

**WUXI APPTEC CO., LTD.**  
**ARTICLES OF ASSOCIATION**  
**(2019 REVISION)**

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# WuXi AppTec Co., Ltd.

## Articles of Association

### Chapter 1 General Provisions

**Article 1** To protect the legal rights and interests of the Company, shareholders and creditors, and regulate the organization and behavior of WuXi AppTec Co., Ltd. (hereinafter referred to as “the Company”), these Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as “the Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as “the Securities Law”), Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies (hereinafter referred to as “the Special Provisions”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (hereinafter referred to as “the Mandatory Provisions”), the Letter for Comments on the Amendments to Articles of Association of Companies Listed in Hong Kong (Zheng Jian Hai Han [1995] No. 1, hereinafter referred to as “Zheng Jian Hai Han”), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Listing Rules”) and other relevant regulations.

**Article 2** The Company is a joint stock company established in accordance with the Company Law, the Special Provisions and other laws, regulations and normative documents in the territory of China.

The Company was incorporated by means of sponsorship through overall restructuring and change of WuXi AppTec Ltd. It was registered in the Wuxi Administration for Industry and Commerce and received a business license (unified social credit code: 91320200724183068U) on March 01, 2017.

**Article 3** On April 13, 2018, the Company was approved by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) to issue 104,198,556 shares of RMB ordinary shares to the public for the first time. On May 8, 2018, the Company was listed on the Shanghai Stock Exchange.

On November 6, 2018, the Company was approved by CSRC to 116,474,200 shares of overseas listed foreign shares in Hong Kong (hereinafter referred to as “H-shares”) under the Global Offering and over-allotted 5,321,200 H-shares. The H-shares were listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as “HKEX”) on December 13, 2018 and January 9, 2019, respectively.

**Article 4** Registered name of the Company

Chinese name: 無錫藥明康德新藥開發股份有限公司

English name: WuXi AppTec Co., Ltd.

**Article 5** The Company's address is Mashan No. 5 Bridge, Binhu District, Wuxi City, Jiangsu Province, with a postal code of 214092. Tel: +86 (021) 2066-3091; Fax: +86 (021) 5046 3093.

**Article 6** The registered capital of the Company is RMB1,638,043,314.

**Article 7** The Company is a permanently existing joint stock company.

**Article 8** The chairman of the Company is the legal representative of the Company.

**Article 9** All assets of the Company shall be divided into equal shares. The shareholders' liabilities to the Company are limited to the shares they subscribe. The liabilities of the Company shall only be limited to all its assets.

**Article 10** The Articles of Association shall come into effect on the date when the overseas listed foreign shares of the Company are traded on HKEX after being considered and approved at the general meeting of the Company. From the effective date of the Articles of Association, the former articles of association of the Company shall automatically go out of effect.

The Articles of Association shall be a legally binding document governing the organization and conduct of the Company, and the rights and obligations between the Company and its shareholders and among shareholders since the effective date.

The Articles of Association shall be legally binding on the Company, shareholders, directors, supervisors and senior management officers. The foregoing personnel all may raise claims for rights relevant with the matters of the Company according to the Articles of Association.

According to the Articles of Association, shareholders can sue the Company, the Company can sue shareholders, and shareholders can sue shareholders, directors, supervisors, manager (president and CEO) and other senior management.

The suing stated in the preceding paragraph includes filing a lawsuit to a court or applying for arbitration to an arbitration organization.

**Article 11** Other senior management officers referred to in the Articles of Association refer to the Company's joint CEO, vice president, chief financial officer, and secretary to the Board.

**Article 12** The Company is an enterprise legal person established in the PRC in accordance with the PRC law and is subject to the jurisdiction and protection of the PRC law. In conducting business activities, the Company must abide by PRC laws, regulations and relevant requirements, observe social morality and business ethics, be honest and trustworthy, accept the supervision of the government and the public, and assume social responsibility.

**Article 13** The Company may invest in other limited liability companies and joint stock companies and is liable to the invested companies to the extent of the amount of investment. Unless otherwise specified in law, the Company may not become a capital contributor assuming joint and several liability for the debts of the invested enterprises.

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

**Article 14** Business objects of the Company

- (a) to discover prodrugs, produce and sell small molecule compounds and compound libraries by using the Company's proprietary cutting-edge combination technology, to meet the needs of pharmaceutical companies and pharmaceutical research institutions to discover prodrugs and new drugs;
- (b) to provide technical platforms, consulting services and HTS efficient screening technology services of new drug development for pharmaceutical production, development and research organizations;
- (c) to conduct technology cooperation with the pharmaceutical industry to jointly develop new drugs, assist Chinese pharmaceutical companies to break through the bottleneck of developing innovative drugs, reduce the cost of developing new drugs, shorten the cycle of new drugs release, and enhance the new drug development to the world's standard;
- (d) to protect the economic interests of shareholders, try to maintain or increase the value of the Company's assets so that shareholders can obtain satisfactory economic returns from the Company.

**Article 15** The Company's business scope registered according to law: development, research and approval of new drugs, and research and development of pharmaceutical intermediates and refined chemical products (excluding hazardous chemicals); technology development, transfer, services and consultation of pharmaceutical technology, biotechnology, combinatorial chemistry, organic chemistry, medical technology, detection technology and computer technology; wholesale of medical devices and drugs of Class I and sales of machinery and spare parts; import and export business of various commodities and technologies of its own and on agency basis (other than commodities and technologies which are restricted for business operation or prohibited for import or export by the PRC); corporate management consultation, medicine information consultation and health consultation (excluding medical treatment activities or psychological counselling); house leasing; conference and exhibition services; outward investment with own funds. (Projects subject to approval according to law may only commence operation after approval by relevant departments).

## Chapter 3 Shares

### Section 1 Share Issuance

**Article 16** The Company shall set ordinary shares at any time; and may set other classes of shares according to need upon approval of the department authorized by the State Council.

The shares of the Company shall be in the form of stocks.

**Article 17** The issuance of shares of the Company shall be subject to the open, fair and just principles, and each share of the same class shall have the same rights.

For the same class of shares issued at the same time, the issuance conditions and prices of each share shall be the same; the shares subscribed by any unit or individual shall be paid the same price per share.

**Article 18** The shares issued by the Company shall be denominated in Renminbi with a par value of RMB1 per share.

**Article 19** Upon approval of the securities regulatory authority of the State Council, the Company may issue stocks to domestic investors or overseas investors.

The overseas investors stated in the preceding paragraph refer to the investors of foreign countries and Hong Kong, Macao and Taiwan regions who subscribe the shares issued by the Company; the domestic investors stated in the preceding paragraph refer to the investors who subscribe the shares issued by the Company and are from the territory of the People's Republic of China except the regions mentioned above.

**Article 20** The shares issued by the Company to domestic investors and other qualified investors and subscribed in Renminbi are called domestic shares. The shares issued by the Company to overseas investors and subscribed in foreign currencies are called foreign shares. The foreign shares listed overseas are called overseas listed foreign shares.

The foreign currencies stated in the preceding paragraph refer to the legal tenders of other countries or regions that are accepted by national authority for foreign exchange and may be used to pay for shares to the Company except Renminbi.

The overseas listed foreign shares issued by the Company in Hong Kong refer to the stocks listed on HKEX upon approval, indicating par value in Renminbi and subscribed and traded in Hong Kong dollars.

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

**Article 21** The domestically listed domestic shares issued by the Company shall be deposited in Shanghai Branch of China Securities Depository and Clearing Co., Ltd. in a centralized way. The H-shares issued by the Company are mainly deposited in the trusted companies subordinate to Hong Kong Securities Clearing Company Ltd.

**Article 22** The name of the Company's sponsors, the number of shares subscribed, the shareholding ratio, the mode of capital contribution and the time of capital contribution are set out in the following table:

No.	Name of sponsor	Number of shares subscribed (shares)	Shareholding ratio	Mode of capital contribution	Time of capital contribution
1	G&C V Limited	41,390,100	4.4137%	Net assets converting into shares	January 31, 2017
2	G&C VI Limited	81,000,000	8.6375%	Net assets converting into shares	January 31, 2017
3	G&C VII Limited	21,435,000	2.2857%	Net assets converting into shares	January 31, 2017
4	Jiaxing Houyi Investment Partnership (Limited Partnership)	4,664,700	0.4974%	Net assets converting into shares	January 31, 2017
5	Jiaxing Houyu Investment Partnership (Limited Partnership)	4,664,700	0.4974%	Net assets converting into shares	January 31, 2017
6	Jiaxing Houzi Investment Partnership (Limited Partnership)	846,000	0.0902%	Net assets converting into shares	January 31, 2017
7	Jiaxing Houjin Investment Partnership (Limited Partnership)	846,000	0.0902%	Net assets converting into shares	January 31, 2017
8	Shanghai Houshen Investment Center (Limited Partnership)	19,445,250	2.0735%	Net assets converting into shares	January 31, 2017
9	Shanghai Houyue Investment Center (Limited Partnership)	601,500	0.0641%	Net assets converting into shares	January 31, 2017
10	Shanghai Houyuan Investment Center (Limited Partnership)	603,000	0.0643%	Net assets converting into shares	January 31, 2017

<b>No.</b>	<b>Name of sponsor</b>	<b>Number of shares subscribed (shares)</b>	<b>Shareholding ratio</b>	<b>Mode of capital contribution</b>	<b>Time of capital contribution</b>
11	Shanghai Houyong Investment Center (Limited Partnership)	801,750	0.0855%	Net assets converting into shares	January 31, 2017
12	Shanghai Houzhen Investment Center (Limited Partnership)	618,750	0.0660%	Net assets converting into shares	January 31, 2017
13	Shanghai Houyao Investment Center (Limited Partnership)	586,500	0.0625%	Net assets converting into shares	January 31, 2017
14	Shanghai Housong Investment Center (Limited Partnership)	531,750	0.0567%	Net assets converting into shares	January 31, 2017
15	Shanghai Houling Investment Center (Limited Partnership)	376,500	0.0401%	Net assets converting into shares	January 31, 2017
16	G&C IV Hong Kong Limited	59,234,400	6.3164%	Net assets converting into shares	January 31, 2017
17	WuXi AppTec (BVI)Inc.	81,000,000	8.6374%	Net assets converting into shares	January 31, 2017
18	ABG-WX Holding (HK) Limited	74,043,000	7.8955%	Net assets converting into shares	January 31, 2017
19	Glorious Moonlight Limited	88,851,600	9.4746%	Net assets converting into shares	January 31, 2017
20	HCFII WX (HK) Holdings Limited	62,725,500	6.6887%	Net assets converting into shares	January 31, 2017
21	SUMMER BLOOM INVESTMENTS (I) PTE. LTD.	81,447,300	8.6851%	Net assets converting into shares	January 31, 2017
22	Yunfeng II WX Limited	12,340,800	1.3159%	Net assets converting into shares	January 31, 2017
23	SCC Growth III Holdco B, Ltd.	12,340,800	1.3159%	Net assets converting into shares	January 31, 2017



No.	Name of sponsor	Number of shares subscribed (shares)	Shareholding ratio	Mode of capital contribution	Time of capital contribution
24	L & C Investment Limited	4,191,300	0.4469%	Net assets converting into shares	January 31, 2017
25	Eastern Star Asia Investment Limited	5,217,473	0.5563%	Net assets converting into shares	January 31, 2017
26	Fertile Harvest Investment Limited	16,464,710	1.7557%	Net assets converting into shares	January 31, 2017
27	Pearl WX HK Limited	14,808,600	1.5791%	Net assets converting into shares	January 31, 2017
28	Shanghai Jinyao Investment Management Co., Ltd.	49,362,300	5.2637%	Net assets converting into shares	January 31, 2017
29	Jiaxing Yumin Investment Partnership (Limited Partnership)	12,339,900	1.3159%	Net assets converting into shares	January 31, 2017
30	Jiaxing Yuxiang Investment Partnership (Limited Partnership)	37,021,500	3.9478%	Net assets converting into shares	January 31, 2017
31	Jiashi Kangheng (Tianjin) Investment Partnership (Limited Partnership)	71,892,000	7.6661%	Net assets converting into shares	January 31, 2017
32	Shanghai Jiehuan Investment Center (Limited Partnership)	12,340,800	1.3159%	Net assets converting into shares	January 31, 2017
33	Shanghai Yingyi Investment Center (Limited Partnership)	10,478,700	1.1174%	Net assets converting into shares	January 31, 2017
34	Guoshou Chengda (Shanghai) Health Industry Equity Investment Center (Limited Partnership)	12,500,000	1.3329%	Net assets converting into shares	January 31, 2017
35	Taikang Insurance Group Co., Ltd.	12,500,000	1.3329%	Net assets converting into shares	January 31, 2017
36	Tangshan Jingji Health Industry Fund Partnership (Limited Partnership)	3,750,000	0.3999%	Net assets converting into shares	January 31, 2017

No.	Name of sponsor	Number of shares subscribed (shares)	Shareholding ratio	Mode of capital contribution	Time of capital contribution
37	Shenzhen Pingan Real Estate Investment Co., Ltd.	5,000,000	0.5332%	Net assets converting into shares	January 31, 2017
38	LCH Investment Limited	5,130,865	0.5471%	Net assets converting into shares	January 31, 2017
39	Brilliant Rich Global limited	5,643,952	0.6018%	Net assets converting into shares	January 31, 2017
40	Ningbo Meishan Boashuigangqu Yunlong Investment Management Co., Ltd.	2,500,000	0.2666%	Net assets converting into shares	January 31, 2017
41	Shanghai Yunfeng Hengyuan Investment Center (Limited Partnership)	3,750,000	0.3999%	Net assets converting into shares	January 31, 2017
42	Ningbo Hongqi Equity Investment Partnership (Limited Partnership)	2,500,000	0.2666%	Net assets converting into shares	January 31, 2017
<b>Total:</b>		<b><u>937,787,000</u></b>	<b><u>100.0000%</u></b>	—	—

**Article 23** After establishment, the Company issued for the first time 104,198,556 domestic shares to domestic investors and other qualified investors upon approval of CSRC. After the abovementioned issuance, the total number of shares of the Company is 1,041,985,556, all being Renminbi ordinary shares.

