regulatory documents and the relevant regulations of the securities regulatory authorities where the shares of the Company are listed provide otherwise on matters relating to the aforesaid share repurchase, such provisions shall apply.

**Article 30** Subject to the approval of the relevant state authorities, the Company may repurchase shares of the Company in one of the following ways:

(i) by making a buy-back offer to all shareholders in the same proportion;

(ii) by making an acquisition by way of public trading on the stock exchange;

(iii) by making an acquisition by agreement outside the stock exchange;

(iv) by other means as prescribed by laws and regulations and recognized by the relevant regulatory authorities such as the State Council securities regulatory authorities.

**Article 31** Any repurchase of the Company's shares by agreement outside the stock exchange shall be approved in advance by the general meeting of Shareholders in accordance with the provisions of these Articles of Association. With the prior approval of the general meeting of Shareholders in the same manner, the Company may rescind or alter a contract already entered into by the aforementioned means or waive any of its rights thereunder.

The contract for the repurchase of shares referred to in the preceding paragraph includes, but is not limited to, an agreement to assume the obligation to repurchase shares and to acquire the right to repurchase shares.

The Company shall not assign the contract for the repurchase of its shares or any of its rights under the contract.

Where the Company has redeemable shares, the price at which its shares may be repurchased must be limited to a maximum price for the purposes of the Company's right to repurchase redeemable shares if the repurchase is not made through the market or by tender; where a repurchase is made by tender, the relevant tender must be issued to all shareholders alike.

**Article 32** If the Company cancels such part of its shares as a result of share repurchase, it shall do so within the period stipulated by laws, administrative regulations and the listing rules of the place where the Company's shares are listed, and apply to the original company registration authority for registration of the change of registered capital and make the relevant announcement.

The aggregate par value of the cancelled shares shall be written off against the registered capital of the Company.

**Article 33** Unless the Company has gone into liquidation, the Company's repurchase of its shares outstanding shall be subject to the following provisions:

(i) Where the Company repurchases shares at par value, the amount shall be deducted from the Company's book balance of distributable profits and the proceeds of new shares issued for the purpose of repurchasing old shares;

(ii) If the Company repurchases shares at a price higher than the par value, the portion equal to the par value shall be deducted from the book balance of the Company's distributable profits and the proceeds of new shares issued for the purpose of repurchasing old shares; the portion above the par value shall be dealt with as follows:

1. if the repurchased shares were issued at par, they should be deducted from the book balance of the Company's distributable profit;

2. if the repurchased shares are issued at a price above par, they should be deducted from the book balance of the distributable profits of the Company and from the proceeds of new shares issued for the repurchase of old shares; provided that the amount to be deducted from the proceeds of the issue of new shares shall not exceed the total premium received on the issue of the old shares repurchased, nor the amount in the Company's premium account (or capital reserve account) at the time of the repurchase (including the amount of the premium on the issue of new shares);

(iii) Payments made by the Company for the following purposes shall be charged to the distributable profits of the Company:

1. acquiring a right of repurchase to repurchase its shares;
2. changing the contract for the repurchase of its shares;
3. discharging its obligations under the repurchase contract.

(iv) After the total par value of the cancelled shares has been written down from the registered capital of the Company in accordance with the relevant provisions, the amount deducted from the distributable profits for the portion of the par value of the shares to be repurchased shall be credited to the premium account (or capital reserve account) of the Company.

Where laws, rules, regulations, regulatory documents and the relevant regulations of the securities regulatory authorities where the Company's shares are listed provide otherwise for the financial treatment involved in the aforementioned share repurchases, such provisions shall apply.

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

**Article 34** Neither the Company nor its subsidiaries (including subsidiary undertakings of the Company) shall at any time provide any financial assistance in any way to persons who purchase or propose to purchase shares of the Company. The aforementioned purchasers of shares of the Company include the persons who are directly or indirectly liable by virtue of their purchase of shares of the Company.

Neither the Company nor its subsidiaries (including subsidiary undertakings of the Company) shall at any time provide financial assistance to the aforementioned obligors in any manner whatsoever for the purpose of reducing or discharging their obligations.

The provisions of this Article shall not apply to the cases referred to in Article 36 of these Articles of Association.



**Article 35** Financial assistance for the purposes of this chapter includes (but is not limited to) the following:

(i) gifts;

(ii) guarantees (including the assumption of responsibility by a guarantor or the provision of property to secure the performance of an obligation by the obligor), indemnities (but not including indemnities arising from the fault of the Company itself), releases or waivers of rights;

(iii) the loans are provided or the contracts for the performance of obligations by the Company ahead of others are entered into, and the changes in the parties to such loans and contracts and the assignment of rights in such loans, contracts, etc.;

(iv) Financial assistance provided by the Company in any other way when it is unable to pay its debts, has no net assets or would result in a substantial reduction in net assets.

For the purposes of this chapter, the obligations include the obligations assumed by the obligor as a result of a contract entered into or arrangement made (whether or not the contract or arrangement is enforceable and whether assumed by him/her individually or jointly with any other person), or in any other way that changes his/her financial position.

**Article 36** The following acts are not considered to be the acts prohibited by Article 34 of this Chapter, except for those acts that are prohibited in accordance with the relevant laws, administrative regulations, departmental regulations and regulatory documents:

(i) the financial assistance is provided in good faith for the benefit of the Company and the primary purpose of the financial assistance is not to purchase shares of the Company or the financial assistance is incidental to a master plan of the Company;

(ii) the Company makes distributions out of its property as dividends in accordance with the law;

(iii) distribution of dividends in the form of shares;

(iv) reduction of registered capital, repurchase of shares, adjustment of shareholding structure, etc. in accordance with these Articles of Association;

(v) the provision of loans by the Company for its normal business activities within the scope of its operations (but which should not result in a reduction in the net assets of the Company or, even if it constitutes a reduction, the financial assistance will be charged to the distributable profits of the Company);

(vi) the Company makes payments to the employee share scheme (but which should not result in a reduction in the net assets of the Company or, even if it constitutes a reduction, the financial assistance will be charged to the distributable profits of the Company).



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

**Article 37** The Company's Share certificates shall be in registered form. In addition to the items set out in the Company Law, the items that should be specified in the Share certificates of the Company shall include other items required by the stock exchange where the Company's Shares are listed.

During the period in which the H shares are listed in Hong Kong, the Company shall ensure that all its listing documents shall include the following statement and shall instruct and procure that its share registrar shall refuse to register the subscription, purchase or transfer of its shares in the name of any individual holder unless and until such individual holder shall have lodged with such share registrar a duly signed form in respect of such shares, which shall include the following statement:

(i) The purchaser of the shares and the Company and each of its Shareholders, and the Company and each of its Shareholders, agree to comply with and conform to the provisions of the Company Law, the Trial Administrative Measures and other relevant laws, administrative regulations, the Listing Rules of the place where the shares of the Company are listed and these Articles of Association.

(ii) The purchaser of the shares agrees with the Company, each shareholder, director, supervisor, managing director and other senior management of the Company, and the Company acting on behalf of itself and each director, supervisor, general manager and other officer of the Company agrees with each member, that any dispute or claim arising out of these Articles or out of rights and obligations under the Company Law or other relevant laws or administrative regulations in relation to the affairs of the Company shall be submitted to arbitration in accordance with the provisions of these Articles and that any arbitration so submitted shall be deemed to authorize a public hearing by an arbitral tribunal and the publication of its award, which shall be final.

(iii) The purchaser of the shares agrees with the Company and every member thereof that the shares of the Company shall be freely transferable by their holders.

(iv) The purchaser of the shares authorizes the Company to enter into a contract with each of the directors, managing directors and other officers on his behalf whereby such director, managing director and other officers undertakes to observe and discharge his duties to the shareholders as set out in the Articles of Association of the Company.

**Article 38** The Share certificates are signed by the chairman of the Board. Where the stock exchange on which the Shares are listed requires the Share certificates to be signed by senior management of the Company, they shall also be signed by related senior management. The Share certificates shall take effect after being affixed with the seal of the Company or machine-imprinted seal. The Share certificates shall only be affixed with the Company's seal under the authorization of the Board. The signatures of the chairman of the Board or related senior management on the Share certificates may also be in printed form.

Under the circumstance of paperless issuance and trade of the Shares of the Company, separate regulations of the securities regulatory authorities or the stock exchanges at the place where the Shares of the Company are listed shall apply.

**Article 39** The Company shall establish a register of shareholders on the basis of vouchers provided by the securities registrar and the register shall register the following matters:

- (i) the name, address (domicile), occupation or nature of each shareholder;
- (ii) the class of shares held by each shareholder and the number thereof;
- (iii) the amount paid or payable in respect of the shares held by each shareholder;
- (iv) the number of the shares held by each shareholder;
- (v) the date on which each shareholder was registered as a shareholder;
- (vi) the date on which each shareholder ceased to be a shareholder.

The Company may suspend the registration of shareholders on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The register of shareholders is sufficient evidence that a shareholder holds shares of the Company; except where there is evidence to the contrary.

Instruments of transfer and other documents relating to or affecting the ownership of any H Shares shall be registered. If any fee is charged for such registration, such fee shall not exceed the maximum fee prescribed by the Hong Kong Stock Exchange.

When two or more persons are registered as joint holders of any share, they shall be deemed to be joint holders thereof, subject to the following provisions:

(i) Where authority is given to limit the number of shareholders in a joint account, the number of shareholders registered in joint names will be limited to a maximum of four;

(ii) All the joint shareholders in respect of any share shall be jointly and severally liable to pay all amounts due in respect of such share;

(iii) If one of the joint shareholders dies, only the survivor or survivors of the joint shareholders shall be deemed to be the person entitled to such shares, but the Board shall be entitled to require such documentary evidence of the death of the shareholder concerned as it thinks fit in respect of any alteration of the particulars on the register of shareholders concerned; and

(iv) In the case of joint holders of any share, only the joint holder whose name stands first in the register shall be entitled to receive from the Company a share certificate in respect of such share, to receive notices from the Company, to attend general meetings of the Company or to exercise all the voting rights in respect of such share, and any notice served on the foregoing person shall be deemed to have been served on all the joint holders of such share. Any one of such joint shareholders may sign a form of proxy provided that, if more than one joint shareholder is present in person or by proxy, the vote of the joint shareholders having a higher priority, whether in person or by proxy, shall be accepted as the sole vote on behalf of the remaining joint shareholders. For this purpose, the order of priority of shareholders shall be determined by the order in which the names of the joint shareholders stand in relation to such shares in the register of members of the Company.

**Article 40** The Company may deposit the original register of shareholders of overseas listed foreign shares outside Hong Kong and entrust its management to an overseas agent in accordance with the understanding or agreement reached between the State Council securities regulatory authority and the overseas securities regulatory authority. The original register of shareholders of overseas listed foreign shares listed in Hong Kong shall be deposited in Hong Kong.

The Company shall keep a copy of the register of shareholders of overseas listed foreign shares at the domicile of the Company, which must be open for inspection by shareholders; the appointed overseas agent shall ensure the consistency of the original and the copy of the register of shareholders of overseas listed foreign shares at all times.

In the event of inconsistency between the original and the copy of the register of shareholders of overseas listed foreign shares, the original shall prevail.

**Article 41** The Company shall keep a complete register of shareholders. The register of shareholders shall consist of the following parts:

(i) the register of shareholders other than those specified in (ii) and (iii) of this paragraph, which is kept at the domicile of the Company;

(ii) the original register of shareholders of the Company's overseas listed foreign shares deposited at the premises of the overseas stock exchange on which the shares are listed;

(iii) such register of shareholders as the Board may determine to be kept elsewhere in accordance with the requirements of the listing of the shares of the Company.

**Article 42** The parts of the register of shareholders shall not overlap with each other. A transfer of a share registered in one part of the register shall not be registered in any other part of the register during the continuance of the registration of that share.

Changes or corrections in the various parts of the register shall be made in accordance with the law of the place in which the various parts of the register are kept.

All transfers of overseas listed foreign shares shall be effected by an instrument of transfer in writing in the usual or common form or in any other form acceptable to the Board (including a standard form of transfer or transfer form as prescribed by the Hong Kong Stock Exchange from time to time) and may be under hand or, if the transferor or transferee is a corporation, under its seal. If the transferor or transferee of a share in the Company is a recognized clearing house (as defined in the laws of Hong Kong) or its nominee(s), the instrument of transfer in writing may be executed by machine imprinted form.

All overseas listed foreign shares listed in Hong Kong, the capital of which is fully paid up, shall be freely transferable in accordance with these Articles of Association; but the Board may decline to recognize any instrument of transfer without the need to state any reasons therefor unless:

(i) instruments of transfer and other documents relating to or affecting the title to any shares shall be registered, and no such fee shall exceed the maximum fee prescribed by the Hong Kong Stock Exchange in its Listing Rules from time to time;

(ii) the instrument of transfer shall relate only to overseas listed foreign shares listed in Hong Kong;

(iii) the stamp duty payable on the instrument of transfer has been paid;

(iv) such share certificates in respect thereof and such evidence as the Board may reasonably require to show the right of the transferor to make the transfer shall be provided;

(v) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed four;

(vi) the shares concerned are free of any corporate lien; and

(vii) no transfer of any share shall be made to an infant or to a person of unsound mind or under other legal disability.

If the Board refuses to register a transfer of shares, the Company shall, within 2 months after the date on which the transfer was duly lodged, send to the transferor and transferee notice of the refusal to register the transfer. All instruments of transfer shall be left at the legal address of the Company or at such address as the Board shall from time to time appoint.