The Company issued 121,795,400 H-shares to overseas investors in 2018 upon approval of CSRC. After the abovementioned issuance, the total number of shares of the Company is 1,170,062,286, all being ordinary shares, including 1,048,266,886 shares held by shareholders of domestically listed domestic shares, accounting for about 89.59% of the total share capital of the Company; 121,795,400 shares held by H-share shareholders, accounting for about 10.41% of the total share capital of the Company.

**Article 24** For a plan of the Company for issuance of H-shares and domestic shares approved by the securities regulatory authority of the State Council, the Board of the Company may make arrangement to issue H-shares and domestic shares respectively.

For a plan of the Company for issuing H-shares and domestic shares respectively pursuant to the provisions in the preceding paragraph, the Company may issue H-shares and domestic shares respectively within 15 months from the approval date of the securities regulatory authority of the State Council or in the valid period of the approval document.

**Article 25** Where the Company issues H-shares and domestic shares respectively within the total number of shares determined in the issuance plan, it shall float them in full in one issue respectively. If special circumstances prevent this from being realized, it may issue them in installments with the approval of the securities regulatory authority of the State Council.

## **Section 2 Changes in and Repurchase of Shares**

**Article 26** Based on the needs of operation and development, the Company may increase capital by the following means in accordance with the provisions of laws and regulations upon resolution of the shareholders' meeting:

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) placing shares to existing shareholders;
- (IV) distributing bonus shares to existing shareholders;
- (V) conversion of provident fund into share capital;
- (VI) other methods approved by laws, administrative regulations and the securities regulatory authority of the State Council.

After the Company's capital increase to issue new shares is approved according to the provisions of the Articles of Association, it shall be handled according to the relevant laws, administrative regulations, departmental rules and normative documents of the place where the stocks of the Company are listed, and the procedures specified in the listing rules of the stock exchange.

**Article 27** The Company may reduce the registered capital. The Company's reduction of registered capital shall be handled in accordance with the Company Law, other relevant regulations and the procedures stipulated in the Articles of Association.

**Article 28** Where the Company finds it necessary to reduce its registered capital, it must work out balance sheets and property inventory.

The Company shall, within ten days as of the day when the decision of reducing registered capital is made, notify the creditors and make a public announcement on a newspaper within thirty days. The creditors shall, within thirty days as of the receipt of a notice or within forty-five days as of the issuance of the public announcement if it fails to receive a notice, be entitled to require the Company to clear off its debts or to provide corresponding guarantees.

The registered capital of the Company after reducing its capital shall not be any lower than the bottom line requirement as provided for by law.

**Article 29** The Company may acquire shares of the Company in accordance with the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association in the following circumstances:

- (I) to decrease the registered capital of the Company;
- (II) to merge with another company holding shares of the Company;
- (III) to issue shares under employee stock ownership plan or as share incentives;
- (IV) It is requested by any shareholder to purchase his shares because this shareholder raises objection to the company's resolution on merger or split-up made at a general meeting of shareholders;
- (V) to satisfy the conversion of those corporate bonds convertible into shares issued by the Company with shares;
- (VI) to safeguard corporate value and the interests of the shareholders as the Company deems necessary;
- (VII) Other circumstances permitted in laws or administrative regulations.

Except for the above, the Company does not carry out activities to buy or sell shares of the Company.

**Article 30** The Company may choose one of the following ways to acquire the shares of the Company upon approval of relevant competent national authority:

- (I) to repurchase on the stock exchange by means of open trading;
- (II) to issue a repurchase offer to all shareholders at a same ratio;
- (III) to repurchase outside stock exchange in form of agreement;

(IV) other methods specified in laws and regulations and accepted by the securities regulatory authority of the State Council and other regulatory bodies.

If the Company acquires its corporate shares in accordance with Article 29 (III), (V) and (VI) of the Articles of Association, it shall be conducted through open centralized trading.

**Article 31** When the Company repurchases its shares outside stock exchange in form of agreement, it shall obtain prior approval of the general meeting according to the provisions of the Articles of Association. With the prior approval of the general meeting in a same way, the Company may cancel or modify a contract concluded in the above way, or give up any right in the contract.

The share repurchase contract in the preceding paragraph includes without limitation an agreement in which the Company agrees to assume the obligations of repurchased shares and acquire the rights of the repurchased shares.

The Company may not transfer the share repurchase contract or any rights prescribed in the contract.

**Article 32** The Company has the right to repurchase redeemable shares, but the price may not exceed a specific maximum price unless it repurchases them from the market or by means of bidding; if bidding is adopted, the bidding must be issued to all shareholders without discrimination.

**Article 33** If the Company acquires its corporate shares as described in Article 29 (I), (II) of the Articles of Association, it shall be subject to the resolution of the general meeting of shareholders. If the Company acquired its cooperate shares as described in Article 29 (III), (V) and (VI) of the Articles of Association, it shall be resolved by more than two-thirds of the directors present at a board meeting.

After the Company acquires its corporate shares in accordance with the provisions of Article 29 of the Articles of Association, the shares acquired under the circumstances of paragraph (I) shall be cancelled within ten days from the date of acquisition; the shares acquired under circumstances of paragraphs (II) and (IV) shall be transferred or cancelled within six months. After the Company acquires its corporate shares as described in Article 29 (III), (V) and (VI), the total number of corporate shares held by the Company shall not exceed 10% of the total issued shares of the Company. All corporate shares so acquired shall be transferred or cancelled within three years after the date of announcement on the repurchase and changes in share capital.

Where the Company cancels corporate shares for reason of repurchase of the shares, it shall apply for registration of change of registered capital to the original company registration authority according to law. The total par value of the cancelled shares shall be verified and reduced from the registered capital of the Company.

**Article 34** Unless the Company has entered a stage of liquidation, the Company shall comply with the following provisions when repurchasing the shares it has issued externally:

- (I) where the Company repurchases shares at a price of par value, the fund shall be deducted from the book balance of distributable profit of the Company and the proceeds of new shares issued in order to repurchase old shares;
- (II) where the Company repurchases shares at a price higher than par value, the part equivalent to par value shall be deducted from the book balance of distributable profit of the Company and the proceeds of new shares issued in order to repurchase old shares; the part higher than par value shall be handled according to the following method:
  1. where the repurchased shares were issued at a price of par value, the part shall be deducted from the balance of distributable profit of the Company;
  2. where the repurchased shares were issued at a price higher than par value, the part shall be deducted from the balance of distributable profit of the Company and the proceeds of new shares issued in order to repurchase old shares, but the amount deducted from the proceeds of new shares issued may not exceed the total amount of premium of repurchased old shares obtained at the time of issuance, or exceed the amount in the capital reserve account of the Company at the time of repurchase (including the amount of premium from issuance of new shares);
- (III) The fund the Company pays for the following purposes shall be disbursed from the distributable profit of the Company:
  1. to acquire the repurchase right for repurchase of its shares;
  2. to modify the share repurchase contract;
  3. to cancel its obligation in the repurchase contract.
- (IV) After the total par value of the cancelled shares is reduced from the registered capital of the Company according to relevant provisions, the amount deducted from distributable profit for the par value of repurchased shares shall be included in the capital reserve account of the Company.

### Section 3 Transfer of Shares

**Article 35** Unless otherwise specified in the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed, the shares of the Company are freely transferrable and are not subject to any lien.

The transfer of H-shares shall be registered in the local stock registration institution in Hong Kong authorized by the Company.

**Article 36** All the H-shares with paid-up share capital may be freely transferred in accordance with the Articles of Association; but unless the following conditions are met, the Board may refuse to admit any transfer document without stating any reason:

- (I) any transfer document and other documents that are relevant with the ownership of H-shares or will influence the ownership of H-shares must be registered. A fee for the registration must be paid to the Company according to a charge standard specified in Hong Kong Listing Rules. The fee shall not exceed the maximum rate specified in Hong Kong Listing Rules;
- (II) the instrument of transfer involves H-shares only;
- (III) the stamp duty payable by the laws of Hong Kong on the instrument of transfer has been paid;
- (IV) the relevant share certificates and evidence reasonably required by the Board and proving that the transferer has the right to transfer shares shall be provided;
- (V) if the shares are to be transferred to joint shareholders, the number of jointly registered shareholders shall not exceed four;
- (VI) the Company does not have any lien over the shares.

If the Board refuses to register share transfer, the Company shall issue a notice of refusal of share transfer to the transferer and transferees within two months from the official filing date of transfer application.

**Article 37** All the transfers of H-shares shall adopt written transfer instruments in a general or ordinary format or any other format accepted by the Board (including standard transfer format or ownership transfer form specified by HKEX from time to time); such transfer instruments may only adopt manual signing or be affixed with a valid seal of the Company (if the transferer or transferee is a company). If the transferer or transferee is a recognized clearing house defined in relevant regulations that are validated from time to time in accordance with Hong Kong law (hereinafter referred to as “recognized clearing house”) or its agent, the transfer instruments may be signed in form of manual signing or machine printing.

All the transfer instruments shall be kept at the legal address of the Company or an address designated by the Board from time to time.

**Article 38** The Company does not accept the shares of the Company as the subject of pledge rights.

**Article 39** The shares of the Company held by the sponsors shall not be transferred within one year from the date of establishment of the Company. The shares issued before the Company's public offering of shares shall not be transferred within one year from the date of the Company's shares listing on the stock exchange.

The directors, supervisors and senior management of the Company shall report to the Company the corporate shares they held and the changes thereof, and the shares transferred each year during the term of office shall not exceed 25% of the total number of shares of the same class they held in the Company; the shares they held shall not be transferred within one year from the date of the listing of the Company's shares. The above-mentioned personnel shall not transfer the shares of the Company they held within half a year after leaving the Company.

**Article 40** If the directors, supervisors, senior management of the Company and shareholders holding more than 5% of the Company's shares sell the shares of the Company they held within six months after the purchase, or purchase again within six months after sale, the proceeds thereon shall be owned by the Company and the Board of the Company will recover the proceeds. However, if a securities company holds more than 5% of the shares after purchasing the remaining shares upon public offering due to underwriting, the sale of the shares shall not be subject to a six-month time limit.

If the Company's Board does not comply with the provisions of the preceding paragraph, the shareholders shall have the right to request the Board to execute within thirty days. If the Company's Board fails to execute within the above-mentioned time limit, the shareholders shall have the right to file a lawsuit directly with the people's court in their own name for the benefit of the Company.

If the Board of the Company does not comply with the provisions of the first paragraph, the responsible directors shall bear joint and several liability according to the law.

#### **Section 4 Financial Aid for Purchase of Corporate Shares**

**Article 41** The Company or its subsidiaries (including affiliated companies of the Company) shall never provide any financial aid in any form for anyone who purchases or intends to purchase the shares of the Company. The above-mentioned buyers of the Company's shares include the people who directly or indirectly assume obligations as a result of the purchase of the Company's shares.



The Company or its subsidiaries shall never provide financial aid in any form for the above-mentioned obligors in order to reduce or relieve the obligations of the obligors.

The provisions in this article are not applicable to the circumstances described in Article 43 hereof.

**Article 42** The financial aid stated in the Articles of Association includes without limitation the following forms:

- (I) donation;
- (II) guarantee (including that the guarantor assumes responsibility or provides property to guarantee the obligor to perform its obligations), compensation (but not including the compensation arising from the own mistakes of the Company), and cancellation or waiver of rights;
- (III) provision of a loan or conclusion of a contract according to which the Company performs obligations prior to other parties, as well as change of the parties to the loan or contract, and transfer of rights in the loan or contract;
- (IV) financial aid provided in any other way under the circumstance that the Company is unable to repay debts, or does not have net assets or the net assets will be reduced significantly.

The assumption of obligations stated in this Chapter includes the obligations assumed by the obligor due to conclusion of a contract, or arrangement (whether the contract or arrangement can be executed compulsorily or not, or whether the obligations are assumed by the obligor alone or together with other people), or change of its financial situation in any other way.

**Article 43** The following acts are not deemed as the acts forbidden in Article 41 of the Articles of Association:

- (I) the financial aid provided by the Company is honestly for the interest of the Company, and its main purpose is not for purchase of the Company's shares, or the financial aid is a part attached to a general plan of the Company;
- (II) the Company uses its property as dividend and distributes it according to law;
- (III) dividend is distributed in form of shares;
- (IV) the Company reduces registered capital, repurchases shares and adjusts equity structure in accordance with the Articles of Association;

- (V) the Company provides loans for its normal business activities within its business scope (but such act shall not result in reduction of the net assets of the Company, or even if reduction is caused, the financial aid is disbursed from the distributable profit of the Company);
- (VI) the Company provides funds for the employee stock ownership plan (but such act shall not result in reduction of the net assets of the Company, or even if reduction is caused, the financial aid is disbursed from the distributable profit of the Company).

## **Section 5 Stocks and Register of Shareholders**

**Article 44** The stocks of the Company adopt a registered form.

The stocks of the Company shall state the following information:

- (I) name of the Company;
- (II) date of incorporation of the Company;
- (III) class of shares, par value and number of shares represented;
- (IV) reference number of stocks;
- (V) other information that shall be stated in accordance with the Company Law, the Special Provisions and other laws and regulations as well as the requirements of the stock exchange where the stocks of the Company are listed.

If the share capital of the Company includes shares without voting right, words “without voting right” shall be added to the name of these shares. If share capital includes shares attached with different voting rights, words “with restricted voting right” or “with limited voting right” must be added to each class of the shares (except the shares attached with the most preferential voting right).

The H-shares issued by the Company may adopt the form of overseas depository receipt or other derivative forms of stocks in accordance with Hong Kong law, the requirements of HKEX and the common practice of securities registration and depository.

**Article 45** During listing of H-shares on HKEX, the Company must ensure all listing documents of all of its securities listing on HKEX include the following statement, and must instruct and prompt its stock transfer registry to refuse registration of the subscription, purchase or transfer of its shares in the name of any particular individual holders unless and till this particular individual holder has submitted an endorsement form of these shares, which must include the following statement, to the stock transfer registry:

- (I) the share buyers and the Company as well as every shareholder thereof agree, and the Company and every shareholder thereof agree to obey and comply with the provisions of the Company Law, the Special Provisions and other relevant laws and regulations, and the Articles of Association.
- (II) the share buyers and the Company as well as every shareholder, director, supervisor, manager (president and CEO) and senior management officer of the Company agree, and the companies acting on behalf of the Company as well as every director, supervisor, manager (president and CEO) and senior management officer of the Company and every shareholder agree that the disputes or claims for rights arising from the rights or obligations specified in the Articles of Association or the Company Law or other relevant laws and administrative regulations or in connection with the affairs of the Company must be submitted to arbitration for settlement in accordance with the provisions of the Articles of Association, and any submitted arbitration must be considered to authorize the arbitral tribunal to hold public hearing and announce its arbitral award. The arbitration is final.
- (III) the share buyers and the Company as well as each of its shareholders agree that the shares of the Company may be freely transferred by the holders.
- (IV) the share buyers authorize the Company to sign contracts with every director and senior management officer on behalf of the share buyers. The directors and senior management promise they will obey and perform their duties for shareholders as specified in the Articles of Association.

**Article 46** Stocks shall be signed by the chairman of the Board. If the stock exchange where the stocks of the Company are listed requires other senior management officers of the Company to sign stocks, the stocks shall be signed by other relevant senior management officers, too. The stocks will take effect after being affixed with the seal of the Company or affixed with a seal in a printing form. Affixing the seal of the Company onto stocks shall be authorized by the Board. The signatures of the chairman or other relevant senior management officers of the Company on stocks may also adopt a printing form.

The paperless issuance and transactions of the stocks of the Company shall be governed by separate provisions of the securities regulatory authority and the stock exchange where the stocks of the Company are listed.

**Article 47** The Company shall prepare a register of shareholders, which registers the following information:

- (I) name, address (domicile), occupation or nature of every shareholder;
- (II) class and number of shares held by each shareholder;
- (III) paid or payable amount of shares held by each shareholder;
- (IV) reference number of shares held by each shareholder;
- (V) shareholder registration date of each shareholder;
- (VI) shareholder termination date of each shareholder.

Register of shareholders is sufficient evidence proving a shareholder holds shares of the Company except that contrary evidence is available.

Under the precondition of abiding by the Articles of Association and other applicable provisions, once shares of the Company are transferred, the name of the transferee of the shares will be included into the register of shareholders as the holder of the shares.

The transfer or assignment of stocks must be registered in the domestic or foreign stock ownership transfer registry authorized by the Company, and shall be recorded in the register of shareholders.

When two or more people are registered as joint shareholders of any shares, they shall be deemed as the joint holders of the shares, under the restriction of the following clause:

- (I) the Company shall not register more than four people as joint shareholders of any shares;
- (II) all the joint shareholders of any shares must jointly and separately assume the responsibility for paying the total amount payable of the shares;
- (III) if one of the joint shareholders is deceased or cancelled, only other remaining joint shareholders shall be deemed by the Company as the people entitled to ownership over the shares, but the Board shall have the right to require provision of death or cancellation certificates of related shareholders with regard to the modification of the register of shareholders if it considers appropriate;

- (IV) among the joint shareholders of any shares, only the one who ranks first in the register of shareholders has the right to collect the stocks of relevant shares from the Company and receive notices or other documents of the Company. The delivery of any notice to the above-mentioned person shall be deemed that the notice has been delivered to all joint shareholders of the shares. Every joint shareholder may sign a proxy form, but if there is more than one joint shareholder present either in person or by an appointed representative, then the vote given by a joint shareholder with higher priority, either in person or by a representative, must be accepted as the sole vote representing other joint shareholders. In this regard, the priorities of the shareholders must be subject to the ranking of joint shareholders of the relevant shares in the register of shareholders of the Company; and
- (V) if any of the joint shareholders sends a receipt to the Company for any dividend, bonus or capital return paid to the joint shareholders, it shall be deemed as a valid receipt sent by the joint shareholders to the Company.

**Article 48** The Company may, based on the understanding or agreement reached between the securities regulatory authority of the State Council and overseas securities regulatory authority, store the register of shareholders of overseas listed foreign shares abroad, and authorize an overseas agency to manage it. The original of the register of shareholders of overseas listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall keep the duplicate of the register of shareholders of overseas listed foreign shares in the domicile of the Company; the authorized overseas agency shall guarantee the consistence between the original and duplicate of the register of shareholders of overseas listed foreign shares all the time.

In case of inconsistency, the original shall prevail.

**Article 49** The Company shall keep a complete register of shareholders. The register of shareholders shall include the following parts:

- (I) the register of shareholders kept in the domicile of the Company except those specified in items (II) and (III) of this article;
- (II) the register of shareholders of overseas listed foreign shares of the Company kept in the place where the stock exchange for overseas listing is located;
- (III) the register of shareholders that the Board decides to store in other places for the need of stock listing of the Company.

**Article 50** The parts of the register of shareholders shall not overlap with each other. If the shares registered in a part of the register of shareholders are transferred, they shall not be registered in other parts of the register of shareholders in the registration period of the shares.

The modification or correction of each part of the register of shareholders shall be conducted in accordance with the law of the place where the part of the register of shareholders is kept.

**Article 51** Within thirty days before convention of a general meeting or within five (5) days before the base date of dividend distribution decided by the Company, no change of registration of the register of shareholders arising from share transfer shall be conducted. The aforesaid provision shall apply to holders of H Shares.

**Article 52** Where anyone objects to the register of shareholders and requires registering his/her/its name in the register of shareholders, or removing his/her/its name from the register of shareholders, he/she/it may apply for correcting the register of shareholders to the court with jurisdiction.

**Article 53** Where any shareholder registered in the register of shareholders or anyone requiring registering his/her/its name in the register of shareholders loses stocks, he/she/it may apply for reissuance of new stocks regarding the shares (i.e., “relevant shares”) to the Company.

Where a shareholder of domestic shares loses stocks and applies for reissuance, the matter shall be handled according to the provisions of Article 143 of the Company Law.

Where a shareholder of overseas listed foreign shares loses stocks and applies for reissuance, the matter may be handled in accordance with the laws and regulations of the place where the original of the register of shareholders of overseas listed foreign shares is stored, the rules of the stock exchange, or other relevant regulations.

Where a shareholder of H-shares loses stocks and applies for reissuance, the reissuance of stocks shall meet the following requirements:

- (I) the applicant shall file an application in a standard format designated by the Company and attached with a notarial certificate or statutory declaration document. The content of the notarial certificate or statutory declaration document shall include reason for the application of the applicant, situation and evidence of stock loss, and declaration that nobody else may require being registered as a shareholder of the relevant shares.
- (II) before the Company decides to reissue new stocks, it does not receive a declaration on requiring being registered as a shareholder of the shares from anyone except the applicant.

- (III) before the Company decides to reissue new stocks to the applicant, it shall publish an announcement on intention for reissuance of new stocks on the newspapers and periodicals designated by the Board; the period of announcement is ninety days, and the announcement shall be republished at least once every thirty days.
- (IV) before the Company publishes an announcement on intention for reissuance of new stocks, it shall submit a duplicate of the announcement to be published to the stock exchange where it is listed. After receiving the reply of the stock exchange and confirming that the announcement has been displayed in the stock exchange, the Company may publish the announcement. The period of display of the announcement in the stock exchange is ninety days.  
  
If the application for stock reissuance is not agreed by the registered shareholders of relevant shares, the Company shall mail the photocopies of the announcement to be published to the shareholders.
- (V) after the ninety-day period of announcement and display specified in (III) and (IV) of this article expires, if the Company does not receive objection to stock reissuance from anybody, it may reissue new stocks according to the application of the applicant.
- (VI) when the Company reissues new stocks according to the provisions of this article, it shall immediately cancel the original stocks and register the cancellation and reissuance in the register of shareholders.
- (VII) the applicant shall bear all the expenses of the Company on cancellation of original stocks and reissuance of new stocks. Before the applicant provides reasonable guarantee, the Company shall have the right to refuse to take any action.

**Article 54** After the Company reissues stocks according to the provisions of the Articles of Association, the names of bona fide purchasers obtaining the aforesaid new stocks or the shareholders subsequently registered as owners of the shares (if they are bona fide purchasers) shall not be deleted from the register of shareholders.

**Article 55** The Company has no obligation to indemnify any party who suffer loss from cancellation of original stocks or reissuance of new stocks, unless the party can prove the Company has fraudulent conduct.

## Chapter 4 Shareholders and the General Meeting

### Section 1 Shareholders

**Article 56** The shareholders of the Company are the people who hold shares of the Company according to law and their names are registered in the register of shareholders.

The shareholders enjoy rights and fulfill obligations as per the class and proportion of the shares they hold; the same class of shares represent the same rights and the same obligations.

The Articles of Association and the resolutions of the general meeting or the board meeting shall be in compliance with laws and regulations and shall not deprive or restrict any legal rights of shareholders. The corporate governance of the Company shall focus on the protection of the interests of the shareholders and legitimate rights of medium and minority shareholders.

**Article 57** When the Company convenes a general meeting, distributes dividends, undergoes liquidation and engages in other activities requiring the identification of shareholders, the Board or the convener of the general meeting shall decide the equity registration date. Shareholders whose names appear on the register at the close of trading on the equity registration date shall be the shareholders enjoying relevant rights and interests.

**Article 58** The shareholders of ordinary shares of the Company shall have the following rights:

- (I) to receive dividends and profit distributions in any other form in proportion to the shares they hold;
- (II) to lawfully require, convene, preside over or attend general meetings either in person or by proxy and exercise the corresponding voting right;
- (III) to supervise, present suggestions on or make inquiries about the operations of the Company;
- (IV) to transfer, gift or pledge their shares in accordance with the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed, and the Articles of Association;



(V) to acquire relevant information according to the provisions of the Articles of Association, including:

1. the Articles of Association obtained after paying the cost;
2. after paying reasonable fees, have the right to consult and reproduce:
  - (1) the whole and all parts of register of shareholders;
  - (2) the personal data of the directors, supervisors, manager (president and CEO) and other senior management officers of the Company, including: (a) present and past name and alias; (b) main address (domicile); (c) nationality; (d) full-time and all other part-time occupations and positions; (e) identity document and number.
  - (3) share capital situation of the Company;
  - (4) report on the total par value, quantity, the highest price and the lowest price of every class of shares the Company has repurchased since the previous fiscal year, as well as all the expenses that the Company has paid for them (classified as domestic shares and foreign shares);
  - (5) stubs of corporate bonds;
  - (6) minutes of general meetings (for reference of shareholders only), special resolutions of the Company, resolutions of Board meetings and resolutions of Supervisory Committee meetings;
  - (7) financial and accounting reports;
  - (8) duplicate of annual report for the recent year that has been submitted to the company registration authority and other competent authorities.

The Company must prepare the documents in above items (1), (3), (4), (6) and (8) and any other applicable documents at the Hong Kong address of the Company according to the requirements of Hong Kong Listing Rules, for free reference of the public and shareholders (except minutes of general meetings available for shareholders only), and after charging reasonable fees, allow shareholders to reproduce the documents.

(VI) in the event of the termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the shares held by them;

(VII) to require the Company to buy their shares in the event of their objection to resolutions of the general meeting concerning merger or division of the Company;

(VIII) to enjoy other rights stipulated by the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed or the Articles of Association.