**Article 43** Where laws, administrative regulations, departmental rules, regulatory documents in the PRC and the relevant stock exchange or regulatory authority where the Company's shares are listed have provisions on the period during which the registration of share transfers is suspended prior to the general meeting or the benchmark date on which the Company decides to distribute dividends, such provisions shall apply.

**Article 44** No change in the register of shareholders arising from the transfer of shares may be registered within 20 days prior to the general meeting or within 5 days prior to the benchmark date on which the Company decides to distribute dividends.

Where there are provisions in the laws and regulations of the PRC, the Hong Kong Listing Rules, or the relevant regulations of the securities regulatory authorities where the Company's shares are listed, regarding the period during which the registration of share transfers is suspended before the general meeting or the benchmark date on which the Company decides to distribute dividends, such provisions shall apply.

**Article 45** When the Company holds a general meeting, distributes dividends, liquidates and engages in other acts requiring recognition of shareholdings, the Board of Directors shall determine a date to be the date of determination of shareholdings, and upon termination of the date of determination of shareholdings, the shareholders on the register shall be those entitled to the relevant interests in the Company.

**Article 46** Any person who objects to the register of shareholders and requests that his name be entered in the register of shareholders or that his name be removed from the register of shareholders may apply to the court having jurisdiction to correct the register of shareholders.

**Article 47** Any Shareholders who is registered in, or any person who requests to have his/her/its name (title) entered in, the register of members may (if his/her/its Share certificate (the "Original Share Certificate(s)") is lost) apply to the Company for a replacement of new Share certificates in respect of such Shares (the "Relevant Shares").

In the event a holder of domestic shares loses his/her/its Share certificates and applies for a replacement, it shall be dealt with pursuant to the relevant provisions of the Company Law.

In the event a Shareholder of overseas listed foreign Shares loses his/her/its Share certificates and applies for a replacement, it shall be dealt with pursuant to the laws, regulations and rules of the stock exchange or other related provisions of the place where the original register of members of the overseas listed foreign Shares is maintained.

In the event a shareholder of overseas listed foreign Shares of a Hong Kong listed company loses his/her/its Share certificates and applies for a replacement, the issue of placement of Share certificate shall comply with the following requirements:

(i) An applicant shall submit the application in the form prescribed by the Company accompanied by a notarial certificate or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the Share certificate as well as stating that no other person shall be entitled to request to be registered as a Shareholder with respect to the relevant Shares.

(ii) No statement has been received by the Company from any person other than the applicant for having his name to be registered as the Shareholder with respect to the Shares before the Company came to a decision to issue the replacement Share certificate.

(iii) The Company shall, if it decides to issue a replacement new Share certificate to the applicant, publish an announcement of its intention to issue the replacement new Share certificate in such newspapers designated by the Board. The announcement shall be made at least once every 30 days in a period of 90 days.

(iv) The Company shall, prior to the publication of its announcement of its intention to issue a replacement certificate, deliver a copy of the announcement to be published to the stock exchange on which the Shares are listed. The Company may publish an announcement upon receiving a confirmation from the stock exchange that the announcement has been exhibited at the stock exchange. The announcement shall be exhibited at the stock exchange for a period of 90 days.

If an application to issue a replacement Share certificate has been made without the consent of the registered Shareholders of the related Shares, the Company shall send a copy of the announcement to be published by post to such Shareholders.

(v) In the event that, upon expiration of the 90-day exhibition period of the announcement specified in (iii) and (iv) hereof, the Company has not received from any person any objection to the issue of replacement new Share certificate, the Company may issue a replacement new Share certificate to the applicant according to his/her/its application.

(vi) Where the Company issues a replacement new Share certificate under this Article, it shall forthwith cancel the Original Share Certificate(s) and enter the cancellation and issue in the register of Shareholders.

(vii) All expenses incurred by the Company for the cancellation of an Original Share Certificate and issue of the replacement new Share certificate shall be borne by the applicant. The Company shall have the right to refuse to take any action until a reasonable guarantee is provided by the applicant.

**Article 48** When a new share certificate has been issued by the Company in accordance with the provisions of these Articles of Association, the name of any member who has acquired the said new share certificate in good faith or who is subsequently registered as the owner of such share (in the case of a bona fide purchaser) shall not be removed from the register of members.

**Article 49** The Company shall not be liable to indemnify any person who suffers damage by reason of the cancellation of an original share certificate or the issue of a new replacement share certificate unless such person proves that the Company has acted fraudulently.

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

**Article 50** The Shareholders of the Company are persons lawfully holding the Company's Shares and whose names (titles) are listed in the register of members.

Shareholders are entitled to rights and assume obligations according to the class of Shares they hold. Shareholders who hold the same class of Shares are entitled to the same rights and assume the same obligations.

Where a Shareholder of the Company is a body corporate, its rights shall be exercised by its legal representative or an agent of such legal representative on behalf of such Shareholder.

**Article 51** The holders of the Company's ordinary Shares shall be entitled to the following rights:

(i) to receive distribution of dividends and other forms of benefits in proportion to the number of Shares held by them;

(ii) to request, convene, preside over, attend or appoint a proxy to attend general meetings, and to exercise the corresponding voting rights according to laws;

(iii) to supervise and manage the Company's business and operational activities, put forward proposals or raise queries;

(iv) to transfer, grant or pledge the shares held by him/her in accordance with the provisions of the laws, administrative regulations, the listing rules of the place where the Company's Shares are listed and the Articles of Association;

(v) to inspect these Articles of Association, the register of members (including the branch register of members in Hong Kong), the register of bondholders, minutes of shareholders' general meetings, resolutions of the board of directors, resolutions of the board of supervisors and financial reports in accordance with the provisions of the laws, administrative regulations, the listing rules of the place where the Company's Shares are listed and these Articles of Association. The Company may refuse to provide any document(s) for inspection or photocopying if such document(s) contain(s) information involving trade secrets of and insider information relating to the Company and personal privacy of relevant personnel;

(vi) to participate in the distribution of the remaining assets of the Company pro rata based on the number of Shares held by them in the event of termination or liquidation of the Company;

(vii) to have the right to dissent from the merger or division approved by resolution at the general meeting and be entitled to demand the Company to buy back their Shares;



(viii) to have the right, on a one-vote per share basis, for the Shareholders alone or in aggregate holding the proportion of the Shares of the Company as specified under the Company Law, to make a temporary proposal and submit it to the Board in writing 10 days before the general meeting is held;

(ix) to have other rights conferred by laws, administrative regulations, ministerial rules, listing rules of the place where the Shares of the Company are listed or the Articles of Association.

The Company may not exercise any power to freeze or otherwise infringe any right(s) attaching to the Shares held by any person or persons who are interested directly or indirectly therein only for the reason that they have not disclosed their interests to the Company.

**Article 52** Shareholders of the Company's ordinary shares have the following obligations:

(i) to comply with their obligations under the laws, administrative regulations, the listing rules of the place where the shares of the Company are listed and these Articles of Association;

(ii) to pay their share capital in accordance with the shares they have subscribed for and the method of shareholding;

(iii) to be liable to the Company to the extent of the shares they hold;

(iv) after the Company has been approved for registration, he/she/it shall not withdraw its capital contribution, except in the circumstances prescribed by laws and regulations:

(v) not to abuse the rights of shareholders to the detriment of the Company or other shareholders; not to abuse the independent status of the Company as a legal person and the limited liability of shareholders to the detriment of the Company's creditors;

A shareholder of the Company who abuses the rights of a shareholder to cause damage to the Company or other shareholders shall be liable for compensation in accordance with the law.

A shareholder of the Company who abuses the independent status of the Company as a legal person and the limited liability of shareholders to evade debts and seriously damage the interests of the Company's creditors shall be jointly and severally liable for the debts of the Company.

(vi) other obligations required by law, administrative regulations, the listing rules of the place where the Company's shares are listed and these Articles of Association.

No shareholder shall be liable for any subsequent increase in the capital of the Company beyond that agreed to by the subscriber of the shares at the time of subscription.

**Article 53** Apart from the obligations required by laws, administrative regulations or the listing rules of the place where the Shares of the Company are listed, the Controlling Shareholders shall not make any decision that is prejudicial to the interests of all or part of the Shareholders on the following issues by exercising his/her/its voting rights when exercising his/her/its power of Shareholders:

(i) releasing the responsibilities of the Directors and Supervisors to act honestly in the best interests of the Company;

(ii) permitting the Directors and Supervisors (for their own benefit or for the benefit of others) to deprive the Company's assets in any form, including but not limited to any opportunity beneficial to the Company;

(iii) permitting the Directors and Supervisors (for their own benefit or for the benefit of others) to deprive other Shareholders' personal rights and interests, including but not limited to any distributions or voting rights, but excluding the restructuring proposal of the Company submitted to the general meeting for approval pursuant to the Articles of Association.

**Article 54** A controlling shareholder within the meaning of the preceding Article is a person who is either:

(i) the person, who, acting alone or in concert with others, can elect more than half of the directors;

(ii) the person, who, acting alone or in concert with others, may exercise more than 30% (inclusive) of the voting rights of the Company or may control the exercise of more than 30% (inclusive) of the voting rights of the Company;

(iii) the person, who, acting alone or in concert with others, holds more than 30% (inclusive) of the issued and outstanding shares of the Company;

(iv) the person, who, acting alone or in concert with others, otherwise has de facto control of the Company;

(v) other persons as required by relevant laws, administrative regulations or the listing rules of the place where the Company's shares are listed.

## **Chapter 8 General Meeting of Shareholders**

**Article 55** The general meeting is the authorized organ of the Company that performs duties and exercises powers in accordance with the law.

**Article 56** The general meeting of shareholders shall exercise the following powers:

(i) to decide on the Company's business policies and investment plans;

- (ii) to elect and replace directors and to decide on matters relating to the remuneration of directors;
- (iii) to elect and replace supervisors who are representatives of shareholders and to decide on matters relating to the remuneration of supervisors;
- (iv) to consider and approve the reports of the Board of Directors;
- (v) to consider and approve the report of the Board of Supervisors;
- (vi) to consider and approve the annual financial budget proposal and final accounts of the Company;
- (vii) to consider and approve proposals for the distribution of the Company's profits and proposals for making good losses;
- (viii) to resolve on the increase or reduction of the registered capital of the Company;
- (ix) to resolve on the issue of corporate bonds, the issue of shares of any kind, warrants and similar securities;
- (x) to resolve on the merger, demerger, dissolution, liquidation or change of corporate form of the Company;
- (xi) to resolve on the engagement, dismissal or discontinuance of the Company's accounting firms;
- (xii) to amend these Articles of Association;
- (xiii) to consider the purchase or sale of material assets (including but not limited to land, buildings, equipment, production lines or equity interests) or guarantees by the Company within one year for an aggregate amount exceeding 30% of the Company's latest audited total corporate assets;
- (xiv) to consider the approval of external guarantees that should be approved by the general meeting;
- (xv) to consider the share incentive scheme;
- (xvi) to consider proposals from shareholders holding the proportion of the Shares of the Company as specified under the Company Law;
- (xvii) to consider other matters that should be decided by the general meeting as stipulated by laws, regulations, the listing rules of the place where the shares of the Company are listed and these Articles of Association.

The general meeting of shareholders may authorize or delegate to the Board such matters as it may authorize or delegate, including but not limited to, at the annual general meeting:

1. subject to applicable laws, regulations and the Listing Rules, granting to the Board a general mandate to issue, allot and deal with additional H shares and additional unlisted shares up to 20% of the total number of issued shares (or such other percentage as may be prescribed by applicable laws, regulations and the Listing Rules) and authorizing the Board to make such consequential amendments to these Articles of Association as it considers appropriate to reflect the new capital structure after the allotment or issue of shares;

2. delegating to the Board of Directors the authority to determine, within the limits of the amount of bonds that may be issued as authorized by the general meeting, the specific terms of the issuance of domestic short-term financing bills, medium-term notes, corporate bonds, overseas US dollar bonds and other debt financing instruments and related matters in accordance with the needs of production and operation, capital expenditure and market conditions, including (but not limited to) determining, within the scope of the aforesaid provisions, the actual amount of bonds to be issued, the interest rate, the maturity, the recipients of the issue, the use of the proceeds and the making, signing and disclosure of all necessary documents.

**Article 57** Except as otherwise provided in these Articles of Association, the provision of guarantees by the Company for the benefit of others shall be resolved by the Board of Directors; provided that where a guarantee is provided for the benefit of a shareholder or person in effective control of the Company, a resolution must be passed at a general meeting of shareholders.

When the general meeting of shareholders considers a proposal for a guarantee for a shareholder or his/her/its de facto controller, such shareholder or the shareholder at the disposal of such de facto controller shall not vote on the matters set out in the preceding paragraph. Such a vote shall be passed by a majority of the votes held by the other shareholders present at the meeting.

**Article 58** Except in special circumstances such as a crisis of the Company, the Company shall not enter into a contract with a person other than a director, supervisor or senior management to place the management of all or any significant part of the Company's business under the responsibility of such person without the prior approval of a special resolution of the general meeting.

**Article 59** General meetings are divided into annual general meetings and extraordinary general meetings. A general meeting shall be convened by the Board. Annual general meetings shall be convened once every year and be held within six months after the end of the previous fiscal year.

**Article 60** An extraordinary general meeting shall be convened by the Company within two months upon occurrence of the following circumstances:

(i) the number of Directors is less than the number specified in Company Law or less than two thirds of the number required in the Articles of Association;

(ii) the uncovered losses of the Company reach one third of its total paid-in share capital;

(iii) on a one-vote per share basis, the Shareholders holding more than 10% of the Company's outstanding Shares carrying voting rights request in writing to convene an extraordinary general meeting;

(iv) the Board considers it necessary;

(v) the Board of Supervisors proposes it;

(vi) more than two independent non-executive Directors propose to hold such meeting;

(vii) other circumstances as required by laws, administrative regulations, departmental rules, the listing rules of the place where the Company's Shares are listed and the Articles of Association.

The number of shares held under (iii) above shall be calculated on the basis of the date on which the shareholder makes a written request; provided that, on or before the date of announcement of the resolution at the Company's general meeting, the shares of the Company held by the shareholders referred to in (iii) above, individually or in aggregate, shall not be less than 10% of the total number of voting shares of the Company; in the event that the percentage of shares held is less than 10%, the relevant resolution made at this extraordinary general meeting in respect of the resolution proposed by the shareholders referred to in (iii) above shall be null and void.

**Article 61** The place where the general meeting of the Company shall be held shall be the domicile of the Company or such other place as may be designated by the convener of the general meeting.

The general meeting will be held at a venue and will be held in the form of a live meeting. The Board of Directors of the Company may, on a case-by-case basis and shall, where applicable, adopt other voting methods to facilitate shareholders' participation in the general meeting in accordance with the laws, administrative regulations, the securities regulatory authorities of the place where the shares of the Company are listed, the Hong Kong Listing Rules or the Articles of Association of the Company. A shareholder is deemed to be present if he/she participates in the general meeting by the means determined above.

**Article 62** In the event the Company convenes a general meeting, the Board, the Board of Supervisors or Shareholders individually or jointly holding at least the proportion of the Shares of the Company as specified under the Company Law are entitled to submit proposals to the Company. Shareholders individually or jointly holding at least the proportion of the Shares of the Company as specified under the Company Law shall have the right to submit ad hoc proposals to the convener in writing 10 days prior to the general meeting. The convener shall issue a supplemental notice of the general meeting to other Shareholders within 2 days after receipt of such proposal, and place the matters of the proposal falling within the scope of authority of the general meeting on the agenda for such meeting and submit for consideration at the general meeting.

**Article 63** The Company shall give reasonable written notice to the Shareholders for holding a general meeting. Unless the Company can prove that its reasonable written notice can be issued within a shorter period, the Company shall inform each of the Shareholders in writing of time and place of and matters to be considered at the annual general meeting at least 21 days prior to the convening of meeting, and each of the Shareholders will be given notice in writing 15 days prior to the convening of the extraordinary general meeting. In calculating the aforementioned starting period, the date on which the notice is given and the meeting is held shall not be included. Where otherwise provided by laws and regulations, relevant regulatory authorities and stock exchanges of the place where the shares of the Company are listed, the provisions thereof shall prevail.

A general meeting shall not decide on the matters not stated in such notice.

**Article 64** Notice of a general meeting shall satisfy the following requirements:

(i) in written form;

(ii) specifying the venue, date and time of the meeting;

(iii) describing the matters to be discussed at the meeting;

(iv) providing information and explanations necessary for the Shareholders to make informed decisions on the matters to be discussed. It includes (but is not limited to) that, when the Company proposes a merger, repurchase of Shares, reorganization of share capital or other restructuring, it shall provide the specific conditions and contracts (if any) of the transaction under discussions and earnestly explain the cause and result of the transaction;

(v) where any Director, Supervisor and senior management member have a material interest in respect of the matters to be discussed, the nature and extent of that interest shall be disclosed; where the impact of the matters to be discussed on such Director, Supervisor and senior management member in their capacity as Shareholders is different from the impact on other Shareholders of the same class, the difference shall be illustrated;

(vi) containing the full text of any special resolution proposed to be passed at the meeting;

(vii) providing a conspicuous statement that Shareholders entitled to attend and vote have the right to appoint a proxy to attend and vote on their behalf and such proxies are not required to be Shareholders;

(viii) stating the deadline and venue for the delivery of voting proxy letter of the meeting.

**Article 65** Except as otherwise provided in the Articles of Association, notice of a general meeting shall be served on the Shareholders (whether or not entitled to vote thereat) by personal delivery or prepaid mail to the addresses registered in the register of Shareholders. Notice of the Company's general meeting may be given to the Shareholders of Domestic Shares in the form of an announcement.

The above announcements shall be published in one or several newspapers designated by the competent securities authority of the State Council within 15 days prior to the extraordinary general meeting or 21 days prior to the annual general meeting. Once they are published, all Shareholders of Domestic Shares shall be deemed to have received the notice of the relevant general meeting. Notice of the general meeting served on the Shareholders of overseas-listed foreign shares may be published through the designated website of the Hong Kong Stock Exchange and the website of the Company. Once it is published, all Shareholders of overseas-listed foreign shares shall be deemed to have received the notice of the relevant general meeting.

**Article 66** The accidental omission to give notice of a meeting to, or the non-receipt of notice by, any person entitled to notice shall not invalidate the meeting or the resolution passed thereat.

**Article 67** Every shareholder entitled to attend and vote at general meeting shall be entitled to appoint in writing a person (whether a shareholder or not) as his/her proxy to attend and vote on his behalf. Where a shareholder is an institutional shareholder, it may appoint a proxy to attend and vote at any general meeting of the Company and such institutional shareholder shall be deemed to be present in person at any such meeting if it has appointed a proxy to attend thereat. Such institutional shareholder may execute a form of proxy by its duly authorized officer.

A proxy so appointed may, pursuant to the instructions from that Shareholder, exercise the following rights:

(i) the Shareholders' right to speak at the meeting;

(ii) the right to demand, whether on his own or together with others, a poll;

(iii) the right to exercise voting rights on a show of hands or on a poll.



**Article 68** A Shareholder may appoint a proxy through a written power of attorney, which shall be signed by the appointer or the proxy he/she so appoints in writing. In the event that the appointer is a legal person, the power of attorney shall be affixed with the seal of the legal person or signed by its Director or its duly authorized officer or a duly appointed proxy.

**Article 69** The proxy form shall be lodged at the Company's premises or such other place designated in the notice convening the general meeting at least 24 hours prior to the relevant meeting for which the proxy is appointed to vote or 24 hours prior to the scheduled voting time. Where the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents, together with the proxy form, shall be lodged at the Company's premises or such other place designated in the notice convening the meeting.

If the proxy is an institutional Shareholder, its legal representative (the person in charge) or any representative authorized by its Board or by other decision-making body may attend the general meeting of the Company on its behalf.

If such member is a recognized clearing house (or its nominee(s)) as defined in the relevant Ordinance from time to time in Hong Kong, such member may authorize such person or persons as it thinks fit to act as its representative(s) at any general meeting or at any meeting of creditors; provided that, if more than one person is so authorized, the authorization shall specify the number of shares in respect of which each such person is so authorized and the type of shares in respect of which each such person is so authorized, and the authorization shall be signed by an authorized officer of the recognized clearing house. A person so authorized may exercise the rights (including the right to speak and to vote) on behalf of the recognized clearing house (or its nominee(s)) at a meeting (without production of a certificate of holding, notarized authority and/or further evidence that he is duly authorized) as if such person were an individual member of the Company.

**Article 70** Any proxy form issued to a Shareholder by the Board for use by such Shareholder for the purpose of appointing a proxy to attend and vote at a general meeting of the Company shall enable the Shareholder, according to his/her free will, to instruct the proxy to vote in favor of or against a resolution, and in respect of each individual matter to be voted on at the meeting.

The proxy form shall contain a statement that, in the absence of specific instructions from the Shareholder, the proxy may vote as he/she thinks fit.

In addition to the above, the aforementioned proxy form shall contain the following: the amount of shares represented by the shareholder's proxy, the name of the shareholder's proxy; whether the shareholder's proxy has voting rights; whether the shareholder's proxy has the right to vote on provisional proposals that may be included in the agenda of the general meeting; specific instructions on what voting rights should be exercised if there are voting rights; the date of issue and the period of validity. If several persons are the shareholders' proxies, the proxy form shall indicate the number of shares represented by each shareholder's proxy.

If a proxy attends a general meeting on behalf of a shareholder, he/she shall present proof of his/her identity and a letter of proxy signed by the proxy or by the proxy's legal representative, the Board of Directors or other authority competent to make decisions, and the date of issue of the proxy shall be specified. If a corporate shareholder appoints a legal representative to attend a meeting, the legal representative shall produce proof of his or her identity and a notarized copy of the resolution of the Board of Directors or other authority of the corporate body which appointed the legal representative or such other certified copy as the Company may permit. A recognized clearing house or its nominee appointed to attend a meeting shall produce proof of its identity and need not produce a notarized copy of the letter of appointment or resolution signed by the principal or the legal representative of the principal, the Board of Directors or other authority competent to make decisions, or such other certified copy as the Company may permit.

**Article 71** A vote made in accordance with the proxy form shall be valid notwithstanding the death or loss of capacity of the appointer or revocation of the proxy form or the authorization for executing such proxy form, or the transfer of the Shares in respect of which the proxy form is given, provided that the Company does not receive any written notice in respect of such matters before the commencement of the relevant meeting.

**Article 72** The resolutions of the general meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution proposed at the general meeting shall be passed by simple majority of the votes held by the Shareholders (including proxies) attending the general meeting.

A special resolution proposed at the Shareholders' general meeting shall be passed by a two-thirds majority of the votes held by the Shareholders (including proxies) attending the general meeting.

When matters relating to connected transactions are considered at general meetings, connected shareholders shall not vote and the number of voting shares represented by them shall not be counted towards the total number of valid votes cast if required by applicable laws, regulations or the listing rules of the stock exchange where the shares of the Company are listed.

Shareholders (including proxies) present at a meeting shall expressly vote for, against or abstain from voting on each item of business on which a poll is required. An abstention, or an abstention from voting, shall not be counted by the Company in computing the result of that vote.

**Article 73** Shareholders (including proxies) shall exercise their voting rights at general meetings in respect of the number of shares entitled to vote represented by them and each share shall carry one vote. However, shares of the Company held by the Company shall not be entitled to vote and such shares shall not be counted as part of the total number of shares entitled to vote at the general meeting. Where a shareholder is required by law, administrative regulations or the regulatory rules of the place where the shares of the Company are listed (including the Hong Kong Listing Rules) to abstain from exercising any voting rights in respect of a particular motion or is restricted to voting only for or against it, any vote cast by such shareholder or his proxy in contravention of such requirement or restriction shall not be counted towards the voting result.

**Article 74** Any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution that relates purely to a procedural or administrative matter to be voted on by a show of hands.

If the chairman of the meeting decides to vote by a show of hands, the general meeting votes by a show of hands unless a poll is demanded before or after a show of hands by:

(i) the chairman of the meeting;

(ii) at least two members entitled to vote or proxies of members entitled to vote;

(iii) a shareholder or shareholders (including proxies of shareholders) who, individually or collectively, hold more than 10% of the shares entitled to vote at that meeting.

If the chairman of the meeting decides to vote by a show of hands, unless a poll is proposed, the chairman of the meeting shall, on a show of hands, announce the adoption of the proposal and shall enter the same in the minutes of the meeting as final and without proof of the number or proportion of the votes recorded for or against the resolution passed at that meeting.

A demand for a poll may be withdrawn by the proposer.

**Article 75** If the question on which a poll is demanded is the election of a chairman or the adjournment of a meeting, the poll shall be taken forthwith; in other cases where a poll is demanded, the chairman shall decide when to proceed with the poll and the meeting may proceed to discuss other business and the result of the poll shall be deemed to be the resolution passed at the meeting.

**Article 76** When voting, Shareholders (including proxies) entitled to two or more votes are not required to vote against or in favor with their total number of votes.

**Article 77** In case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting is entitled to one additional vote.

**Article 78** Where any applicable laws or regulations or the Hong Kong Listing Rules require any shareholder to abstain from voting on any particular resolution or restrict any shareholder to voting only for (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 79** The following matters shall be resolved by way of ordinary resolutions at a general meeting:

(i) work report of the Board and the Board of Supervisors;

(ii) plans of earnings distribution and loss make-up schemes proposed by the Board;

(iii) removal of members of the Board and non-employee representative supervisors and their remunerations and methods of payment;

(iv) annual budget and final accounts report, balance sheet, income statement and other financial statements of the Company;

(v) annual report of the Company;

(vi) resolutions to determine the Company's appointments, dismissals or discontinuance of appointment of accounting firms;

(vii) other matters which shall be approved by a general meeting other than those requiring approval by special resolutions in accordance with laws, administrative regulations, the listing rules of the place where the Company's shares are listed or the Articles of Association.

**Article 80** The following matters shall be resolved by way of special resolutions at a general meeting:

(i) the increase or decrease of share capital, issuance of any class of Shares, warrants and other quasi-securities by the Company;

(ii) issuance of corporate bonds;

(iii) division, merger, dissolution, liquidation (including voluntary liquidation) or change of corporate form of the Company;

(iv) amendment to the Articles of Association (in whatever form);

(v) the consideration of matters relating to the Company's purchases or disposals of material assets (including but not limited to land, building, equipment, production line, equity) or the number of guarantees within one year, which is more than 30% of the latest audited total corporate assets of the Company;

(vi) other matters as required by laws, administrative regulations, the listing rules of the place where the Company's Shares are listed or the Articles of Association, or as identified by ordinary resolutions at the general meeting to have a significant impact on the Company and to require approval by special resolutions.