Where any person directly or indirectly owning rights and interests does disclose his/her rights and interests to the Company, the Company shall not therefore exercise any power to freeze or impair in other ways any rights attached to the shares held by the person.

**Article 59** If any shareholder proposes to inspect the relevant information mentioned in the preceding article or asks for information, the said shareholder shall provide the Company with written documents bearing evidence of the class and number of shares held by the said shareholder, and the Company will provide the information as required by the said shareholder upon verification of the said shareholder's identity.

The Company shall establish effective channels of communication with shareholders and safeguard the rights of shareholders to acknowledge, participate in decision-making of and supervise major events of the Company.

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

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

**Article 61** If any director or senior management officer violates the laws, administrative regulations or the Articles of Association in fulfilling their duties, thereby incurring any loss to the Company, the shareholder(s) severally or jointly holding 1% or more shares of the Company for no less than 180 days continuously shall have the right to submit a written request to the Supervisory Committee to institute legal proceedings to the people's court; if the Supervisory Committee violates the laws, administrative regulations or the Articles of Association in fulfilling its duties, thereby incurring any loss to the Company, the shareholders shall have the right to request the Board in writing to institute legal proceedings to the people's court.

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

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

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

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

- (I) to observe the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association;
- (II) to pay capital contribution as per the shares subscribed for and the method of subscription;
- (III) not to withdraw shares unless in the circumstances stipulated by laws and administrative regulations;
- (IV) not to abuse shareholder's right to harm the interests of the Company or other shareholders; not to abuse the Company's position as an independent legal person or shareholder's limited liability protection to harm the interests of the creditors of the Company;

If any shareholder of the Company abuses his/her shareholder's right, thereby causing any loss to the Company or other shareholders, the said shareholder shall be liable for compensation according to law.

If any shareholder of the Company abuses the Company's position as an independent legal person or shareholder's limited liability protection for the purpose of evading repayment of debts, thereby seriously damaging the interests of the creditors of the Company, the said shareholder shall bear joint and several liabilities for the Company's debts.

- (V) to fulfil other obligations stipulated by the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association.

Except for the conditions the share subscribers agree to at the time of subscription, shareholders do not assume any subsequently added responsibility for share capital.

**Article 64** If any shareholder holding more than 5% voting shares of the Company pledges the said voting shares, the said shareholder shall submit a written report to the Company on the date on which the said pledge is executed.

**Article 65** Except the obligations required in the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed, when the controlling shareholder exercises its power of shareholder, it shall not make any decision detrimental to the interests of all or some of shareholders on the following issues in order to exercise its voting right:

- (I) exempt the responsibility of directors and supervisors for acting in the best interest of the Company;
- (II) approve directors and supervisors (for its own or others' interests) to deprive the Company of property in any form, including (but not limited to) any opportunity favorable to the Company;
- (III) approve directors and supervisors (for its own or others' interests) to deprive other shareholders of personal rights and interests, including (but not limited to) any right of distribution and voting right, but not including restructuring of the Company submitted to and adopted by the general meeting according to the Articles of Association.

**Article 66** The controlling shareholders and de facto controllers of the Company shall not use the connected relations to the detriment of the interests of the Company; otherwise, they shall be liable for compensation for any loss incurred to the Company.

The controlling shareholders and de facto controllers of the Company shall perform fiduciary duty to the Company and general public shareholders thereof. The controlling shareholders shall exercise capital contributors' rights in strict accordance with laws, shall not damage the legitimate rights and interests of the Company and general public shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation, loan and guarantee and shall not abuse their controlling status to damage the interests of the Company and general public shareholders.

The Company shall not provide the shareholders or de facto controllers with funds, commodities, services or other assets gratis or on manifestly unfair terms; shall not provide funds, commodities, services or other assets to the shareholders or de facto controllers who are noticeably unable to make repayment; shall not provide guarantee to the shareholders or de facto controllers who are noticeably unable to make repayment or provide guarantee to the shareholders or de facto controllers without justifiable reasons; and shall not, without justifiable reasons, relinquish creditor's rights against the shareholders or de facto controllers or assume debts of the shareholders or de facto controllers. Such transactions as provision of funds, commodities, services or other assets between the Company and the shareholders or de facto controllers shall be deliberated by the Board and the general meeting in strict accordance with the decision-making policies for connected transactions as set out in the Articles of Association.

## Section 2 General Provisions for General Meetings

**Article 67** The general meeting shall be the organ of authority of the Company and shall exercise the following functions and powers according to the laws:

- (I) to decide on the Company's business policy and investment plans;
- (II) to elect and replace directors and supervisors who are not employee representatives, and determine the remunerations of directors and supervisors;
- (III) to consider and approve the reports of the Board;
- (IV) to consider and approve the reports of the Supervisory Committee;
- (V) to consider and approve the Company's annual financial budgets, final accounts and annual reports;
- (VI) to consider and approve the Company's profit distribution plan and loss recovery plan;
- (VII) to resolve on increase or decrease of the registered capital of the Company;
- (VIII) to resolve on issuance of corporate bonds and other securities and listing;
- (IX) to resolve on the merger, division, dissolution, liquidation or transformation of corporate form of the Company;
- (X) to amend the Articles of Association;
- (XI) to resolve on appointment, dismissal or no further appointment of the Company's accounting firm;
- (XII) to consider the proposals of shareholders severally or jointly holding above 3% of the shares of the Company with voting right;
- (XIII) to consider and approve material transactions specified in Article 68;
- (XIV) to consider and approve guarantees stipulated in Article 69;
- (XV) to consider any connected transaction (excluding the provision of guarantee by the Company, receipt by the Company of cash donation, and any transaction that simply relieves the Company of obligatory debt) between the Company and the connected parties, the amount of which is more than RMB30 million and which accounts for more than 5% of the absolute value of the latest audited net assets of the Company;

- (XVI) to consider the Company's purchase or sale of major assets within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company;
- (XVII) to consider and approve matters relating to the changes in the use of proceeds from share offerings;
- (XVIII) to consider equity incentive plans;
- (XIX) to resolve on the acquisition of corporate shares as described in **Article 29** (I) and (II) of the Articles of Association;
- (XX) to consider and approve the matters relating to purchase of liability insurance for directors and senior management;
- (XXI) to consider other matters which, in accordance with the laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the stocks of the Company are listed or the Articles of Association, shall be approved by the general meeting.

Where the general meeting authorize the Board to excise certain powers, the details of the authorization shall be clearly specified. The legal functions and powers of general meetings shall not be delegated through authorization to the Board or any other institution or individual.

**Article 68** The Company's transactions (excluding the provision of guarantee, receipt of cash donation, and any transaction that simply relieves the Company of obligatory debt) meeting one of the following standards shall be submitted to the general meeting for consideration upon consideration and approval by the Board:

- (I) the total asset value involved in the transaction (the higher of the book value and the assessed value as the case may be) accounts for more than 50% of the latest audited total assets of the Company;
- (II) the concluded transaction amount (including debts and expenses undertaken) accounts for more than 50% of the latest audited net assets of the Company, with the absolute amount of more than RMB50 million;
- (III) the transaction profit accounts for more than 50% of the audited net profit of the Company in the most recent fiscal year, with the absolute amount of more than RMB5 million;
- (IV) the related operating income of the transaction subject (e.g. equity) in the most recent fiscal year accounts for more than 50% of the audited operating income of the Company in such fiscal year, with the absolute amount of more than RMB50 million;

- (V) the related net profit of the transaction subject (e.g. equity) in the most recent fiscal year accounts for more than 50% of the audited net profit of the Company in such fiscal year, with the absolute amount of more than RMB5 million.

If the data involved in the above index calculation is negative, the absolute value of the data shall be taken.

**Article 69** The following external guarantees of the Company shall be considered and approved by the general meeting:

- (I) any guarantees provided by the Company and its holding subsidiaries after the total amount of external guarantees has reached or exceeded 50% of the net assets in the latest audited consolidated financial statements;
- (II) the accumulated amount of guarantee within 12 consecutive months exceeding 30% of the total assets in the latest audited consolidated financial statements of the Company;
- (III) the accumulated amount of guarantee within 12 consecutive months exceeding 50% of the net assets in the latest audited consolidated financial statements of the Company, with the absolute amount of more than RMB50 million;
- (IV) guarantee for guarantee objects whose liability-asset ratio exceeds 70%;
- (V) a single guarantee with the amount exceeding 10% of the net assets in the latest audited consolidated financial statements;
- (VI) guarantee provided to shareholders, de facto controllers and their connected parties;
- (VII) other external guarantees that shall be submitted to the general meeting for consideration as required in the laws, administrative regulations, departmental rules, regulatory documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed.

“External guarantees” and “guarantees” mentioned in this article refer to guarantees provided by the Company to others, including guarantees provided by the Company to its holding subsidiaries.

External guarantees to be considered at the general meeting as specified in this article shall be considered and approved by the Board before submission to the general meeting for consideration.

**Article 70** General meetings are classified into annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year within six months from the end of the previous fiscal year.

**Article 71** In any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of the occurrence of the circumstance:

- (I) when the number of directors falls short of the statutory minimum specified in the Company Law or is less than two thirds of the number specified in the Articles of Association;
- (II) when the unrecovered losses of the Company amount to one third of the total paid-up share capital;
- (III) when shareholders severally or jointly holding more than 10% shares of the Company request in writing to hold such meeting;
- (IV) when the Board deems it necessary;
- (V) when the Supervisory Committee proposes to hold such a meeting;
- (VI) other circumstances as stipulated in the laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the stock exchange in the place where the stocks of the Company are listed or the Articles of Association.

The number of shares held as described in Item (III) above shall be calculated as per the shares of the Company held by the shareholder on the date when such written request is made by such shareholder.

**Article 72** The venue of the general meeting of the Company shall be the domicile of the Company or principal place of business of the Company (or its subsidiary) otherwise determined by the Company.

General meetings shall be held onsite at the venue prepared in advance. The vote shall be made at the meeting. The Company will also provide online voting method for its shareholders to conveniently participate in general meetings. Shareholders participating in a general meeting by the aforementioned means shall be deemed to have attended such meeting. The time and venue of meeting shall be convenient for shareholders' participation. The Company shall ensure legitimacy and effectiveness of the general meeting and facilitate the shareholders' participation in the meeting. Reasonable time for discussion shall be allocated to each resolution proposed at the general meeting.



**Article 73** When holding a general meeting, the Company shall engage lawyers to give legal opinions and make an announcement on the following matters:

- (I) whether the procedures of convening and holding the meeting comply with the laws, administrative regulations and the Articles of Association;
- (II) whether the qualifications of the attendees and the convener of the meeting are lawful and valid;
- (III) whether the voting procedure and results of the meeting are lawful and valid;
- (IV) legal opinions on other relevant matters upon request by the Company.

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

**Article 74** Independent directors shall have the right to propose to the Board to hold an extraordinary general meeting. The Board shall, pursuant to relevant laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association, give a written reply on whether or not it agrees to hold such an extraordinary general meeting within ten days after receipt of the proposal of the independent director to hold such a meeting.

If the Board agrees to hold the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. If the Board does not agree to hold the extraordinary general meeting, it shall give the reasons and publish an announcement in respect thereof.

**Article 75** The Supervisory Committee shall have the right to propose to the Board to hold an extraordinary general meeting, and shall put forward such proposal to the Board in writing. The Board shall, pursuant to relevant laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association, give a written reply on whether or not it agrees to hold such an extraordinary general meeting within ten days after receipt of the proposal.

If the Board agrees to hold the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Any change to the original proposal set forth in the notice shall be subject to approval by the Supervisory Committee.

If the Board does not agree to hold the extraordinary general meeting or fails to give a written reply within ten days after receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the extraordinary general meeting, and the Supervisory Committee may convene and preside over the meeting by itself.

**Article 76** Shareholder(s) severally or jointly holding more than 10% shares of the Company shall have the right to request the Board to hold an extraordinary general meeting or class meeting, and shall put forward such request to the Board in writing and state the topic of the meeting. The Board shall, pursuant to relevant laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association, give a written reply on whether or not it agrees to hold such an extraordinary general meeting or class meeting within ten days after receipt of the request.

Where the Board agrees to hold the extraordinary general meeting or class meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Any change to the original request set forth in the notice shall be subject to approval by the relevant shareholders.

If the Board does not agree to hold the extraordinary general meeting or class meeting or fails to give a written reply within ten days after receipt of the request, shareholder(s) severally or jointly holding more than 10% shares of the Company shall be entitled to propose to the Supervisory Committee to hold an extraordinary general meeting or class meeting, and shall put forward such request to the Supervisory Committee in writing.

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

If the Supervisory Committee fails to serve the notice of general meeting or class meeting within the prescribed period, it shall be deemed as failing to convene and preside over the general meeting or class meeting. The shareholder(s) severally or jointly holding more than 10% shares of the Company for more than ninety consecutive days may convene and preside over the meeting by themselves.

**Article 77** Where the Supervisory Committee or shareholders decide to convene a general meeting by itself/themselves, it/they shall notify the Board in writing and file with the local office of the securities regulatory authority of the State Council in the locality of the Company and with the stock exchange in the place where the stocks of the Company are listed.