**Article 81** If a member requests the convening of an extraordinary general meeting, the following procedure shall be followed:

(i) Members who, individually or collectively, hold more than 10% of the shares entitled to vote at the meeting to be held may sign a written requisition or requisitions in like form requesting the Board to convene an extraordinary general meeting and specifying the subject matter thereof. The Board shall convene an extraordinary general meeting as soon as possible after receipt of such a written request. The number of shares held as aforesaid shall be calculated as at the date of the written requisition by the member.

(ii) If the Board of Directors does not issue a notice convening a meeting within 10 days of receipt of the aforementioned written request, the shareholder making such request may request the Board of Supervisors to convene an extraordinary general meeting.

(iii) If the Board of Supervisors does not issue a notice convening a meeting within 10 days of receipt of the aforementioned written request, shareholders holding individually or in aggregate more than 10% of the shares entitled to vote at such proposed meeting for more than 90 consecutive days may convene a meeting themselves within four months of the receipt of such request by the Board, which shall be convened in the same manner as the Board of Directors convenes meetings of shareholders as far as possible.

If a shareholder convenes and holds a meeting on his own because the Board of Directors has not held a meeting in response to the foregoing request, the reasonable expenses incurred by him/her/it shall be borne by the Company and deducted from the amount owed by the Company to the director or supervisor who is in default.

The manner and procedure for the nomination of directors and supervisors (other than staff representative supervisors) for election at general meetings shall be:

(i) Shareholders who hold or collectively hold at least the proportion of the Shares of the Company as specified under the Company Law may propose in writing to the general meeting candidates for election as directors and supervisors who are not staff representatives, provided that the number of nominees complies with the provisions of the Articles of Association and does not exceed the number of persons proposed for election. Such proposals by shareholders to the Company shall be delivered to the Company at least 10 days prior to the date of the general meeting.

(ii) The Directors and supervisors may propose a list of candidates for election as Directors and candidates for election as supervisors in accordance with the number of persons to be elected within the number prescribed in these Articles of Association, and submit them to the Board of Directors and the Board of Supervisors for review respectively. After the Board of Directors and the Board of Supervisors have reviewed and passed resolutions to determine the candidates for Directors and Supervisors, they shall submit them to the general meeting of shareholders by way of written proposals.

(iii) The Board of Directors and the Board of Supervisors shall provide the shareholders with the curriculum vitae and basic information of the candidates for Directors and supervisors.

(iv) The period for giving notice to the Company in respect of the nomination of candidates for Directors and supervisors and the period for submitting the aforesaid documents (such period to be calculated on the day following the date of the notice of the general meeting) shall be not less than 10 days.

(v) Each candidate for director or supervisor shall be voted on individually at the general meeting.

(vi) In the event of temporary addition of Directors or supervisors, the Board of Directors or the Board of Supervisors shall propose to the general meeting for election or replacement.

Subject to the provisions of the relevant laws and administrative regulations, any Director whose term of office has not expired may be removed by an ordinary resolution of the general meeting (but without prejudice to any claim which may be made pursuant to any contract).

**Article 82** A general meeting shall be convened by the Board and chaired by the Chairman of the Board; if the Chairman of the Board is unable to act or is not in office, a Director jointly nominated by the majority of the Directors to act as chairman of the meeting; if no such chairman is nominated, the members present at the meeting may elect a person to act as chairman; if for any reason the members are unable to elect a chairman, the member present holding the largest number of voting shares (including proxies for members) shall act as chairman of the meeting, except for the HKSCC Nominee.

The chairman of the Board of Supervisors shall preside at general meetings convened by the Board of Supervisors itself. If the chairman of the Board of Supervisors is unable to perform his duties or does not perform his duties, a supervisor jointly elected by more than half of the supervisors shall preside.

A general meeting convened by the shareholders themselves shall be presided over by a proxy elected by the convener.

If, at a general meeting, the chairman of the meeting is unable to continue the meeting due to a breach of the rules of procedure, the general meeting may, with the consent of a majority of the members present and entitled to vote at the meeting, elect a person to act as chairman of the meeting and continue the meeting. If, for any reason, it is not possible for the shareholders to elect a chairman of the meeting, the shareholders present who hold the largest number of voting shares (including proxies) shall act as chairman of the meeting, except for HKSCC Nominees.

Where a general meeting requires all directors, supervisors, general manager and other senior management of the Company to attend the general meeting, the Directors, supervisors, general manager and other senior management shall attend the general meeting. At a general meeting, the Directors, supervisors, general manager and other senior management personnel present or attending the meeting shall answer or explain to the shareholders' questions, except for those involving commercial secrets of the Company which cannot be disclosed.

**Article 83** The chairman of the meeting shall decide whether the resolution of the general meeting is passed or not based on the result of the vote and his decision shall be final and shall be announced at the meeting and recorded in the minutes of the meeting.



**Article 84** If the chairman of the meeting has any doubt as to the result of the resolution submitted for voting, he may organize a count of the votes cast; if the chairman of the meeting does not conduct a count, shareholders or proxies of shareholders present at the meeting who disagree with the announcement of the result by the chairman of the meeting shall have the right to demand a count immediately after the announcement, and the chairman of the meeting shall conduct a count of the votes cast in real time.

**Article 85** If a count is taken at a general meeting, the result of the count shall be recorded in the minutes of the meeting. The minutes of the meeting shall be kept at the domicile of the Company together with the register of members present on the spot and the proxy form and other valid data on voting by other means.

**Article 86** Copies of minutes of meetings shall be available for inspection by shareholders free of charge during the Company's office hours. Any shareholder requesting a copy of such minutes shall be sent a copy within 7 days after receipt of a reasonable fee.

## **Chapter 9 Board of Directors**

**Article 87** The Company has established a Board of Directors, which is responsible and report to the general meeting, comprising of 9 Directors, including 4 independent non – executive Directors. The Board of Directors shall have a chairperson, who shall be elected and removed by a simple majority of the Board with a three-year term of office and may be re-elected upon the expiration of the term of the Directors. Save as otherwise provided in the Articles of Association, the number of independent non-executive Directors shall not be less than 3 and shall constitute at least one-third of the total number of Directors at any time and at least one of the independent non-executive Directors shall have appropriate professional qualifications as required by the listing rules of the stock exchange of the place where the shares of the Company are listed, or accounting or related financial management expertise. Independent non-executive Directors shall be equipped with adequate business or professional experience for competency, honestly fulfil their duties, and protect the interests of the Company, in particular the legitimate rights and interests of public shareholders, to ensure the sufficient representation of the interests of all Shareholders. At least one independent non – executive Director shall reside in Hong Kong on a regular basis. Independent non-executive Directors may report directly to the shareholder's general meeting, the securities regulatory authorities of the State Council and other relevant departments. Save as otherwise required by laws, regulations and the listing rules of the stock exchange of the place where the shares of the Company are listed, the terms of office of independent non-executive Directors shall be three years, renewable upon re-election, but shall not exceed nine years.

**Article 88** The Company shall set aside a period of time before convening the meeting in respect of candidates nominated by Shareholders taking up the role of directors. Within this period, Shareholders may issue a written notice to the Company in respect of nominating a candidate to be a director, and such candidate may issue the written notice regarding the indication of his/her intention to accept the nomination to the Company. The aforementioned period shall be at least 7 days and shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 10 days prior to the date of such meeting.



**Article 89** Directors shall be elected and replaced at general meetings and serve a term of 3 years. A Director may serve consecutive terms if re-elected upon the expiration of his/her term.

The term of office of a Director shall commence from the date of him/her assuming office until the expiry of the term of the current session of the Board of Directors. Where a Director has not been timely re-elected at the expiry of the term of office, or where a Director has resigned during the term of office resulting that the number of the members in the Board of Directors falls below the quorum, the former Director shall perform his/her duties as a Director, prior to the assumption of office by the re-elected director, in accordance with laws, administrative regulations, departmental rules and regulations, the listing rules of the place where the Company's shares are listed and the provisions of the Articles of Association.

Before the expiration of any Director's term of office, subject to relevant laws and administrative regulations, the general meeting of shareholders may remove such Director by ordinary resolution. The removal may not affect any claim of the Director for damages that may be made pursuant to any contract.

A Director may request to resign prior to the expiry of his/her term of office. If a Director resigns, such Director shall tender in writing a letter of resignation to the Board of Directors, and the Board of Directors shall disclose relevant information within two days. When a Director's resignation takes effect or his/her term of service expires, the Director shall complete all transfer procedures with the Board.

If the number of Directors in the Board of the Company falls below the quorum as a result of a Director's resignation, the former Director shall still perform his/her duties as a Director in accordance with the requirements of laws, administrative regulations, departmental rules and the Articles of Association before the assumption of office by the re-elected Director.

Save for the circumstances referred to in the preceding paragraph, a Director's resignation takes effect upon delivery of his/her resignation report to the Board.

Without violation of relevant laws and regulations in the PRC and the regulatory rules of the place where the shares of the Company are listed, if the Board appoints a new director to fill a casual vacancy to the Board, such appointed director shall only hold office until the first annual general meeting of the Company after acceptance of the appointment and shall accept shareholders' election at the first general meeting after acceptance of the appointment and shall be eligible for re-election at that time.

A Director need not hold any shares in the Company.

**Article 90** The Board shall be accountable to the general meeting, and exercise the following functions and powers:

- (i) to convene general meetings and report on its work to the general meetings;
- (ii) to implement resolutions passed at the general meetings;

- (iii) to decide on 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 proposals and loss recovery proposals;
- (vi) to formulate proposals for the increase or reduction of the Company's registered capital, the issuance of Shares and the issuance of corporate bonds or other securities and listing plans;
- (vii) to formulate proposals for substantial asset acquisition or disposal, the repurchase of the Company's Shares, or the merger, division, dissolution or change of corporate form of the Company;
- (viii) to determine on the Company's internal management structure;
- (ix) to appoint or dismiss the general manager, the board secretary and the company secretary of the Company and appoint or dismiss deputy general managers, financial controller and other senior management of the Company based on the general manager's nominations and determine their remuneration;
- (x) to formulate the Company's basic management system;
- (xi) to formulate proposals for amendments to the Articles of Association;
- (xii) to authorize the chairman to exercise certain duties and powers of the Board;
- (xiii) to decide on the establishment, and elect the members, of the special committee(s) of the Board;
- (xiv) to formulate the equity incentive scheme(s) of the Company;
- (xv) to prepare a proposal on the amount and payment method of the emoluments of directors and to submit such proposal to the general meeting for decision;
- (xvi) to manage the information disclosure of the Company;
- (xvii) to propose to general meetings for the appointment or replacement of the auditors of the Company;
- (xviii) to debrief the work report of the general manager and other senior management and review the performances of the general manager and other senior management;
- (xix) to carry out transactions that require decisions by the Board in accordance with the Listing Rules of the Hong Kong Stock Exchange such as making investment in, acquiring or disposal of assets, conducting financing activities and entering into connected transactions;

(xx) to decide on such substantial matters and administrative affairs other than those shall be decided by the general meeting of the Company as provided by laws, administrative regulations, rules and regulations of competent authorities and the Articles of Association of the Company and enter into other material agreements;

(xxi) to exercise other functions and powers as granted by laws, administrative regulations, ministerial rules, the listing rules of the place where the Shares of the Company are listed, or the Articles of Association.

Except for the matters specified in items (vi), (vii) and (xi) which shall be passed by the affirmative vote of more than two-thirds of all Directors, the resolutions of the Board in respect of all other matters may be passed by the affirmative vote of more than half of all Directors.

In the event that the exercise of aforesaid functions and powers by the Board, or any transaction or arrangement of the Company shall be considered and reviewed by a general meeting according to the listing rules of the stock exchange of the places where the Company's shares are listed, such matters shall be submitted to the general meeting for consideration and review.

The Board shall also be responsible for the following matters:

(i) to formulate, review and improve the corporate governance system and condition of the Company;

(ii) to review and monitor the training for and continuous professional development of Directors and senior management;

(iii) to review and monitor the systems formulated by the Company and the compliance thereof, and make relevant disclosures in accordance with laws and relevant provisions of the securities regulatory authority of the place where the Company's shares are listed;

(iv) to formulate, review and monitor the code of conduct and relevant compliance manual of employees and directors.

The Board shall be responsible for the above corporate governance functions and may also assign such responsibilities to one or more special Board committees.

**Article 91** When the Board intends to dispose a fixed asset, if sum of the expected value of the said fixed asset and the value obtained from the fixed assets that are disposed within 4 months before this disposal proposal exceeds 33% of the value of fixed assets as shown in the balance sheet latest reviewed at the general meeting, then the Board shall not dispose or agree to dispose of the said fixed asset without the approval of the general meeting.

The disposal of fixed asset in the term refers to the transfer of interests in certain assets, but does not include the provision of guarantees with fixed assets.

The validity of the transactions with respect to the disposal of fixed assets by our Company shall not be affected by the violation of the first paragraph of this Article.