Prior to the announcement of the resolution of the general meeting, the shareholding of shareholders who convene the meeting shall not be less than 10%.

The Supervisory Committee and the convening shareholders shall, upon issuing a notice of general meeting and announcing the resolution thereof, submit the relevant documentation to the local office of the securities regulatory authority of the State Council in the locality of the Company and to the stock exchange in the place where the stocks of the Company are listed.

**Article 78** With regard to the general meeting convened by the Supervisory Committee or shareholders on its/their own initiative, the Board and its secretary shall offer cooperation. The Board shall provide a register of shareholders as of the equity registration date. Where the Board does not provide a register of shareholders, the convener may apply for obtaining it to the securities registration and clearing institution in the place where the stocks of the Company are listed by providing relevant announcement on convention of a general meeting. The register of shareholders obtained by the convener may not be used for other purposes except convention of a general meeting.

**Article 79** If the Supervisory Committee or shareholders itself/themselves convene a general meeting, the expenses necessary for the meeting shall be borne by the Company and set off against sums owned by the Company to the defaulting directors.

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

**Article 80** The content of a proposal shall be determined by the general meeting, have definite topics and specific resolutions, and shall comply with the relevant provisions of the laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association.

**Article 81** Where the Company convenes a general meeting, the Board, Supervisory Committee, and shareholder(s) severally or jointly holding more than 3% shares of the Company shall have the right to make proposals to the Company.

Shareholder(s) severally or jointly holding more than 3% shares of the Company may submit written provisional proposals to the convener ten days before a general meeting is convened. The convener shall serve a supplementary notice of general meeting within two days after receipt of the proposals and announce the contents of the provisional proposals.

Save as specified in the preceding paragraph, the convener shall not change the proposals set out in the notice of general meeting or add any new proposal after the said notice is served.

Proposals not set out in the notice of general meeting or not complying with Article 80 of the Articles of Association shall not be voted or resolved at the general meeting.

**Article 82** When the Company is to convene a general meeting, it shall send written notice to all shareholders whose names appear on the register of shareholders forty-five days prior to the date of the general meeting, specifying the matters to be considered and the date and place of the meeting. Shareholders who intend to attend the general meeting shall send a written reply on their intention to attend the meeting to the Company twenty days prior to the date of meeting.

The aforesaid “forty-five days” or “twenty days” period counted by the Company shall not include the day on which the meeting is convened, but shall include the day on which the notice is issued.

**Article 83** The Company calculates the number of voting shares represented by the shareholders intending to attend the meeting according to the written replies received twenty days prior to the convention of the general meeting. When the number of voting shares represented by the shareholders intending to attend the meeting exceeds a half of the total number of shares of the Company with voting right, the Company may hold the general meeting; if not, the Company shall, within five days, inform the matters to be considered at the meeting, and the date and place of the meeting to the shareholders again in form of announcement. After the notice, the Company may convene the general meeting.

No matters not stated in the notice shall be resolved at an extraordinary general meeting.

**Article 84** The notice of a general meeting shall meet the following requirements:

- (I) the notice is in a written form;
- (II) it specifies the time, place and period of the meeting;
- (III) it describes the matters and proposals submitted to the meeting for consideration;
- (IV) it provides shareholders with the information and explanations that are needed for the shareholders to make wise decisions on the matters to be discussed; this principle includes without limitation: when the Company proposes merger, share repurchase, reorganization of share capital or other restructuring, the notice shall provide the concrete conditions and contracts (if any) for the proposed transactions, and carefully explain the causes and effects;
- (V) if any director, supervisor, manager (president and CEO) or other senior management officer has important interest relation with a matter to be discussed, the nature and degree of the interest relation shall be disclosed; if the impact of the matter to be discussed on the said director, supervisor, manager (president and CEO) or other senior management officer as a shareholder is different from the impact on other shareholders of a same class, their difference shall be explained;
- (VI) the notice shall state the full text of any special resolution to be proposed and approved at the meeting;
- (VII) the notice shall state in explicit words: all shareholders are entitled to attend the general meeting and appoint proxies in writing to attend and vote at such meeting and that such proxies need not be shareholders of the Company;
- (VIII) the notice shall state the delivery time and place of the power of attorney for voting at the meeting;

- (IX) the notice shall designate the equity registration date of shareholders entitled to attend the general meeting; the interval between equity registration date and meeting date shall be not more than seven workdays. Equity registration date once determined may not be changed;
- (X) the notice shall indicate name and telephone number of the permanent contact person of the meeting.

Where a general meeting is held over network or other means, the notice of general meeting shall specify the voting time and voting procedure of other means.

Notices or supplementary notices of general meetings shall adequately and completely disclose the specific contents of all proposals as well as all the data or explanations that help the shareholders to make reasonable judgment on the matters to be discussed. Where the opinions of an independent director are required on the matters to be discussed, such opinions and reasons thereof shall be disclosed when the notices or supplementary notices of general meetings are served.

**Article 85** If the election of directors or supervisors is proposed to be discussed at a general meeting, the notice of such meeting shall adequately disclose the detailed information of the candidates for directors or supervisors, which information shall at least include:

- (I) personal particulars, including educational background, work experience, and part-time jobs;
- (II) whether one has any connected relations with the Company, its controlling shareholders and de facto controllers;
- (III) the number of shares of the Company one holds;
- (IV) whether one has been punished by the securities regulatory authority of the State Council or any other relevant authority or the reprimand of the stock exchange;
- (V) the information of the directors or supervisors appointed, or reappointed or transferred that must be disclosed according to the provisions of Hong Kong Listing Rules.

Unless a director or supervisor is elected via the cumulative voting system, each candidate for director or supervisor shall be proposed via a single proposal.

**Article 86** Unless otherwise specified in the laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed or the Articles of Association, the notice of a general meeting shall be sent out to shareholders (whether they have voting rights at the general meeting or not) by a specific person or by post-paid mail. The addresses of the recipients are subject to the addresses registered in the register of shareholders. For shareholders of domestic shares, the notice of a general meeting may also be sent out in form of announcement.

The announcement stated in the preceding paragraph shall be published on one or multiple periodicals designated by the securities regulatory authority of the State Council in the period of 45 ~ 50 days prior to the convention of the meeting. Once the announcement is published, it shall be deemed that all the shareholders of domestic shares have received the notice of the general meeting.

Under the precondition of conforming to relevant provisions of laws and regulations, meeting the requirements of the listing rules of the stock exchange in the place where the stocks of the Company are listed and performing relevant procedures, the Company may also send the notice of a general meeting to H-share shareholders by means of publishing the notice on the website of the Company and the websites designated by HKEX or in other ways permitted by Hong Kong Listing Rules and the Articles of Association, instead of sending the notice to H-share shareholders by a specific person or by post-paid mail.

**Article 87** After the notice of general meeting is issued, the same meeting shall not be postponed or cancelled and the proposals set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefore at least two workdays prior to the date on which the meeting is originally scheduled.

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

**Article 88** The Board of the Company or any other convener shall take necessary measures to ensure the proper order of the general meeting. The Board or any other convener shall take measures to stop any act disturbing the general meeting, seeking trouble or infringing upon the legitimate rights and interests of shareholders, and shall report such act to the relevant authority for investigation and treatment.

**Article 89** All common shareholders or their proxies in the register of shareholders on the equity registration date shall be entitled to attend the general meeting and exercise their voting rights according to relevant laws, administrative regulations, departmental rules, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association.

The shareholders that have the right to attend general meetings and exercise voting rights may attend and vote at general meetings either in person or by one or multiple proxies (the proxies may be not shareholders). The proxy of the shareholder may exercise the following rights according to the authorization of the shareholder:

- (I) the right of the shareholder to speak at the general meeting;
- (II) to require alone or together with others voting by ballot;
- (III) to exercise the voting right, but if more than one shareholder proxy is appointed, the shareholder proxies may exercise voting right only in form of ballot.

If the shareholder is a recognized clearing house defined by relevant laws or regulations of the place where the stocks of the Company are listed or an agent thereof, it may authorize one or more people it deems appropriate to act as its representatives at any general meeting or class meeting; but, if more than one person is authorized, the power of attorney shall state the number and class of shares involved by each of the authorized persons. The power of attorney shall be signed by a person authorized by the recognized clearing house. The authorized persons may attend meetings (without presenting proof of shareholding, notarized authorization and/or further evidence to prove they have obtained official authorization) and exercise rights on behalf of the recognized clearing house (or its agent), as if the persons are individual shareholders of the Company.

**Article 90** An individual shareholder attending a general meeting in person shall present his/her identity card or other valid identity certificates or share account card; a proxy attending a general meeting on behalf of an individual shareholder shall present his/her identity card and power of attorney of the shareholder.

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

**Article 91** A shareholder shall authorize a proxy in a written form, with the signature of the principal or the proxy authorized by it in a written form. If the principal is a legal person, the legal person seal or the signature of its director or officially authorized proxy shall be affixed.

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

- (I) the name of the proxy;
- (II) number of shares of the principal represented by the proxy;

- (III) whether or not the proxy has any voting right;
- (IV) directive to vote for or against or abstain from voting on each and every matter under consideration included in the agenda of the general meeting;
- (V) the date of issue and validity period of the power of attorney;
- (VI) signature (or seal) of the principal. If the principal is a corporate shareholder, the corporate seal shall be affixed.

**Article 92** Any format of power of attorney sent by the Board of the Company to shareholders for appointing shareholder proxies shall enable the shareholders to freely select instructing the shareholder proxies to cast affirmative or negative votes, and give instructions on the matters to be voted at every topic of the meeting. A power of attorney shall state clearly that the proxy shall be entitled to vote or not at his discretion in the absence of specific instructions from the shareholder.

**Article 93** The power of attorney for voting shall be prepared at the Company's domicile or at such other place as specified in the notice of the meeting at least 24 hours prior to the convention of the meeting at which the power of attorney authorizes to vote, or 24 hours prior to the designated voting time. The notarized power of attorney and other authorization documents shall, together with the power of attorney for voting, be deposited at the Company's domicile or at such other place as specified in the notice of the meeting.

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

**Article 94** Where the principal is deceased, or loses capacity for act, or withdraws appointment, or withdraws the authorization to endorse appointment, or relevant shares have been transferred before voting, as long as the Company does not receive written notice on such matter before commencement of the meeting, the vote made by the shareholder proxy according to the power of attorney shall be still valid.

**Article 95** Attendees' register shall be prepared by the Company. The attendees' register shall state the names (or names of the corporations), identification card number and the address of the attendees, the number of voting shares held or represented, names of the principals (or names of the corporations) and so on.

**Article 96** The convener and the lawyer appointed by the Company shall jointly verify the validity of the shareholders' qualifications based on the register of shareholders provided by the securities registration and clearing organization, and shall register the names of the shareholders as well as the number of their voting shares. The registration for a meeting shall be completed before the presider announces the number of shareholders and proxies that attend the meeting and the total number of their voting shares.



**Article 97** All directors, supervisors and secretary to the Board shall attend general meetings of the Company, and the manager (president and CEO) and other senior management officers shall be present at the meetings.

**Article 98** General meetings shall be convened by the Board. General meetings shall be presided over by the chairman. Where the chairman cannot or does not fulfil the duty thereof, more than half of the directors may jointly elect a director to preside over the meeting.

A general meeting convened by the Supervisory Committee itself shall be presided over by the chairman of the Supervisory Committee. Where the chairman of the Supervisory Committee cannot or does not fulfil the duty thereof, more than half of the supervisors may jointly elect a supervisor to preside over the meeting.

A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener. If for any reason, the convener is unable to elect a representative as a presider to preside over the meeting, the shareholder holding the most voting shares among the conveners (including shareholder proxy) shall act as the presider to preside over the meeting.

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

**Article 99** The Company shall formulate rules of procedure for general meetings defining in details the convening and voting procedure of general meetings, covering notification, registration, consideration of proposal, voting, counting of votes, announcement of voting result, formation of resolution, meeting minutes and signing thereof and announcement, and the principle and contents of authorization of the Board on general meetings. The rules of procedure for general meetings shall be appendix to the Articles of Association and shall be formulated by the Board and approved on the general meeting.

**Article 100** The Board and the Supervisory Committee shall report their work in the preceding year at the annual general meeting. The Board and the Supervisory Committee shall report their fulfillment of duties, the evaluation results of their performance and remuneration to the general meeting. The above details shall also be disclosed by the Company. Every independent director shall also make his work report.

**Article 101** Directors, supervisors and senior management officers shall make explanations in relation to the inquiries and suggestions made by shareholders at general meetings.

**Article 102** The presider shall, prior to voting, declare the number of attending shareholders and their proxies as well as the total number of their voting shares, and the number of attending shareholders and their proxies and the total number of their voting shares shall be as recorded in the meeting's register.

**Article 103** Minutes of a general meeting shall be kept by the secretary to the Board. The minutes of the meeting shall specify:

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

**Article 104** The convener shall ensure the minutes of the meeting are true, accurate and complete. The attending directors, supervisors, secretary to the Board, convener or representative thereof, and presider shall sign the minutes of the meeting. The minutes of the meeting, the signed attendance record of those shareholders on the spot and the power of attorney for attendance by proxy, and the valid information relating to the voting over network or other means shall be kept for 10 years.