**Article 92** The chairman of the Board shall exercise the following functions and powers:

(i) to preside over general meetings and to convene and preside over meetings of the Board;

(ii) to procure and check the implementation of resolution of the Board;

(iii) to sign on share certificates, corporate bonds and other marketable securities issued by the Company;

(iv) to execute important documents of the Board and other documents which shall be executed by the legal representative of the Company;

(v) to exercise special disposal rights in respect of the Company's affairs in accordance with laws and in the Company's interests in case of force majeure events such as extraordinary natural disasters, and report to the Board and the shareholders' general meeting thereafter;

(vi) to nominate or recommend general manager, company secretary, secretary of the Board for the Board to consider and vote;

(vii) to propose convening of an extraordinary board meeting;

(viii) other functions and powers stipulated in laws and regulations, the listing rules of the places where the shares of the Company are listed or the Articles of Association and authorized by the Board of.

**Article 93** In the event that the chairman of the Board cannot or does not perform his/her duties, a director nominated by more than half of the directors shall perform the duties.

**Article 94** The Board meetings include regular Board meetings and extraordinary Board meetings.

Regular Board meetings shall be held at least four (4) times a year at approximately quarterly intervals. The Board meeting shall be convened by the Chairman of the Board. The meeting notice shall be served on all directors and supervisors at least fourteen (14) days before the meeting (excluding the day of the meeting). The Board of Directors shall have arrangements to ensure that all directors have the opportunity to put forward matters for discussion to be included in the agenda of the regular meetings of the Board.

The regular meetings cannot be convened by way of circulation of written resolution.

Board meetings shall generally be convened on site. Whenever it is necessary, the Board meetings may be convened through video, telephone, fax, or email after agreement of the convener (the presider) or proposer provided that the directors can fully give their opinions. The Board meetings may also be held on site and off site simultaneously.

**Article 95** The chairman of the Board shall convene an extraordinary board meeting in one of the following circumstances:

- (i) proposed by shareholders holding not less than one-tenth of the voting rights;
- (ii) proposed by not less than one-third of the Directors;
- (iii) proposed by two or more independent non-executive Directors;
- (iv) proposed by the general manager or the Supervisory Committee;
- (v) considered necessary by the chairman of the Board;
- (vi) other circumstances stipulated by the Articles of Association.

**Article 96** The notice of regular board meetings and extraordinary board meetings shall be served within 14 days and 3 days prior to all directors, supervisors, and the general manager. The notice of Board meetings may be delivered to all directors, supervisors and senior management in writing by hand, mail, e-mail, or facsimile. However, if an extraordinary meeting of the Board needs to be convened as soon as possible due to urgent circumstances, a meeting notice may be given at any time by telephone or, other verbal means, provided that the convener gives an explanation thereof at the meeting.

**Article 97** Except for the extraordinary meeting of the Board under urgent circumstances, the notice of Board meeting shall be served by hand or facsimile, mail and other means.

A notice of a meeting of the Board in writing shall include the following particulars:

- (i) the date and venue of the meeting;
- (ii) matters to be considered;
- (iii) the date of issuance of the notice.

If a Board meeting is held by means of correspondence, the notice of the meeting shall specify the manner, deadline and address for the directors to send the votes.

**Article 98** Meetings of the Board may be held only if more than one-half of the Directors are present.

Each Director shall be entitled to one vote. Save as otherwise specified in law, administrative regulations, the listing rules of the place where the Shares are listed and the Articles of Association, resolutions made by the Board shall be passed by more than half of all Directors.

In case of an equality of votes for and against, the chairman of the Board shall be entitled to one additional vote.

**Article 99** Where a Director or any of his/her close associates has any interest in the subject matter of the Board meeting, such Director shall abstain from the meeting, and his/her voting rights shall be withdrawn and he/she shall not be counted in the quorum of the meeting. Where any Director is required to abstain from voting, the relevant meeting of the Board may be held when more than half of the uninterested Directors attend the meeting, and the resolutions formed shall be passed by more than half of the uninterested Directors. If the number of uninterested Directors attending the meeting is less than 3, the relevant proposals shall not be voted and shall be submitted to the general meeting for review.

**Article 100** Meetings of the Board shall be attended by the Directors in person. If a Director is unable to attend a meeting for any reason, he/she shall appoint another Director in writing to attend the meeting on his/her behalf. Such an instrument of appointment shall specify the names of the proxy, the issues, the scope of the authorization granted by the principal, and the term of validity of the appointment and include the principal's signature or seal.

The Director attending the meeting on other's behalf shall exercise the rights of a Director within the scope of authorization. If a Director fails to attend a board meeting or appoint a representative to attend on his behalf, such Director shall be deemed to have waived his right to vote at such meeting.

For any important matter subject to decision by the Board, all Directors shall be given advance notice by the time as required by the Articles of Association and provided with sufficient information, and the meeting must be conducted in strict compliance with the prescribed procedures. The Directors may demand that supplementary materials be provided. If one-quarter or more of the directors or two or more of the independent non-executive Directors believe that there is insufficient information or other matters prevent them from making judgment on the relevant matters, they may jointly propose that the Board meeting shall be postponed or that some of the matters to be discussed at the board meeting shall be discussed at a later time. In such circumstances the Board shall accept the proposal.

**Article 101** The vote on Board resolutions shall be taken by way of voting on a show of hands or of an open ballot at the on-site meeting.

On the premise that the Directors are assured to have fully expressed their views at an extraordinary Board meeting, they can vote on a motion by way of communication, and the resolution shall be signed by the Directors attending the meeting and delivered to the Company by hand, mail, e-mail or facsimile.

**Article 102** The Board shall keep minutes of resolutions on matters discussed at relevant meetings (which shall include any concerns raised or dissenting views expressed by the Directors). The minutes shall be signed by the Directors and the person who recorded the minutes present at such meetings. The Board shall, after the meeting, send the preliminary and finalized draft of the meeting minutes to all Directors in a reasonable period of time, and the former shall be used for Directors' expression of opinions, and the latter shall be used for record purpose.

Directors shall be liable for the resolutions of the Board. If the resolutions of the Board violate laws, administrative regulations, the listing rules of the place where the Company's shares are listed or the Articles of Association, and the Company suffers a material loss as a result thereof, the Directors participating in the resolutions are liable to the Company for the losses. However, a Director may be exempted from such liability if it is verified that such Director has stated his objection when voting and the same was recorded in the minutes at the Board meeting.

Archives of board meetings, including notices of meeting, meeting materials, attendance books, powers of attorney for attendance by proxy, voice recording of meeting, ballots, meeting minutes signed by the attending directors for confirmation, meeting summaries, resolution records, etc., shall be kept by the secretary of the Board. Such minutes shall be available for inquiry at any reasonable time upon reasonable notice by any Director. The minutes of Board meetings shall be kept as archives of the Company.

**Article 103** Where necessary, the Board may establish specialized committees, such as audit committee, remuneration committee and nomination committee. The audit committee and the remuneration committee shall have members that are mostly independent non-executive Directors and shall be chaired by an independent non-executive Director. The audit committee shall have members that are all non-executive Directors, with a minimum of 3 members and at least one member shall be equipped with appropriate professional qualifications as required by the listing rules of the stock exchange of the place where the Company's shares are listed, or accounting or related financial management expertise. The nomination committee shall have members that are mostly independent non-executive Directors and shall be chaired by the Chairman of the Board or an independent non-executive Director.

Where necessary, the Board may establish other special committees. Where necessary, the Board may establish other special committees. These special committees are ad hoc committees under the Board which provide advice or advisory opinions to the Board on major decisions. The composition and rules of procedure of the special committees shall be determined separately by the Board. Any special committee shall not resolve on a proposal in the name of the Board; however, in compliance with the mandatory provisions under the PRC's relevant laws, regulations, regulatory documents and the listing rules of the stock exchange of the place where the Company's shares are listed, they shall exercise the right of decision on the authorized matters under the special authorization of the Board.

## **Chapter 10 Secretary of the Board**

**Article 104** The Company shall have one secretary of the Board, who shall be appointed or dismissed by the Board. The secretary of the Board shall be a senior management officer of the Company.

**Article 105** The Company's secretary of the Board shall be a natural person who has requisite professional knowledge and experience. His/her primary duties include:



(i) to organize and arrange for the Board meetings and general meetings, to prepare meeting materials, to handle relevant meeting affairs, to be responsible for keeping minutes of the meetings and to ensure their accuracy, to keep meeting documents and minutes and to take initiative to keep abreast of the implementation of relevant resolutions. Any important issues occurring during the implementation shall be reported to the Board with suggestions proposed; ensuring that the documents of the Board of Directors comply with the relevant laws and regulations;

(ii) to guarantee that the Company has complete organizational documents and records; to keep and manage shareholders' information; to assist Directors in addressing the daily works of the Board;

(iii) as the contact person between the Company and the securities regulatory authorities, to be responsible for preparation and timely submission of the documents as required by regulatory authorities, and to accept any task from the regulatory authorities and organize the implementation thereof;

(iv) to be responsible for coordinating and organizing information disclosure of the Company, to establish and improve the information disclosure system, to participate in all meetings of the Company involving information disclosure, and to keep informed of major operational decisions and relevant information of the Company in a timely manner;

(v) to ensure the proper establishment of the register of members of the Company, and to ensure timely access to the relevant records and documents by the individuals who are entitled to access such information;

(vi) to perform other powers and functions as conferred by the Board, as well as other powers and functions as required by laws, regulations, the Articles of Association, other management systems of the Company and the stock exchange of the place where the Company's shares are listed.

**Article 106** The directors or other senior management of the Company may also serve as the secretary of the Board of the Company. Accountants in the accounting firms engaged by the Company and the management personnel of the controlling shareholder shall not concurrently serve as the secretary of the Board of the Company.

In the event that a Director concurrently serves as the secretary to the Board of the Company, and if an act concerned shall be conducted by the director and the secretary of the Board of the Company separately, such person concurrently serving as a director and the secretary to the Board of the Company shall not conduct such act in double roles.

## **Chapter 11 Company Secretary**

**Article 107** The Company shall appoint an individual as company secretary to ensure good information flow within the Board and that the Board policy and procedures are followed. The company secretary shall report to the chairman of the Board and/or the chief executive, and shall be responsible for advising the Board through the chairman and/or the chief executive on governance matters and should also facilitate induction and professional development of Directors.

**Article 108** The Board should approve the selection, appointment or dismissal of the company secretary. A board meeting should be held to discuss the appointment and dismissal of the company secretary and the matter should be dealt with by a board meeting rather than a written resolution. A candidate for company secretary shall be an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Exchange, capable of discharging the functions of company secretary.

The company secretary shall be an employee of the Company and have all knowledge of the Company's daily affairs. Where the Company engages an external service provider as its company secretary, it should disclose the identity of a person with sufficient seniority (e.g. chief legal counsel or chief financial officer) at the issuer whom the external provider can contact.

In each financial year, the Company's company secretary shall take no less than 15 hours of relevant professional training. All Directors shall have access to the advice and services of the company secretary to ensure that Board procedures and all applicable law, rules and regulations are followed.

## **Chapter 12 General Manager**

**Article 109** The Company shall have a general manager, who shall be appointed or dismissed by the Board. The Company shall have a number of deputy general managers, who shall be appointed or dismissed by the Board. A director may also act as the general manager, deputy general manager and other members of senior management.

**Article 110** The general manager of the Company shall be accountable to the Board and shall exercise the following functions and powers:

(i) to be in charge of the production, operation and management of the Company, to organize the implementation of the Board's resolutions, and report to the Board;

(ii) to organize the implementation of the Company's annual business plan and investment proposals;

(iii) to prepare the annual financial budget and final accounts of the Company and make recommendations to the Board;

(iv) to draft the plans for the establishment of internal management structure of the Company;

(v) to draft the basic management system of the Company;

(vi) to formulate detailed rules and regulations for the Company;

(vii) to propose to the Board the appointment or dismissal of the deputy general manager and the financial controller of the Company in accordance with the Articles of Association and relevant internal control system of the Company;

(viii) to appoint or dismiss executive officers other than those who should be appointed or dismissed by the Board;

(ix) to determine the salaries, benefits, rewards and disciplinary actions of the employees, and to decide on the appointment and dismissal of the employees;

(x) to exercise other powers conferred by the Articles of Association and the Board.

**Article 111** The general manager of the Company shall attend board meetings. The non-director general manager shall have no voting rights at board meetings.

**Article 112** In performing his functions and powers, the general manager of the Company shall act with integrity and diligence and in accordance with the laws, administrative regulations, the listing rules of the place where the Shares of the Company are listed and the Articles of Association.

### **Chapter 13 Board of Supervisors**

**Article 113** The Company shall have a Board of Supervisors.

**Article 114** The Board of Supervisors consists of 3 Supervisors, one of whom shall be the chairman. A supervisor shall serve a term of 3 years and can be re-elected upon expiry of his/her term of office.

The appointment or dismissal of the chairman of the Board of Supervisors shall be passed by more than two-thirds of the members of the Board of Supervisors by way of vote.

**Article 115** The Supervisors shall be the representatives of shareholders and employees of the Company. The proportion of the employee representative Supervisors shall be no less than one-third. The shareholder representatives in the Board of Supervisors shall be elected and removed by the general meetings while the employee representatives shall be elected through the employee representatives meetings, employee meetings or through other forms of democratic election.

**Article 116** The Directors and senior management shall not act concurrently as Supervisors.

**Article 117** A meeting of the Board of Supervisors shall be held at least once every six months and shall be convened by the chairman of the Board of Supervisors. In the event that the chairman of the Board of Supervisors cannot or does not perform his/her duties, a supervisor nominated by more than half of supervisors shall convene and preside over the meetings of the Board of Supervisors.

Supervisors may propose to convene an extraordinary meeting of the Board of Supervisors.