**Article 105** Shareholders may consult the photocopies of minutes of meetings for free in the office hours of the Company. If any shareholder asks for the photocopy of relevant meeting minutes to the Company, the Company shall send the photocopy within seven days after receipt of reasonable fee.

**Article 106** The convener shall ensure that a general meeting is held continuously until final resolutions are arrived at. If the general meeting is terminated or fails to reach any resolution due to force majeure or for other special reasons, the convener shall take necessary measures to resume the general meeting as soon as possible or directly terminate the general meeting and make a responsive announcement. Meanwhile, the convener shall report to the local office of the securities regulatory authority of the State Council in the locality of the Company and the stock exchange in the place where the stocks of the Company are listed.

## Section 6 Voting and Resolutions of General Meetings

**Article 107** Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions shall be passed by votes representing more than half of the voting rights held by shareholders (including proxies thereof) attending the general meeting.

Special resolutions shall be passed by votes representing more than two thirds of the voting rights held by shareholders (including proxies thereof) attending the general meeting.

**Article 108** The following matters shall be approved by ordinary resolutions at a general meeting:

- (I) work reports of the Board and the Supervisory Committee;
- (II) the Company's profit distribution plan and loss recovery plan;
- (III) appointment and dismissal of the members of the Board and the Supervisory Committee, their remunerations and the method of payment thereof;
- (IV) the Company's annual budgets, final accounts, balance sheets, income statements and other financial statements;
- (V) the Company's annual reports;
- (VI) material transactions specified in Article 68 of the Articles of Association;
- (VII) external guarantees specified in Article 69 of the Articles of Association (excluding Item (II));
- (VIII) any connected transaction (excluding the provision of guarantee by the Company, receipt by the Company of cash donation, and any transaction that simply relieves the Company of obligatory debt) between the Company and the connected parties, whose amount is more than RMB30 million and accounts for more than 5% of the absolute value of the latest audited net assets of the Company;
- (IX) consideration and approval of matters relating to the changes in the use of proceeds from share offerings;
- (X) resolution on appointment or dismissal of the Company's accounting firm;
- (XI) other matters than those that should be passed by special resolutions pursuant to laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed or the Articles of Association.

**Article 109** The following matters shall be approved by special resolutions at a general meeting:

- (I) increase or decrease of the registered capital of the Company and issuance of any class of stocks, stock warrants and other similar securities;
- (II) issuance of corporate bonds;
- (III) division, merger or transformation of organizational form of the Company;
- (IV) termination, dissolution, liquidation or extension of business term of the Company;
- (V) amendment to the Articles of Association;
- (VI) the Company's purchase, sale of major assets or guarantee within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company;
- (VII) equity incentive plans;
- (VIII) the acquisition of the corporate shares of the Company in accordance with Articles 29 (I) and (II) of the Articles of Association;
- (IX) any other matter specified in the laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed or the Articles of Association and confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by special resolutions.

**Article 110** Shareholders (including proxies thereof) shall exercise their voting rights as per the voting shares they represent. Each share carries the right to one vote.

Votes for medium and small investors shall be separately counted when any material matter affecting their interests is considered at the general meeting. The separate counting results shall be disclosed timely and publicly in accordance with relevant laws, regulations and the listing rules of the stock exchange in the place where the stocks of the Company are listed.

Any material matter affecting the interests of medium and small investors mentioned in the preceding paragraph refers to any matter on which the independent directors shall provide independent opinions, and the aforesaid medium and small investors are shareholders other than the Company's directors, supervisors, senior management officers and shareholder(s) severally or jointly holding more than 5% (inclusive) shares of the Company.

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

The Board, independent directors and qualified shareholders may publicly collect voting rights from shareholders. They shall adequately disclose specific information including voting intents to the persons whose voting rights are collected when collecting voting rights from shareholders. It is prohibited to collect voting rights from shareholders with compensation or compensation in disguised form. The Company and the convener of the general meeting shall not set minimum shareholding percentage limit for collection of voting rights. The collection of voting rights shall be conducted free of charge and shareholders whose voting rights are being collected shall disclose information of specific voting preferences. Paid or indirectly paid collection of voting rights is not permitted.

**Article 111** When a connected transaction is considered at a general meeting, connected shareholders shall not vote, and the voting shares they represent shall not be counted in the total number of valid voting shares; the announcement of any resolution made at the general meeting shall adequately disclose information relating to voting by non-connected shareholders.

**Article 112** The Company shall provide convenience for shareholders to attend general meetings by whatever means including giving priority to the use of modern IT means such as online voting platform, provided that the general meeting shall be held legally and validly.

**Article 113** Unless the Company is in a crisis or any special circumstance, the Company may not enter into any contract with anyone other than a director, manager (president and CEO) or other senior management officer to have all or significant part of the Company's business in the care of the said person, unless with the approval by special resolutions at a general meeting.

**Article 114** List of nominations for the candidates for directors or supervisors shall be submitted by way of proposal at general meetings for voting. The Board shall provide shareholders with the brief biographies and background information of the candidates for directors or supervisors. The election of directors and supervisors shall sufficiently take into account the opinions of medium and minority shareholders.

The general meeting shall adopt the cumulative voting system if more than two directors or supervisors are to be elected. The cumulative voting system mentioned in the preceding paragraph means that when directors or supervisors are being elected at a general meeting, each share has as many voting rights as the number of candidates for directors or supervisors, and the shareholders' voting rights may be used in a concentrated manner. The above voting shall be made as follows:

- (I) The total number of valid votes casted by each shareholder attending the meeting in election of directors or supervisors shall be equal to the number of voting shares held by the shareholder multiplied by the number of directors or supervisors to be elected;
- (II) Each shareholder may cast all his votes on single candidate for director or supervisor or spread his votes on different candidates for director or supervisor;

(III) Votes for single candidate of director or supervisor may be more or less than the number of voting shares held by the shareholder, which do not need to be integral multiples of the number of his shares. However, the accumulative number of the votes for all candidates for directors or supervisors shall not exceed the entitled total number of the valid voting rights;

After completion of voting, all the candidates for directors or supervisors shall be elected in descending order according to the number of votes they received, upon the capped number of directors or supervisors to be elected.

The specific issues of the cumulative voting system shall comply with the Rules for the Implementation of the Cumulative Voting System of WuXi AppTec Co., Ltd.

**Article 115** Save under the cumulative voting system, the general meeting shall resolve on all the proposals separately; in the event of several proposals for the same matter, such proposals shall be voted on and resolved in the order of time at which they are submitted. Unless the general meeting is terminated or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the general meeting.

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

**Article 117** The same voting right can only be exercised in only one form: onsite, over the network, or otherwise. Where the same voting right is exercised more than once, the voting result of the first time shall prevail.

**Article 118** Unless the listing rules of the stock exchange and/or relevant laws and regulations in the place the shares of the Company are listed have different requirements or unless the following people request to vote by ballot before or after voting by show of hands, the general meeting shall vote by show of hands:

- (I) presider of the meeting;
- (II) at least two shareholders with voting right or their proxies;
- (III) one or several shareholders (including shareholder proxies) severally or jointly holding above 10% (inclusive) of the voting shares at the meeting.

Unless somebody proposes voting by ballot, the presider will announce the proposal approval situation based on the results of voting by show of hands and record the results in the meeting minutes as final evidence, and does not have to prove the number or proportion of affirmative or negative votes on the resolutions passed at the meeting.

The request for voting by ballot may be withdrawn by the proposer.

**Article 119** If the matter on which voting by ballot is requested is to elect a meeting presider or discontinue the meeting, voting by ballot shall be conducted at once; for other matters on which voting by ballot is requested, the meeting presider will decide on when to conduct the voting, and the meeting may be continued to discuss other matters, and the voting results will still be deemed as resolutions passed at the meeting.

**Article 120** During voting by ballot, the shareholders (including shareholder proxies) with two or more votes don't have to cast all votes yes or all votes no.

**Article 121** When the number of negative votes is equal to the number of affirmative votes, the shareholder as the meeting presider has the right to cast one more vote.

**Article 122** Before proposals are voted on at the general meeting, two shareholders' representatives shall be elected to count and monitor counting of the votes. Where any shareholder has interests in any matter considered, the said shareholder and proxy thereof shall not participate in counting and monitoring of votes.

When proposals are voted on at the general meeting, the lawyer, shareholders' representative and supervisors' representative shall be jointly responsible for the counting and monitoring of the votes and shall announce the voting results on the spot, which voting results shall be recorded in the meeting minutes.

Shareholders or proxies thereof voting over the network or other means shall have the right to check their voting results via the corresponding voting system.

**Article 123** A general meeting shall not conclude earlier at the venue than over the network or otherwise, and the presider shall announce the voting result of every proposal and announce whether the proposal is passed or not according to the voting result. His decision is final and shall be announced at the meeting and recorded in the meeting minutes.

Before the voting result is announced, the relevant parties including the Company, counting officer, monitoring officer, major shareholders and network service provider involved at the venue, over the network or otherwise shall have the confidentiality obligation.

**Article 124** A shareholder attending a general meeting shall express one of the following opinions on any proposal to be voted on: pro, con or abstention. The securities registration and clearing organization shall be the nominal holder of shares under the Mainland China and Hong Kong Stock Connect scheme, except where declaration is made in accordance with the actual holder's intent.

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

If Hong Kong Listing Rules stipulate that any shareholder must waive its voting right on a specific matter to be resolved, or limit any shareholder to voting for (against) a specific matter to be resolved, and the shareholder violates such stipulation or limitation, the votes cast by the shareholder or proxy thereof shall not be counted.

**Article 125** If the presider has any doubt as to the result of a resolution which has been put to vote at the general meeting, he may have the votes counted. If the presider has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the presider may, immediately after the declaration of the result, demand that the votes be counted and the presider shall have the votes counted immediately.

If votes are counted at the general meeting, the counting result shall be recorded in the meeting minutes.

**Article 126** Resolutions of the general meeting shall be announced in due time. The announcement shall specify the number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of the voting shares of the Company, the voting method, the voting result for every proposal and the details of each of the resolutions passed.

**Article 127** Where a proposal has not been passed or the resolutions of the preceding general meeting have been changed at the current general meeting, special mention shall be made in the announcement of the resolutions of the general meeting.

**Article 128** Where a proposal on election of directors or supervisors is passed at the general meeting, the directors elected or supervisors elected shall take office on the date when the resolution is passed at the general meeting, save as otherwise specified by the general meeting.

**Article 129** Where a proposal on cash dividends, bonus shares or increase of equity capital by way of transfer from capital reserves is passed at the general meeting, the Company shall implement the specific scheme within two months after conclusion of the general meeting.

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

**Article 130** Those shareholders who hold different classes of shares are class shareholders.

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

Except the holders of other classes of shares, shareholders of domestic shares and shareholders of H-shares are considered different classes of shareholders.

If appropriate, the Company shall ensure enough voting rights of the shareholders of preferred shares.



**Article 131** Rights conferred on any class shareholders may not be varied or abrogated save with the approval of a special resolution of shareholders in a general meeting and by relevant class shareholders at a separate meeting conducted in accordance with **Article 133** to 137 of the Articles of Association.

**Article 132** The following circumstances shall be deemed to be variation or abrogation of the rights attaching to a particular class shareholder:

- (I) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having voting or distribution rights or other privileges equal or superior to those of shares of that class;
- (II) to exchange all or part of the shares of that class for shares of another class or to exchange or to create a right to exchange all or part of the shares of another class for shares of that class;
- (III) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of that class;
- (IV) to reduce or remove preferential rights attached to shares of that class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (V) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of that class;
- (VI) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of that class;
- (VII) to create a new class of shares having voting or distribution rights or other privileges equal or superior to those of the shares of that class;
- (VIII) to restrict the transfer or ownership of shares of that class or to increase the types of restrictions attaching thereto;
- (IX) to grant share subscription options or share conversion options of shares of that class or another class;
- (X) to increase the rights or privileges of shares of another class;
- (XI) to restructure the Company in such a way so as to result in the disproportionate distribution of obligations between the various classes of shareholders;
- (XII) to vary or abrogate the provisions of this section.

**Article 133** Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, shall have the right to vote at class meeting in respect of matters concerning items (II) to (VIII) and (XI) to (XII) of **Article 132** of the Articles of Association, but interested shareholder(s) shall not be entitled to vote at such class meetings.

(An) interested shareholder(s), as such term is used in the preceding paragraph, means:

- (I) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of public dealing on a securities exchange pursuant to Article 30 of the Articles of Association, a controlling shareholder within the meaning of Article 296 of the Articles of Association;
- (II) in the case of a repurchase of shares by an off-market agreement pursuant to Article 30 of the Articles of Association, a shareholder related to such agreement;
- (III) in the case of a restructuring of the Company, a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on other shareholders of that class under the proposed restructuring or who has an interest different from the interests of other shareholders of that class.

**Article 134** Resolutions of a class of shareholders shall be passed by affirmative votes representing more than two-thirds of the voting rights of shareholders of that class present at the relevant meeting who, according to Article 133, are entitled to vote thereat.

**Article 135** Written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders forty-five (45) days before the date of the class meeting. Such notice shall give such shareholder notice of the matters to be considered at such meeting and the date and place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply in respect thereof to the Company twenty (20) days before the date of the class meeting.

If the shareholders who intend to attend such class meeting represent more than half of the total number of shares of that class which have the right to vote at such meeting, the Company may hold the class meeting; otherwise, the Company shall within five (5) days give the shareholders further notice of the matters to be considered and the date and place of the class meeting by way of public announcement. The Company may then hold the class meeting after such further notice has been given by public announcement.

If the listing rules of the stock exchange in the place where the stocks of the Company are listed have special provisions, the special provisions shall prevail.

**Article 136** Notice of class meetings need only be served on shareholders entitled to vote thereat.

Class meetings shall be conducted in a manner which is as similar as possible to that of shareholders' general meetings. The provisions of the Company's Articles of Association relating to the manner for the conduct of shareholders' general meetings are also applicable to class meetings.

**Article 137** The special procedures for approval by a class of shareholders shall not apply in the following circumstances:

- (I) where the Company issues, upon the approval by special resolution of its general meeting, domestic shares and overseas listed foreign shares either separately or concurrently once every twelve months, which do not exceed 20% of the existing domestic shares and 20% of the existing overseas listed foreign shares respectively;
- (II) where the Company's plan to issue domestic shares and overseas listed foreign shares is completed within fifteen months from the date of approval of the securities regulatory authority of the State Council or in the valid period of its approval document.

## **Chapter 5 Board of Directors**

### **Section 1 Directors**

**Article 138** Directors shall be elected or replaced at general meetings and shall each serve a term of three years. A director may seek re-election upon expiry of the said term. A director, before his term of office expires, may be dismissed by the general meeting. However, the general meeting of shareholders may remove any director before the expiration of the term of office in the form of ordinary resolution subject to the relevant laws and regulations in the place where the stocks of the Company are listed as well as the listing rules of the stock exchange (however, the claim for damages in accordance with any contract is not affected).

The term of a director shall start from the date on which the said director assumes office to the expiry of the current Board. If the term of office of a director expires but re-election is not made responsively, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, departmental rules, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association until a new director is elected.

The Company shall enter into contracts with directors to specify the rights and obligations of the Company and directors, the term of office of directors, the liabilities of directors in case of breach of laws, regulations and the Articles of Association and the compensation from the Company in case of early termination of such contracts by the Company.

A director may serve concurrently as manager (president and CEO) or other senior management officers, but the directors serving concurrently as such and directors who are employee representatives shall not be more than half of the directors of the Company.

It is not necessary for directors to hold shares of the Company.

**Article 139** Directors shall observe laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association, and fulfil the following obligations of honesty to the Company:

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

Earnings obtained by directors counter to the provisions herein shall belong to the Company, and shall be liable for compensation for any loss incurred to the Company.

**Article 140** Directors shall observe laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association, and fulfill the following obligations of diligence to the Company:

- (I) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with State laws, administrative regulations and economic policies, not beyond the business scope specified in the business license of the Company;
- (II) to treat all shareholders impartially;
- (III) to keep informed of the business operations and management of the Company;
- (IV) to sign written confirmations of the regular reports issued by the Company and to ensure the information disclosed by the Company is true, accurate and complete;
- (V) to honestly provide the Supervisory Committee with relevant information, and not to prevent the Supervisory Committee or supervisors from exercising their functions and powers;
- (VI) to fulfill other obligations of diligence stipulated by laws, administrative regulations, departmental rules, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association.

**Article 141** The method and procedure for nominating directors are:

- (I) the candidates for directors (excluding independent directors) of the Board shall be nominated by the Board or shareholder(s) severally or jointly holding more than 3% of the total number of the voting shares of the Company, and shall be elected at a general meeting of the Company.
- (II) the candidates for independent directors shall be nominated in the way and procedure as specified by laws, administrative regulations, departmental rules, the listing rules of the stock exchange in the place where the stocks of the Company are listed or the Articles of Association.
- (III) the written notice on intention for nominating candidates for directors and candidates' willingness to accept the nominations shall be sent to the Company no earlier than the issue date of the notice of the general meeting and no later than the 14th day prior to the convention of the general meeting. The Company shall give relevant nominees and candidates for directors at least seven days to submit the aforesaid notice and document (this period is calculated from the day after the issue date of the notice of the general meeting). The candidates for directors who accept the nominations shall promise that the information publicly disclosed about them is true and complete, and that they will diligently fulfill the duties as directors if elected;

**Article 142** If any director fails to attend Board meetings in person or by proxy for two consecutive times, the said director shall be deemed incapable of performing his duties, and the Board shall suggest that the general meeting dismiss the said director.

**Article 143** A director may resign from his office prior to the expiry of his term of office and shall tender a written resignation to the Board. The Board will disclose relevant information within two days.

If any director resigns so that the membership of the Board falls short of the quorum, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, departmental rules, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association until a new director is elected.

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

Under the precondition of not violating relevant laws, regulations and regulatory rules in the place where the stocks of the Company are listed, if the Board appoints a new director to fill the casual vacancy on the Board or as an addition to the existing Board, the term of office of this appointed director shall end upon the next annual general meeting of the Company, and the said director shall be qualified for reelection and renewal thereat. All the directors appointed to fill causal vacancies shall accept shareholder election at the first general meeting after acceptance of the appointment.

**Article 144** If resignation of a director takes effect or if his term of office expires, the said director shall go through all handover formalities with the Board. The obligations of honesty of a director towards the Company and the shareholders do not necessarily cease within the reasonable period after the expiry of his term of office. The obligations of confidentiality in respect of trade secrets of the Company survive the expiry of his term of office until such trade secrets become publicly known. Other obligations may continue for such period as the principle of fairness may require.

**Article 145** Save as specified in the Articles of Association or properly authorized by the Board, no director shall act on behalf of the Company or the Board in his personal name. If a director acts in his own name but a third party may reasonably think the said director is acting on behalf of the Company or the Board, the said director shall make a prior statement of his standpoint and capacity.

**Article 146** If any director violates the laws, administrative regulations and departmental rules in the place where the stocks of the Company are listed or the Articles of Association in fulfilling his duties, thereby incurring any loss of the Company, the said director shall be liable for compensation.

## Section 2 Independent Directors

**Article 147** The Company shall establish an independent director system. At least one third of the membership of the Board shall be independent directors, which shall include at least one accountant. The composition of independent directors shall also comply with the listing rules of the stock exchange in the place where the stocks of the Company are listed.

**Article 148** Independent directors shall fulfil the obligations of honesty and diligence to the Company and all the shareholders thereof. Independent directors shall, pursuant to the relevant laws and the Articles of Association, independently perform their duties, to fully understand the operation of the Company and the details of the proposals of Board meeting and protect the interests of the Company and shareholders as a whole, in particular the legitimate rights and interests of the minority shareholders. In case of disagreement between shareholders and directors which may have material effects on the operation of the Company, independent directors shall perform their duties and protect the interest of the Company as a whole. Independent directors shall perform duties independently and shall not be influenced by the Company's major shareholders, de facto controllers or other units or persons having interest relations with the Company. The Company shall ensure that the independent directors may perform their duties in accordance with laws. An independent director may basically serve concurrently as independent director in at most five listed companies and shall ensure that they have sufficient time and energy to effectively fulfil duties as independent directors.

**Article 149** An independent director shall meet the following basic conditions:

- (I) having the qualifications as director of listed companies in accordance with the laws, administrative regulations and other relevant provisions;
- (II) having the basic knowledge about operations of listed companies, and proficient in relevant laws, administrative regulations and rules;
- (III) having the independence as required by the laws and regulations;
- (IV) having more than five years' experience in legal and economic work or other work required for fulfilling duties as independent director;
- (V) other conditions specified in the Articles of Association.

**Article 150** Independent directors shall not hold any other positions other than members of special committees of the Board. Independent directors shall not have any relationship with the Company and substantial shareholders which may hinder their independent and objective judgement.

**Article 151** The term of office of independent directors is the same as other directors, and the term is renewable upon re-election when it expires, but the renewed term shall not exceed six years.

Independent directors may submit the resignation before expiration of the term of office. In resigning his duties, an independent director shall tender a resignation to the Board in writing and specify any matter which is related to his resignation or which he considers necessary to bring to the attention of the Company's shareholders and creditors.

If any independent director resigns so that the number of independent directors or the membership of the Board falls short of the minimum number specified in the Articles of Association or the quorum, such resignation shall not become effective until the vacancy is filled up by a succeeding director. If the independent directors of the Company at any time do not meet the requirements for the number of people, qualification or independence specified in Hong Kong Listing Rules, the Company must inform HKEX immediately, and explain the details and reason by means of announcement, and shall, within three months after non-compliance with the relevant provisions, appoint enough independent directors to meet the requirements of Hong Kong Listing Rules.

**Article 152** An independent director shall work for the Company for at least 15 workdays every year, including attending general meetings, Board meetings and meetings of special committees, examination of the establishment and implementation of systems for production and operation, management and internal control and execution of Board resolutions, discussion with the management on operation and on-site study of material investments, production and construction projects, and shall work in the office of the Company for at least 10 workdays every year.

**Article 153** An independent director shall have the following special powers in addition to the powers stipulated by the Articles of Association:

- (I) significant connected transaction (identified according to the standard required by the stock exchange in the place where the stocks of the Company are listed, the same below) shall first be approved by independent directors and then discussed by the Board; before making a judgment, the independent directors may appoint an intermediary qualified for conducting securities and futures businesses to provide independent financial and advisory reports as a basis for their judgment;
- (II) to propose to appoint or dismiss the accounting firm and to give prior approval for appointment or dismissal of the accounting firm by the Company;
- (III) to propose to convene an extraordinary general meeting;
- (IV) to propose to convene a Board meeting;
- (V) to openly collect voting rights from shareholders before a general meeting is held



- (VI) to independently appoint an external auditing organ and advisory organ to audit and advise on specific matters of the Company if necessary;
- (VII) to enjoy other rights stipulated by laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association.

Independent directors shall seek the consent of more than half of all the independent directors before exercising the powers under (I)–(V) above and shall seek the consent of all the independent directors before exercising the powers under (VI) above. The reasonable expenses incurred from engaging intermediaries or professionals or other reasonable expenses required for duty performance by independent directors shall be borne by the Company.

**Article 154** Independent directors shall give objective, fair and independent opinions on the matters discussed by the general meeting or the Board of the Company. Especially, they shall give opinions to the general meeting or the Board in relation to the following matters:

- (I) external guarantee;
- (II) material connected transactions;
- (III) work out of profit distribution policy, profit distribution plan and cash distribution plan;
- (IV) nomination, appointment and dismissal of directors;
- (V) appointment or dismissal of senior management officers;
- (VI) remunerations and equity incentive plans for directors and senior management officers;
- (VII) changes in the use of proceeds;
- (VIII) workout of plan for conversion of capital reserve into share capital;
- (IX) changes in accounting policies and accounting estimates or correction of significant accounting errors resulting from reasons other than changes in accounting standards;
- (X) production of nonstandard unqualified audit opinions by certified public accountants on the financial reports of the Company;
- (XI) appointment and dismissal of the accounting firm;
- (XII) acquisition by the Company's management;

- (XIII) material asset restructuring of the Company;
- (XIV) share repurchase by the Company by means of centralized bidding;
- (XV) internal control evaluation report of the Company;
- (XVI) plan for change of undertakings made by the Company to related parties;
- (XVII) existing or new loan transactions involving a total amount of more than RMB3,000,000 or more than 5% of the latest audited net assets of the Company between the Company's shareholders, de facto controllers and connected enterprises thereof and the Company or other financial transactions, and whether the Company has taken effective measures to collect outstanding receivables;
- (XVIII) other matters which independent directors deem likely to damage the rights and interests of the Company, creditors and minor shareholders;
- (XIX) other matters stipulated by laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association or ascertained by the securities regulatory authority of the State Council.

**Article 155** At the annual general meeting of the Company, independent directors shall submit their yearly work reports, make a statement on their fulfilment of duties, and pay special attention to the internal control and standardized operation of listed companies, protection of rights and interests of medium and small investors, and other matters relating to the governance of the Company.

**Article 156** Independent directors are entitled to appropriate allowances from the Company, unless otherwise specified by laws and policies. Other than that, independent directors shall not obtain any other additional and undisclosed interests including equity incentives from the company they work in and its affiliated enterprises, controlling shareholders or other interested institutions and persons. The standard of allowances shall be formulated by the Board, and considered and approved by the general meeting.

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

**Article 157** The Company shall have a Board of Directors (“the Board”) which shall be accountable to the general meeting and responsible for implementing resolution(s) of the general meeting.

**Article 158** The Board shall comprise 12 directors, including 5 independent directors. The Board shall have one chairman.

The composition of the Board shall be in compliance with laws and regulations and have reasonable professional structure. The members of the Board shall acquire necessary knowledge, techniques and qualification for performing the duties. The Company shall encourage diversified composition of the Board.