Where the Board of Supervisors convenes a regular or an extraordinary meeting, staff of the Board of Supervisors shall send a written notice of the meeting to all Supervisors by hand, fax, email or other means within a reasonable period in advance. Where the notice is not served directly, telephone acknowledgement and relevant records shall be made.

Where an extraordinary meeting of the Board of Supervisors needs to be convened as soon as possible due to urgent circumstances, the notice of meeting may be served by telephone or by other verbal means, provided that the convener shall give explanations at the meeting.

**Article 118** The Board of Supervisors shall be accountable to the general meeting, and legally exercise the following functions and powers:

(i) to inspect the financial affairs of the Company;

(ii) to monitor Directors and senior management to perform their duties, and put forward proposals on the removal of any Director or senior management who violates laws, administrative regulations, the listing rules of the place where the Company's shares are listed, the Articles of Association or any resolution of the general meeting;

(iii) to require Directors and senior management to correct an act if such act is harmful to the interests of the Company;

(iv) to verify financial information such as financial reports, business reports, profit distribution plans that the Board intends to submit to the general meeting and, if in doubt, to be able to appoint, in the name of the Company, a registered accountant or a practicing auditor to assist in reviewing such information;

(v) to propose the convening of extraordinary general meetings and, in case the Board fails to convene and preside over the general meetings in accordance with the Company Law, to convene and preside over the general meetings;

(vi) to submit proposals to the general meetings;

(vii) to represent the Company in negotiation with or initiate legal proceedings against a Director;

(viii) to investigate and, if necessary, to engage professional entities, such as accounting firms and law firms, to assist the Company in such investigation if it discovers any irregularities in the Company's operations. The expenses shall be borne by the Company;

(ix) to initiate legal proceedings against directors and senior management in accordance with the Company Law;

(x) to exercise other functions and powers as specified by the laws, administrative regulations and the Articles of Association.

The Supervisors shall be present at the meetings of the Board.

**Article 119** If re-election is not made forthwith upon the expiry of the term of office of a supervisor or the member of the Board of Supervisors falls below the quorum as a result of a Supervisor's resignation, the former Supervisors shall still perform their duties as Supervisors in accordance with the requirements of laws, administrative regulations, the listing rules of the place where the Company's shares are listed and the Articles of Association before the appointment of the re-elected Supervisors.

**Article 120** Voting on resolution at a meeting of the Board of Supervisors may be conducted by registered poll. Each supervisor shall have one vote.

Voting procedure are: A supervisor may cast an affirmative, a negative or an abstention vote. Each attending supervisor shall indicate his/her intention by choosing either one of the above. The chairman of the meeting shall request each supervisor who fails to choose any of the above or has chosen two or more of the above to vote again, refusal to do so shall be regarded as having abstained from voting. Any supervisor who leaves the meeting and does not return and has not voted by choosing any of the above shall be regarded as having abstained from voting.

Meetings of the Supervisors shall be held only if more than two-thirds of the members of the Board of Supervisors are present. A resolution of the Board of Supervisors shall be passed by the affirmative votes of more than two-thirds of the members of the Board of Supervisors.

**Article 121** The reasonable expenses incurred by the Board of Supervisors in the engagement of professionals such as lawyers, certified public accountant, practicing auditors, etc., to perform its duties shall be borne by the Company.

**Article 122** Supervisors shall faithfully perform their supervisory duties in accordance with laws, administrative regulations, the listing rules of the place where the Company's Shares are listed and the Articles of Association.

**Article 123** The Board of Supervisors shall keep minutes of its resolutions on the matters discussed at the meeting. The Supervisors who attended the meeting shall sign the minutes of that meeting.

Each Supervisor shall be entitled to request that an explanation of his/her comments made at the meetings be noted in the minutes. The minutes of the meetings of the Board of Supervisors shall be kept at the domicile of the Company as archives of the Company.

#### **Chapter 14 Qualifications and Duties of Directors, Supervisors and Senior Management of the Company**

**Article 124** No person shall serve as our Director, Supervisor, or senior management if he/she is:

- (i) a person who is unable or has limited ability to undertake any civil liabilities;

(ii) a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence;

(iii) a person who has been a Director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

(iv) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation;

(v) a person who is liable for a relatively large amount of debts that are overdue;

(vi) a person who is investigated by the judicial agencies for violation of criminal law and such case is pending;

(vii) a person who is not eligible for enterprise's leadership under laws, administrative regulations and the listing rules of the place where the Shares of the Company are listed;

(viii) a person who is not a natural person;

(ix) a person judged by the competent agencies to have violated the provisions of relevant securities laws, being involved in deceptive or dishonest acts and is within five years of the date on which the judgment was made;

(x) other circumstances as stipulated by relevant laws and regulations of the place where the Company's Shares are listed.

The election, appointment of Director, Supervisor, or senior management shall be invalid if such election, appointment or employment is in violation of this Article. If a Director, Supervisor, and senior management falls into the situations provided in this Article during his/her term of office, he/she shall be dismissed by the Company.

**Article 125** The validity of the act of a Director, or senior management on behalf of the Company to bona fide third parties shall not be affected by any irregularities in his/her appointment, election or qualifications.

**Article 126** In addition to the obligations set forth in laws, administrative regulations or the listing rules of the place where the Shares of the Company are listed, the Directors, Supervisors and senior management shall assume the following obligations for each of the Shareholders when exercising their authorities:

(i) they shall not cause the Company to operate beyond the scope of business indicated on our business license;

(ii) they shall sincerely act for the best interests of the Company as the starting point of any action;

(iii) they may not deprive the Company of its assets in any manner, including but not limited to, opportunities beneficial to the Company;

(iv) they shall not deprive the Shareholders of personal rights and interests, including but not limited to the distribution rights and voting rights, except for restructuring of the Company approved at the general meeting pursuant to the provisions of the Articles of Association.

**Article 127** The Directors, Supervisors and senior management of the Company have the responsibilities when exercising their rights or carrying out their obligations to act with the care, diligence and skill due from a reasonably prudent person under similar circumstances.

**Article 128** When performing their duties, Directors, Supervisors and senior management of the Company must comply with the principle of good faith and shall not put themselves in situations where their own interests may conflict with the obligations they have undertaken. This principle includes but not limited to performing the following obligations:

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

(ii) to exercise his/her power within but not exceeding the scope of authority;

(iii) to exercise the discretion vested in him personally without being manipulated by others; not transferring discretionary powers to other persons, unless and to the extent permitted by laws, administrative regulations, the listing rules of the place where the Shares of the Company are listed or with the informed consent given in a general meeting;

(iv) to treat shareholders of the same class equally and Shareholders of different classes fairly;

(v) to enter into contract, transaction or arrangement with the Company is not allowed, unless in line with the Articles of Association or otherwise by the approval at a general meeting on an informed basis;



(vi) to seek private gain using the properties of the Company in any manner is not allowed, unless agreed at a general meeting on an informed basis;

(vii) not to exploit his/her position to accept bribes or other illegal income or expropriate properties of the Company by any means, including (but not limited to) opportunities beneficial to the Company;

(viii) to accept commissions associated with transactions of the Company is not allowed unless agreed at a general meeting on an informed basis;

(ix) to comply with the Articles of Association, faithfully execute his/her duties and protect the Company's interests, and not to exploit his/her position and power in the Company to advance his/her own private interests;

(x) not to take advantage of any duties to seek any business opportunities which should have been the Company's for himself or others, operate himself or for other person in same business as that of the Company and not to compete with the Company in any kind without informed consent of the general meeting;

(xi) not to misappropriate the Company's funds or lend such funds to others, or deposit the Company's capital or funds into accounts under his own name or the name of other individuals; and not to provide guarantees with the Company's assets for the debts of the Company's shareholders or other individuals;

(xii) not to disclose confidential information relating to the Company obtained during employment without informed consent of the general meeting; unless in the interest of the Company, not to use such information; however, under the following circumstances the information may be disclosed to a court or other competent government agencies:

1. required by the provisions of the law;
2. for the public interests;
3. for the interests of Directors, Supervisors, or senior management.

**Article 129** Directors, Supervisors and senior management may not direct the following persons or institutions ("Related Parties") to do what they are prohibited from doing:

(i) spouses or minor children of the Directors, Supervisors and senior management of the Company;

(ii) trustees of the Directors, Supervisors and senior management of the Company or of the persons mentioned in (i) above;

(iii) partners of the Directors, Supervisors and senior management of the Company or of the persons mentioned in (i) and (ii) above;

(iv) any company under the de facto control of the Directors, Supervisors and senior management of the Company individually or jointly with the persons or other Directors, Supervisors and senior management of the Company mentioned in (i), (ii) and (iii) above; and

(v) the directors, supervisors and senior management of the controlled companies mentioned in (iv).

**Article 130** The good faith obligation of the Directors, Supervisors and senior management of the Company may not necessarily cease with the termination of their terms; their obligation to keep the trade secrets of the Company in confidence shall survive the termination of their terms. Other duties may continue for such period as fairness may require depending on the length of time between the termination and the act concerned and any circumstance and condition under which the relationships between them and the Company are terminated.

**Article 131** Unless otherwise provided in the Article 53, the liabilities of the Directors, Supervisors and senior management of the Company arising from the violation of specific duties may be dissolved by the general meeting on an informed basis.

**Article 132** Where a Director, Supervisor and senior management, directly or indirectly, has material interests in the contracts, transactions or arrangements that the Company has entered into or plans to enter into (except for employment contracts entered into by the Company with the Directors, Supervisors and senior management), the above personnel shall disclose the nature and degree of his/her interests to the Board as soon as possible no matter whether such matters are subject to the approval of the Board.

Save as otherwise provided by the laws and regulations, regulatory documents and the securities regulatory authorities of the place where the Shares of the Company are listed, a Director shall be abstained from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates (as defined in the Hong Kong Listing Rules) has a material interest nor shall such Director be counted in the quorum present at the meeting. Unless the interested Director, Supervisor and senior management of the Company discloses his/her interests to the Board in accordance with the paragraph 1 above and the matters are approved by the Board at a meeting where the interested Director, Supervisor and senior management is not counted in the quorum and refrains from voting, the Company shall have the right to cancel such contracts, transactions or arrangements, except where the counterparty is a party in good faith without knowledge of the acts of such Directors, Supervisors and senior management violating their obligations.

A Director, Supervisor, or senior management of the Company shall be deemed to be interested in such contracts, transactions or arrangements in which his/her related person or associate is interested.

**Article 133** Where a Director, Supervisor and senior management of the Company gives to the Board a notice in writing stating that, by reason of the facts specified in the notice, he/she is interested in contracts, transactions or arrangements which may subsequently be entered into by our Company, so far as the content stated in such notice is concerned, such Director, Supervisor, and senior management shall be deemed to have made the disclosures required by the aforesaid provision of the Articles, provided that such notice have been given before the date on which the question of entering into the contracts, transactions or arrangements is first taken into consideration by the Company. The Company shall arrange appropriate insurance coverage in respect of possible legal action against the Directors.

**Article 134** The Company shall not, in any manner, pay tax for its Directors, Supervisors or senior management, except for the case of withholding and paying individual income tax for the foregoing persons in accordance with relevant laws and regulations.

**Article 135** The Company shall not provide loans or guarantees for loans, either directly or indirectly, to the Directors, Supervisors, senior management of the Company and its Controlling Shareholders, nor shall provide loans or guarantees for loans to the personnel related to above personnel.

The aforesaid provisions are not applicable to the following:

(i) The Company provides its subsidiaries with loans or guarantees for loans;

(ii) The Company provides any of the Directors, Supervisors or senior management of the Company with loans, guarantees for loans or any other funds pursuant to the employment contract(s) approved at the general meeting to pay expenses incurred for the purpose of the Company or performing duties for the Company; and

(iii) In case that the normal business scope of the Company covers the provision of loans and guarantees for loans, the Company may provide such Directors, Supervisors or senior management and other related personnel with loans and guarantees for loans, provided that the conditions of the above loans or guarantees for loans shall be the normal commercial conditions.

**Article 136** Any person who receives funds from a loan which has been made by the Company acting in breach of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds.

**Article 137** Guarantees for loans provided by the Company in breach of the first paragraph of Article 135 shall not be enforced, except where:

(i) The lender unknowingly provides loans to personnel related to the Directors, Supervisors, senior management of the Company or its Controlling Shareholders;

(ii) The collateral provided by the Company is sold lawfully by the lender to the buyer in good faith.

**Article 138** Guarantees mentioned above include the acts of the guarantor assuming obligations or providing properties to ensure the performance of the obligations by the obligor.

**Article 139** Directors, Supervisors, and senior management of the Company shall bear the obligations towards the Company. The Company shall have the right to take the following measures in addition to various rights and remedial measures stipulated in laws, administrative regulations and the listing rules of the place where the Shares of the Company are listed:

(i) claim damages from the Director, Supervisor and senior management in compensation for losses sustained by the Company as a result of such breach;

(ii) rescind any contract or transaction entered into by the Company with the Director, Supervisor and senior management or by the Company with a third party (where such third party knows or should know that there is such a breach of duties by such Director, Supervisor and senior management);

(iii) account for the profits made by the Director, Supervisor and senior management in breach of his/her duties;

(iv) recover any funds received by the Director, Supervisor and senior management that should have been received by the Company, including (but not limited to) commissions;

(v) demand payment of the interest earned or which may have been earned by the Director, Supervisor and senior management on the funds that should have been paid to the Company.

**Article 140** The Company shall enter into written contract with Directors or Supervisors in relation to emoluments. The emoluments are subject to approval at general meeting in advance. The aforesaid emoluments include:

(i) emoluments in respect of his service as a Director, Supervisor, or a member of senior management of the Company;

(ii) emoluments in respect of his service as a Director, Supervisor or a member of senior management of any subsidiary of the Company;

(iii) emoluments in respect of other service in relation to the management of the Company and any of its subsidiaries;

(iv) payment of compensation for loss of office or retirement from office of the Director or Supervisor.

The Company' written contract with Directors or Supervisors and senior management shall at least include the following provisions:

(i) an undertaking to the Company to comply with the Company Law, the Trial Administrative Measures, the Articles of Association, the Code on Takeovers and Mergers and Share Buy-backs, the Hong Kong Listing Rules and other requirements by the HKSF and Hong Kong Stock Exchange, and an agreement to entitle the Company to enjoy the remedies provided in the Articles of Association. The contract and his office shall not be consigned;

(ii) an undertaking to the Company to comply with and perform his obligations to Shareholders as provided in the Articles of Association;

(iii) an arbitration clause provided in the Articles of Association and the Hong Kong Listing Rules.

No proceedings may be brought by a Director, Supervisor and senior management against the Company for anything due to him in respect of the aforesaid matters except pursuant to the aforesaid contract.

**Article 141** The contract concerning the emoluments between the Company and its Directors or Supervisors should provide that in the event that the Company is acquired, the Directors and Supervisors shall, subject to the prior approval of Shareholders at general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement.

The aforesaid acquisition of the Company refers to any of the following:

(i) an offer made by any person to all Shareholders;

(ii) an offer made by any person with a view to make the offeror become the Controlling Shareholder of the Company. The definition of Controlling Shareholder is the same as defined in the Articles of Association.

If the relevant Director or Supervisor fails to comply with this Article, any payment received shall belong to the persons who sell the Shares in acceptance of the aforesaid offer. The Director or Supervisor shall bear all expenses arising from the distribution of such payments to the persons in proportion and all such expenses shall not be deducted from these payments distributed.

## **Chapter 15 Financial and Accounting System and Profit Distribution**

**Article 142** The Company shall formulate its financial accounting policies in compliance with laws, administrative regulations, the listing rules of the place where the Company's Shares are listed and the PRC accounting standards formulated by the state competent financial authorities.

**Article 143** The fiscal year of the Company is Gregorian calendar year, i.e., from 1 January to 31 December every year. At the end of each fiscal year, the Company shall prepare a financial report which shall be audited and verified according to laws.

**Article 144** The Board of the Company shall submit Shareholders at every annual general meeting such financial reports as required by relevant laws, administrative regulations, the listing rules of the place where the Company's Shares are listed and normative documents published by local governments and competent authorities.

The financial reports referred to in the preceding paragraph shall include Directors' report, balance sheet (including documents to be attached in accordance with PRC laws, other laws and administrative regulations), profit and loss statement (income statement), statement of income and expenditure (cash flow statement) or (without violating PRC laws) financial highlights approved by Hong Kong Stock Exchange. The settlement date to which the annual accounts is made up shall be within the period of six months after the end of the accounting year or accounting reference period to which the annual financial statements relate.

**Article 145** The Company shall make its financial reports available at the Company for Shareholders' inspection 20 days before the annual general meeting is convened. Each Shareholder of the Company shall be entitled to obtain a copy of the financial reports mentioned in this section.

The Company shall also publish the same by a way of announcements (including through posting at the Company's website, the website of the Hong Kong Stock Exchange and/or other websites as required by the Hong Kong Listing Rules from time to time and/or newspapers) permitted by laws, administrative regulations, departmental rules, normative documents and the relevant provisions of the securities regulatory authority in the place where the Company's Shares are listed.

The Company shall deliver or send by mail its annual report (including its annual accounts and the auditors' report thereon or the summary of financial reports) to each Shareholder at the registered address at least 21 days before the annual general meeting and within 4 months after the end of relevant financial year.

**Article 146** The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the overseas place where the Shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the notes to financial statements. When the Company distributes its after-tax profits of relevant accounting year, the lower of the after-tax profits as shown in such two financial statements shall prevail.

**Article 147** Interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations, and at the same time in compliance with international accounting standards or that of the overseas place where the Shares are listed.

**Article 148** The Company shall publish two financial reports in each accounting year, meaning that the interim financial reports shall be published within 60 days after the end of the first six months of the accounting year and the annual reports shall be published within 120 days after the end of the accounting year.

Where the securities regulatory authorities of the place where the Company's shares are listed have other provisions, such provisions shall prevail.

**Article 149** The Company shall not maintain books of accounts other than those provided for by laws.

**Article 150** The capital reserve fund consists of the following:

- (i) the premium from issuance of Shares at a price in excess of their par value;
- (ii) other incomes to be transferred to the capital reserve fund as required by the competent finance department under the State Council;
- (iii) other sources of the capital reserve fund as specified under laws and regulations.

The provident fund of the Company shall only be used for the following purposes:

- (i) to cover the losses, except the provident fund which shall not be used to cover the losses pursuant to laws and regulations.
- (ii) to increase the share capital. In the event of conversion of the statutory reserve fund into share capital by way of capitalization, the balance of the reserve fund shall not be less than 25% of the registered capital prior to capital increase of the Company.
- (iii) to expand the production and operation of the Company.

**Article 151** The dividend distribution plans of the Company shall be resolved at the general meeting. After the Board takes into account the Company's financial position and subject to the relevant laws and regulations, Shareholders may authorize by ordinary resolution the Board to distribute and pay dividends.

The Company may distribute dividends in the following form of (or a combination of both):

- (i) cash;
- (ii) Shares;



(iii) any other means permitted by laws, administrative regulations, departmental rules and regulatory rules in the place where the Company is listed.

The Company shall pay cash dividends and other payments in RMB payable to the holders of Domestic Shares. Cash dividends and other payments payable to the holders of foreign shares shall be calculated and declared in RMB, and paid in foreign currency by the Company. As for the foreign currency needed by the Company for payment of cash dividends and other payments payable to the holders of the foreign shares, it shall be handled in accordance with applicable regulations on foreign exchange control of the PRC.

**Article 152** The Company shall appoint one or more receiving agents for holders of the overseas-listed foreign shares. Such receiving agents shall receive dividends which have been declared by the Company and all other amounts which the Company shall pay to the holders of the overseas-listed foreign shares on such Shareholders' behalf. Such amounts shall be kept by the receiving agents on such Shareholders' behalf, pending for paying such amounts to them.

The receiving agents appointed by the Company shall satisfy requirements under the laws of the place where the Shares of the Company are listed or the rules of relevant stock exchange. The receiving agents appointed for the holders of overseas-listed foreign shares listed on Hong Kong Stock Exchange shall each be a company registered as a trust company under the Hong Kong Trustee Ordinance.

**Article 153** Subject to the relevant PRC laws and regulations, the Company may exercise the right to forfeit dividends unclaimed, but such right shall not be exercised before expiry of the applicable relevant validity period.

The Company shall have the right to cease sending dividend warrants by post to a holder of foreign shares listed overseas, but such right can only be exercised after the dividend warrants have been so left uncashed on two consecutive occasions. Such right may be exercised by the Company after the first occasion in which such a warrant is returned undelivered.

The Company shall have the right to sell the shares held by a holder of foreign shares listed overseas who is untraceable in a manner which the Board deems appropriate, but the following conditions must be observed:

(i) the Company has distributed dividends on such shares for at least three times in a period of 12 years and the dividends are not claimed by anyone during such period; and

(ii) upon expiry of the 12-year period, the Company makes an announcement of its intention to sell the shares in one or more newspapers, and notifies the securities regulatory authority in the place where the shares of the Company are listed.

## **Chapter 16 Appointment of Accountancy Firm**

**Article 154** The Company shall engage an independent accounting firm which is qualified under relevant national regulations to audit the Company's annual financial report and review the Company's other financial reports.

The first accounting firm of the Company may be appointed by the inaugural meeting before the first annual general meeting. Such accounting firm shall hold office until the conclusion of the first annual general meeting.

If the inaugural meeting fails to exercise its aforesaid powers, those powers shall be exercised by the Board.

**Article 155** The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which it was appointed until the conclusion of the next annual general meeting.

**Article 156** The accounting firm appointed by the Company shall have the following rights:

(i) to access the account books, records and vouchers of the Company at any time, and to ask a Director or senior management member to provide relevant documents and explanations;

(ii) to require the Company to take all reasonable measures to obtain from its subsidiaries such information and explanation required for the fulfilment of its duties;

(iii) to attend general meetings and to receive all notices of, and other information relating to, any general meeting which any shareholder is entitled to receive, and to deliver speeches at any general meeting in relation to matters concerning its role as the accounting firm of the Company.

**Article 157** If there is a vacancy in the position of the accounting firm, the Board may appoint an accounting firm to fill such vacancy before the convening of the general meeting. Any other incumbent accounting firm of the Company may continue to act during the period of vacancy.

**Article 158** The Shareholders may, by ordinary resolution at the general meeting, dismiss any accounting firm prior to the expiration of its term, notwithstanding the terms to the contract howsoever entered into between the accounting firm and the Company, but without prejudice to the right of the accounting firm to claim, if any, for damages in respect of such dismissal.

**Article 159** The remuneration of the accounting firm or the manner in which such firm is to be remunerated shall be determined by an ordinary resolution of the general meeting.

**Article 160** The appointment, removal or non-reappointment of an accounting firm by the Company shall be decided by an ordinary resolution of the general meeting. Such resolution shall be filed with the securities authority under the State Council.

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

(i) a copy of the appointment or removal proposal shall be sent to the accounting firm which is proposed to be appointed or proposes to leave its post or has left its post in the relevant accounting year before the notice of the general meeting is given to the Shareholders. The leaving of an accounting firm may refer to the removal, resignation or retirement of such firm.

(ii) if the accounting firm leaving its post makes a written statement and requests the Company to give the Shareholders notice of such statement, the Company shall (unless the statement is received after the prescribed time) take the following measures:

1. state in the notice issued for the resolution that the accounting firm about to terminate service has made a statement;

2. send to each shareholder entitled to receive the notice of general meeting a copy of the statement as an attachment to the notice in the form specified in the Articles of Association.

(iii) If the Company fails to send out the statement of the accounting firm as per paragraph (ii) herein, the relevant accounting firm may require the said statement to be read at the general meeting and may further lodge a complaint.

(iv) the accounting firm leaving its post shall be entitled to attend the following meetings:

1. the general meeting at which its term of office would otherwise have expired;

2. the general meeting for filling vacancy because of its removal;

3. the general meeting held because of its voluntary resignation.

The accounting firm about to leave its post has the right to receive all the notices of, or other information relating to the aforesaid meetings, and deliver speeches at the meetings in relation to the matters concerning its role as the former accounting firm of the Company.

**Article 161** Where the Company dismisses or terminates the appointment of the accounting firm, prior notice shall be given to the accounting firm, and the accounting firm shall be entitled to state its opinions to the general meeting. Where the accounting firm tenders its resignation, it shall state to the general meeting whether the Company has anything inappropriate.

The accounting firm may resign by placing a written notice of resignation at the legal address of the Company. The said notice shall take effect on the date of placement of the resignation notice at the legal address of the Company, or on a later date specified in the notice. The said notice shall include the following statements:

(i) a statement that its resignation does not involve any information to be disclosed to the shareholders or creditors of the Company;

(ii) a statement of any such information to be disclosed.

The Company shall send a copy of the written notice mentioned in the preceding paragraph to relevant competent authority within 14 days after receipt of the said notice. If the notice contains the statement mentioned in paragraph (ii), the Company shall keep a copy of the said statement at the Company for inspection by the Shareholders. The Company shall also send the aforesaid copy by prepaid mail to each holder of overseas listed foreign shares at the address as shown in the share register.

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

## **Chapter 17 Merger, Division, Dissolution and Liquidation**

**Article 162** In respect of the merger or division of the Company, the Board of the Company shall propose a plan which shall be adopted following the procedure specified in the Articles of Association, and go through relevant examination and approval procedures pursuant to laws. Any Shareholder objecting to the merger or division of the Company shall have the right to require the Company or the Shareholders approving the merger or division of the Company to purchase his/her shares at a fair price. Resolution on merger or division of the Company shall be documented for inspection by the Shareholders. The aforesaid document shall also be sent by mail to holders of overseas listed foreign shares.

**Article 163** Merger of the Company may be made in two forms: merger by absorption or merger by consolidation.

In the event of merger of the Company, the parties concerned shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days after the adoption of the merger resolution and shall publish announcements in newspapers or the National Enterprise Credit Information Publication System within 30 days. The creditors may require the Company to repay debts or provide corresponding guarantees within 30 days of receipt of the notice, or for those who have not personally received such notice, within 45 days after the date of announcement.

The claims and debts of the parties concerned in merger of the Company shall be inherited by the company subsisting after merger or by the newly established company.

**Article 164** Where the Company is divided, its properties shall be divided accordingly.

Where the Company is divided, the parties concerned shall enter into a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days after the adoption of the division resolution and shall publish announcements in newspapers or the National Enterprise Credit Information Publication System within 30 days.

Debts of the Company prior to division shall be severally and jointly assumed by the companies which exist after the division, save as otherwise specified in the written agreement on debts settlement reached between the Company and its creditors before division.

**Article 165** Changes in registered information arising from a merger or division of the Company shall be registered with the company registration authority according to laws. If the Company is dissolved, it shall be deregistered according to laws. If a new company is established, such establishment shall be registered according to laws.

## **Chapter 18 Dissolution and Liquidation of the Company**

**Article 166** Upon the occurrence of any of the following circumstances, the Company shall be lawfully dissolved and liquidated:

(i) where the term of operation expires as stipulated in the Articles of Association or other reasons for dissolution as stipulated in the Articles of Association occur;

(ii) where the general meeting resolves to dissolve by a special resolution;

(iii) where dissolution is required for the purpose of merger or division of the Company;

(iv) where the Company has run into severe adversities in operation and management, under which circumstance its continuous existence may cause heavy losses to the Shareholders' interests, and such adversities may not be solved in other ways, the Shareholders holding more than 10% of the total number of Shares carrying voting rights may apply to the people's court to dissolve the Company;

(v) where the Company is legally declared bankrupt due to its inability to repay the debts as they fall due;

(vi) where the business license of the Company is suspended or revoked, or the Company is ordered to close down in accordance with the laws.

**Article 167** Where the Company is dissolved in accordance with the provisions set forth in (i), (ii) and (iv) of Article 166 of the Articles of Association, a liquidation team shall be established within 15 days to carry out the liquidation upon the occurrence of any of the reasons for dissolution. The liquidation team shall consist of those persons determined by the Directors or the general meeting. In the event that no liquidation team is established within such period to carry out the liquidation, the creditor(s) may apply to the people's court to designate relevant persons to form a liquidation team and carry out the liquidation.

In the event that the Company is dissolved in accordance with the provision set forth in (v) of Article 166 of the Articles of Association, the people's court will instruct the Shareholders, the related authorities and related professionals to form a liquidation team to carry out the liquidation pursuant to the provisions of relevant laws.

In the event that the Company is dissolved in accordance with the provision set forth in (vi) of Article 166 of the Articles of Association, related authorities will instruct the Shareholders, the related authorities and related professionals to form a liquidation team to carry out the liquidation.

**Article 168** Where the Board decides to liquidate the Company for any reason other than the Company's declaration of its bankruptcy, the Board shall include a statement in the notice convening a general meeting for such purpose that, after performing a comprehensive investigation 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 liquidation.

Upon the passing of the special resolution to liquidate the Company at the general meeting, the functions and powers of the Board of the Company shall cease immediately.

In accordance with the instructions of the general meeting, the liquidation team shall make a report at least once every year to the general meeting on the income and expenditure of the liquidation team, the business of the Company and the progress of the liquidation process, and submit a final report to the general meeting upon completion of the liquidation process.

**Article 169** The liquidation team shall, within 10 days of its establishment, send notices to the creditors, and shall, within 60 days of its establishment, publish an announcement in newspapers or the National Enterprise Credit Information Publication System.

The creditors shall, within 30 days of receipt of the notices, or for those who have not personally received such notices, within 45 days of the date of announcement, claim their rights to the liquidation team.

In claiming their rights, the creditors shall explain the relevant matters and provide supporting materials in respect thereof. The liquidation team shall carry out registration of such creditor's rights.

In the course of claiming of creditor's rights, the liquidation team shall not make any payment to the creditors.

**Article 170** The liquidation team shall exercise the following powers during the liquidation period:

- (i) to handle the Company's assets and to prepare a balance sheet and an inventory of the assets;
- (ii) to notify creditors through notice or public announcement;

- (iii) to handle the Company's outstanding businesses related to liquidation;
- (iv) to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- (v) to claim credits and pay off debts;
- (vi) to handle the Company's remaining assets after its debts have been paid off;
- (vii) to represent the Company in civil lawsuits.

**Article 171** Upon liquidation of the Company's properties and the preparation of the balance sheet and list of assets, the liquidation team shall draw up a liquidation plan to be submitted to the shareholders' general meeting or a people's court for confirmation.

The Company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to the class and proportion of their shareholding.

The Company shall not conduct any new business activity in the course of liquidation.

**Article 172** In the event of liquidation due to dissolution of the Company, upon liquidation of the Company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation team becomes aware that the Company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

After the people's court declares the Company bankrupt, the liquidation team shall hand over the liquidation matters to the administrator designated by the people's court.

**Article 173** Following the completion of liquidation of the Company, the liquidation team shall prepare a liquidation report, a statement of income and expenditure and financial report for the liquidation period, which, after being verified by a PRC registered accountant, shall be submitted to the general meeting or relevant competent authorities for confirmation. The liquidation team shall, within 30 days after such confirmation by the general meeting or relevant competent authorities, file the above-mentioned documents to the company registration authority and apply for deregistration of the Company and publish an announcement relating to the termination of the Company.

## **Chapter 19 Procedures for Amendment of the Articles of Association**

**Article 174** The Company may amend the Articles of Association according to the provisions of laws, administrative regulations, the listing rules of the place where the Shares of the Company are listed and the Articles of Association. The amendment to the Articles of Association shall not contravene the provisions of laws and administrative regulations or the relevant provisions of the securities regulatory authority in the place where the shares of the Company are listed.



**Article 175** Any amendments to the Articles of Association shall be made through the relevant decision-making procedures and the necessary procedure in accordance with the relevant laws, administrative regulations and the provisions of the Articles of Association. Any amendment to the Articles of Association in relation to matters involving the Company's registration, the changes shall be registered in accordance with law.

## **Chapter 20 Notices and Announcements**

**Article 176** Subject to the laws, regulations and rules of the place of incorporation and listing of the Company and the relevant provisions of the stock exchange where the Shares of the Company are listed, the notice of the Company (including the communication of the Company (as defined in the Hong Kong Listing Rules)) may be served as follows:

(i) by personal delivery;

(ii) by post;

(iii) by fax or email;

(iv) by publication at the website designated by the Company and Hong Kong Stock Exchange subject to laws, administrative regulations, departmental rules, regulatory rules of the place where the Shares of the Company are listed, normative documents and the Articles of Association;

(v) by other means agreed upon by the Company or the recipient in advance or approved by the recipient after receipt of the notice;

(vi) by other means approved by the relevant regulatory authority of the place where the Shares of the Company are listed or stipulated in the Articles of Association.

The notification, data or written announcement of the general meeting should be delivered to the holders of overseas listed foreign shares in any of the following manners:

(i) such notification, data or announcement should be delivered to every holder of overseas listed foreign shares by person or by mail to the registered address of the shareholder;

(ii) publish the announcement on the website designated by the securities regulatory authority or the stock exchange of the place where the Shares of the Company are listed in accordance with applicable laws, administrative regulations and relevant listing rules;

(iii) by email;

(iv) other manners required by the stock exchange where the Shares of the Company are listed and the listing rules.

Notwithstanding any other provisions of the Articles of Association regarding to the form of the publication or serving of any document, notice or other communications, the Company may serve the communication of the Company in the form of a notice as prescribed in (iv) of the first paragraph of this Article or in other forms as prescribed by the relevant provisions of the stock exchange where the Shares of the Company are listed instead of sending the written documents by personal delivery or by prepaid posts to each holder of the overseas listed foreign shares subject to the listing rules of the stock exchange where the Shares of the Company are listed.

If the Company is authorized to give notices by advertisement, such advertisements may be published in the newspapers and there is no prohibition on giving notices to Shareholders with registered addresses outside Hong Kong.

All notices or other documents required to be sent by the Company to the Hong Kong Stock Exchange under Chapter 13 of the Hong Kong Listing Rules (notices or documents required to be sent to the Hong Kong Stock Exchange under Chapter 13 of the Hong Kong Listing Rules) shall be in English language, or accompanied by a certified English translation.

**Article 177** If notices of the Company are served by personal delivery, the date of delivery shall be the date when the addressee signs (or chops) the delivery slip; if served by post, the day of delivery shall be forty-eighth (48) hour from the date of posting at the post office; if served by fax, email or publication on the website, the date of delivery shall be the date of dispatch; if served by announcements, the date of delivery shall be the date of the first announcement. If notices of the Company are served by other means stipulated in these Articles of Association, the date of delivery shall be determined in accordance with the provisions of the laws, regulations and these Articles of Association.

**Article 178** Any notice, document, information or written statement sent by Shareholders or Directors to the Company may be sent by personal delivery or registered mail to the Company's legal address.

**Article 179** In proving that a Shareholder or Director has already sent notice, document, information or written statement to the Company, evidence shall be produced to show that such notice, document, information or written statement has been served in the manner specified in Article 176 of the Articles of Association within the specified time of delivery; in case of personnel delivery, the receipt confirmation of the Company shall be provided. If it is delivered by registered mail, only clear evidence proving that such notice, document, information or written statement has been sent to the correct address by prepaid post shall be provided.

**Article 180** By giving a written notice to the Company, holders of overseas listed foreign shares of the Company may select receiving communication of the Company to be sent to Shareholders either in electronic manner or by post. The Shareholder may also select only receive the communication in either Chinese or English or both. The Shareholder may also give a written notice to the Company in advance within a reasonable time to amend his/her choice of the mean to receive the aforesaid information and language version(s) according to the appropriate procedure.

Where relevant corporate documents must be in English accompanied by a Chinese version and be served by delivery, post, distribution, sending, announcement or other means according to the requirements of the listing rules of the stock exchange where the Shares of the Company are listed, in respect of Shareholders who under proper arrangements of the Company confirm to receive such information only in English or Chinese version, to the extent of and according to the applicable laws and regulations, the Company may send such documents in English or Chinese version to relevant Shareholders as they so wish.

## **Chapter 21 Disputes Resolution**

**Article 181** The Company complies with the following principles for dispute resolution:

(i) Any dispute or claim arising between the Company and its Directors or supervisors or senior management; the shareholders of overseas listed foreign shares and the Company; the shareholders of overseas listed foreign shares and the Directors, supervisors, general manager or other senior management of the Company; the shareholders of overseas listed foreign shares and the shareholders of unlisted shares, as well as between the shareholders of domestic shares, in respect of any rights or obligations arising from the Articles of Association, the Company Law and other relevant laws, administrative regulations, the listing rules of the place where the Company's shares are listed concerning the affairs of the Company shall be submitted by the abovementioned parties for arbitration.

When the aforesaid dispute or claim is submitted for arbitration, the entire claim or dispute shall be referred to arbitration. For any party who has a cause of action based on the same facts giving rise to the dispute or claim or who is required to participate in the settlement of the dispute or claim, if such party is the Company or a shareholder, a Director, a supervisor, general manager or any other senior management of the Company, he/she/it shall comply with the arbitration award.

Disputes relating to the definition of shareholders and register of members may be resolved without arbitration.

(ii) The claimant may elect for arbitration to be conducted at either the China International Economic or Trade Arbitration Commission in accordance with its arbitration rules, or the Hong Kong International Arbitration Centre in accordance with its arbitration rules.

Once the claimant submits a dispute or claim to arbitration, the other party must conduct arbitration at the arbitral body elected by the claimant.

If a claimant chooses for arbitration to be conducted at the Hong Kong International Arbitration Centre, either party may apply for a hearing to take place in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

(iii) For any disputes or claims of rights as mentioned in sub-article (i) above to be settled by way of arbitration, the PRC (excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan) laws shall govern, except as otherwise stipulated in laws and administrative regulations.

(iv) The award of the arbitral body shall be final and conclusive and binding on all parties.

(v) For any agreement which includes this rule of dispute resolution to be reached by Directors, supervisors or senior management and the Company, the Company represents both itself and each of the shareholders.

(vi) Any submission for arbitration shall be deemed as an authorization to arbitration tribunal for public hearing and announcement of its award.

## **Chapter 22 By-laws**

**Article 182** The Board may formulate the articles of association pursuant to the Articles of Association. The articles of association shall not conflict with the Articles of Association.

### **Article 183 Definitions**

(i) The meaning of “accounting firm” mentioned in the Articles of Association is the same as that of “auditors”.

(ii) An “effective controller” mentioned in the Articles of Association 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) The “Connected transactions” as referred to in the Articles of Association shall have the meaning given to such term in the Listing Rules of the Hong Kong Stock Exchange.

(iv) The “state” as referred to in the Articles of Association refers to the People’s Republic of China.

(v) Domestic unlisted shares include unlisted domestic shares held by domestic shareholders before overseas listing, additional unlisted domestic shares issued after overseas listing and unlisted shares held by foreign shareholders.

**Article 184** The phrases “above”, “within” and “below” as referred to in the Articles of Association are inclusive while “exceed” and “less than” are exclusive.

**Article 185** The Articles of Association shall be in Chinese. Where the articles of association in any other language or version are inconsistent with the Articles of Association, the Chinese version of the Articles of Association shall prevail.

**Article 186** Any matters unspecified in the Articles of Association shall be executed in accordance with the laws, administrative regulations and the relevant provisions of the securities regulatory authority of the place where the Company's shares are listed in combination with the actual situation of the Company. In case of any conflict between the Articles of Association and the laws, administrative regulations, relevant provisions or rules of relevant securities registration and clearing institutions, other relevant normative documents and the listing rules of the stock exchange where the Company's shares are listed from time to time, the laws, administrative regulations, relevant provisions or rules of relevant securities registration and clearing institutions, other relevant normative documents and the listing rules of the stock exchange where the Company's shares are listed shall prevail.

**Article 187** The Board of the Company is responsible for the interpretation of the Articles of Association. Any matters unspecified in the Articles of Association shall be submitted by the Board to the general meeting for consideration and approval.