**Article 159** The Board shall 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 resolve on or make material amendments to 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 the proposals for increase or decrease of the Company’s registered capital, and proposals for issue of bonds, other securities and listing;
- (VII) to formulate proposals for material acquisitions, purchase of shares of the Company as described in Articles 29 (I) and (II) of the Articles of Association, merger, division, dissolution or transformation of the Company;
- (VIII) to decide on the external investment, purchase and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, etc. within the authority granted by the general meeting;
- (IX) to decide on the establishment of the Company’s internal management bodies;
- (X) to appoint or dismiss the Company’s manager (president and CEO), and secretary to the Board; to appoint or dismiss the Company’s joint CEO, vice president, chief financial officer and other senior management officers as nominated by the manager (president and CEO) and decide on their remunerations, rewards and punishments;

- (XI) to formulate the Company's fundamental management system;
- (XII) to formulate the proposals for any amendment to the Articles of Association;
- (XIII) to manage matters relating to information disclosure of the Company;
- (XIV) to propose to the general meeting to appoint or replace the accounting firm which audits the Company's accounts;
- (XV) to listen to the work reports of the Company's manager (president and CEO) and examine the work thereof;
- (XVI) to formulate the equity incentive plan of the Company;
- (XVII) to resolve the acquisition of the shares of the Company as described in Article 29 (III), (V) and (VI) in the Articles of Association;
- (XVIII) to exercise other functions and powers as stipulated by laws, administrative regulations, departmental rules, the listing rules of the stock exchange in the place where the stocks of the Company are listed or the Articles of Association.

Other than the resolutions of the Board in respect of the matters specified in items (VI), (VII) and (XII) of this Article and other matters which shall be passed by the affirmative vote of more than two-thirds of all directors as provided by laws, administrative regulations, departmental rules, listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association, the resolutions of the Board in respect of all other matters may be passed by the affirmative vote of a simple majority of all the directors.

Matters beyond the scope of authorization of the general meeting to the Board shall be submitted to the general meeting for consideration.

Subject to the approval of a majority of directors, the Board may authorize the chairman of the Board to exercise certain powers of the Board during the closing period of the Board meeting. However, major matters of the Company shall be resolved by all members of the Board. No authorization shall be granted to the chairman of the Board and manager (president and CEO) to exercise powers that shall be exercised by the Board in accordance with laws.

The Board shall perform its duties in accordance with laws and ensure the Company to be in compliance with laws and regulations and the Articles of Association. All shareholders shall have equal rights and the Board shall safeguard the legal rights of other stakeholders.

The Company shall ensure that the Board performs its duties in accordance with laws, regulations and the Articles of Association and provide all necessary conditions to the Board for performing its duties.

**Article 160** 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 four (4) months before this disposal proposal exceeds 33% of the value of fixed assets indicated in the balance sheet latest audited by 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 a fixed asset in this article includes the act of transferring asset interests, but excludes the act of providing guarantee by using a fixed asset.

The validity of the Company's transaction for disposal of a fixed asset is not affected by the violation of the first clause of this article.

**Article 161** The Board shall make explanations to the general meeting in relation to the nonstandard audit opinions produced by certified public accountants on the financial reports of the Company.

**Article 162** The Board shall formulate rules of procedure for Board meetings to ensure execution of resolutions of the general meeting, enhance the work efficiency, and ensure scientific decision making of the Board.

**Article 163** The Board may establish special committees such as strategy committee, audit committee, nomination committee, and remuneration and evaluation committee according to relevant resolutions of the general meeting. The special committees shall be accountable to the Board and perform duties in accordance with the Articles of Association and the authorization of the Board, and their proposals shall be submitted to the Board for consideration and approval. All of the special committees shall consist of directors. In the audit committee, nomination committee, and remuneration and evaluation committee, independent directors shall be the majority and shall act as conveners, the audit committee shall at least include one accountant as independent director, and the convener shall be an accounting professional. The Board shall formulate the rules of procedures of the special committees to regulate their operation.

Special committees may engage intermediaries to provide professional opinions. Expenses required for duty performance by special committees shall be borne by the Company.

**Article 164** The Board shall determine the authorization relating to external investment, purchase and disposal of assets, asset mortgage, external guarantee, consigned financial management and connected transactions, and shall establish strict examination and decision making procedure; and organize relevant experts and professionals to make assessments on material investment projects and report to the general meeting for approval.

**Article 165** Transactions (excluding connected transactions and provision of guarantee) of the Company meeting any of the following standards shall be submitted to the general meeting for consideration:

- (I) the total asset value involved in the transaction (the higher of the book value and the assessed value as the case may be) accounts for more than 10% of the latest audited total assets of the Company;
- (II) the concluded transaction amount (including debts and expenses undertaken) accounts for more than 10% of the latest audited net assets of the Company, with the absolute amount of more than RMB10 million;
- (III) the transaction profit accounts for more than 10% of the audited net profit of the Company in the most recent fiscal year, with the absolute amount of more than RMB1 million;
- (IV) the related operating income of the transaction subject (e.g. equity) in the most recent fiscal year accounts for more than 10% of the audited operating income of the Company in the most recent fiscal year, with the absolute amount of more than RMB10 million;
- (V) the related net profit of the transaction subject (e.g. equity) in the most recent fiscal year accounts for more than 10% of the audited net profit of the Company in the most recent fiscal year, with the absolute amount of more than RMB1 million.

If the data involved in the above index calculation is negative, the absolute value of the data shall be taken.

Connected transactions (excluding provision of guarantee by listed companies) between the Company and a connected natural person involving more than RMB300,000 and connected transactions (excluding provision of guarantee by listed companies) between the Company and a connected legal person involving more than RMB3 million and accounting for more than 0.5% of the absolute value of the latest audited net assets of the Company shall be submitted to the Board for deliberation.

“Transactions” as mentioned in this article include the purchase or disposal of assets; external investment (including consigned financial management, consigned loan, etc.); provision of financial assistance; lease of assets; asset and business management as consignor or consignee; donating or taking of assets; credit and debt reorganization; conclusion of franchise agreements; transfer of research and development projects as transferor or transferee, etc.

The aforesaid purchase or disposal of assets excludes asset purchase or disposal relating to daily business operations such as purchase of raw materials, fuels and power or sale of products and goods, but still includes asset purchase or disposal involved in asset swap.

The amounts of transactions as mentioned in this article shall be calculated with reference to the relevant provisions in Chapter 9 of the Listing Rules of Shanghai Stock Exchange.

**Article 166** Any secured transactions of the Company shall be submitted to the Board or the general meeting for deliberation and be disclosed timely. Guarantee related affairs within the scope of authority of the Board shall be subject to the approval of more than half of all the directors and more than two thirds of the attending directors.

**Article 167** The chairman of the Board shall be elected and removed by more than half of all the directors.

**Article 168** The chairman of the Board shall exercise the following functions and powers:

- (I) to preside over general meetings and to convene and preside over Board meetings;
- (II) to supervise and inspect the implementation of resolutions passed by the Board;
- (III) to sign the securities certificates issued by the Company;
- (IV) to exercise other functions and powers conferred by the Board.

**Article 169** If the chairman is unable or fails to perform his duties, a director shall be elected jointly by more than half of the directors to perform such duties.

**Article 170** The Board discuss matters through Board meetings. Board meetings include regular meetings and provisional meetings.

**Article 171** Regular Board meetings shall be held at least four times a year, and shall be convened by the chairman, with written notice of meeting sent to all the directors and supervisors fourteen days in advance.

**Article 172** Provisional Board meetings may be convened upon proposal by shareholders representing at least one tenth of the total voting rights, by at least one third of the directors, by at least a half of the independent directors, by the Supervisory Committee, or by manager (president and CEO). The chairman shall convene and preside over a Board meeting within ten days after receipt of the proposal.

The chairman may, when considering it necessary, decide to convene and preside over a provisional Board meeting.

Where the securities regulator requires the Company to convene a provisional Board meeting, the chairman shall convene and preside over a Board meeting within ten days after receipt of the requirement from the securities regulator.

**Article 173** A notice of provisional Board meetings shall be sent to all the directors and supervisors by letter, fax, email or other means 5 days in advance. Where a provisional Board meeting needs to be convened in emergency, the notice of meeting may be sent at any time by telephone or by other verbal means, but the convener shall make explanations at the meeting.

**Article 174** The notice of a Board meeting shall specify:

- (I) the date and venue of the meeting;
- (II) the form of the meeting;
- (III) duration of the meeting;
- (IV) reason and proposals;
- (V) meeting materials necessary for voting of directors;
- (VI) requirement that directors shall personally attend or authorize other directors to attend the meeting;
- (VII) the convener and the presider of the meeting, the proponent of the provisional meeting as well as the written proposals;
- (VIII) contact person and means of contact;
- (IX) date on which the notice is sent.

A verbal meeting notice shall at least include (I), (III) and (IV) above, and the explanations for a provisional Board meeting convened in emergency. Where two or more independent directors consider that the information provided is insufficient or the proof is not enough, they may jointly request the Board in writing to postpone the convening of the Board meeting or the discussion of the issues, the Board shall accept such request and the Company shall disclose the relevant circumstances in a timely manner.

**Article 175** Unless otherwise provided in the Articles of Association, Board meeting shall be attended by more than half of the directors. Resolutions made by the Board shall be approved by more than half of all the directors unless otherwise specified in the Articles of Association.

Resolutions of the Board shall be voted on as per “one person, one vote” system. Where there is an equality of votes cast both for and against a resolution, the chairman shall have the right to cast one more vote.



**Article 176** If any director has connection with the enterprise involved in the resolution made at a Board meeting, the said director shall not vote on the said resolution for himself or on behalf of other directors. A Board meeting may be held when more than half of the non-connected directors attend the meeting. The resolution made at the Board meeting shall be passed by more than half of the non-connected directors, but if the matter considered is a matter that must be passed by more than two thirds of directors, it must be passed by more than two thirds of non-connected directors. If the number of non-connected directors attending the meetings is less than 3, the issue shall be submitted to the general meeting for deliberation.

**Article 177** Voting on Board meetings may be conducted by open ballot or by a show of hands. Provisional Board meetings may be held and pass resolutions by means of communication, with the resolutions signed by the attending directors, provided that the directors fully express their opinions.

Where the directors cannot sign the resolutions made at a telephone meeting or video meeting in real time, they may give a verbal vote first and responsively affix the written signature thereof. The verbal vote by a director shall have the same effect as the written signature, provided that there is no discrepancy between the opinions expressed by such director in completing the written signature and the opinions orally expressed by him during the meeting. If there is a discrepancy between the two, the opinions orally expressed shall prevail.

If a Board meeting is held via circulation of written proposal, directors or proxies thereof shall write down their opinions of pros or cons on the proposal. Once the number of directors voting in favor of the proposal has reached the quorum necessary for resolving on the proposal as specified in the Articles of Association, such proposal shall be passed as a resolution of the Board.

**Article 178** Directors shall attend Board meetings in person and provide definite opinions on matters discussed. If any director cannot attend the meeting for any reason, he may authorize in writing another director to vote on his behalf according to his intentions who shall independently bear legal liability. The power of attorney shall specify the name of the proxy, the matters delegated, and the scope and term of authorization, and shall bear the signature or seal of the principal.

The director attending the meeting on behalf of another director shall exercise rights within the range authorized. If a director fails to attend a Board meeting and does not appoint a proxy to act on his behalf, the said Director shall be deemed as having waived his right to vote at the meeting.

**Article 179** Proxy attendance at Board meetings shall follow the principles below:

- (I) where connected transactions are considered, a non-connected director shall not appoint a connected director to attend the meeting on his behalf, and a connected director shall also not accept the appointment of a non-connected director;
- (II) an independent director shall not appoint a non-independent director to attend the meeting on his behalf, and a non-independent director shall also not accept the appointment of an independent director;
- (III) a director shall not give any other director carte blanche to attend the meeting on his behalf without providing his own opinions and voting intent on the proposals, and the relevant director shall also not accept the carte blanche or any appointment not well defined;
- (IV) one director shall not accept appointment by more than two directors, and a director shall also not appoint any other director who has been appointed by two other directors to attend the meeting on their behalf.

**Article 180** The Board shall file resolutions as minutes, which shall be signed by the attending directors. The minutes of the Board meetings shall be true, accurate and complete. Any attending director and secretary to the Board shall be entitled to have an explanatory note made in the minutes regarding his speech at the meeting. The minutes of the Board meetings shall be kept as archives of the Company for ten years.

**Article 181** The minutes of a Board meeting shall specify:

- (I) the date, venue and name of the convener of the meeting;
- (II) the names of the attending directors and the directors (proxies) attending the meeting on behalf of others;
- (III) the agenda of the meeting;
- (IV) summaries of the speeches of directors;
- (V) the voting methods and outcome for each proposal (the outcome of the voting shall set out the respective number of assenting or dissenting or abstaining votes);
- (VI) other issues that the attending directors think should be recorded.

**Article 182** The directors shall sign and be responsible for the resolutions passed at Board meetings. If any resolution of the Board meetings runs counter to the laws, administrative regulations, the Articles of Association or the resolutions of general meetings, thereby incurring material losses to the Company, the directors adopting the said resolution shall be liable for compensating the Company. However, if a director has been proved as having expressed dissenting opinions on the resolution during the voting and such opinions are recorded in the meeting minutes, he may be exempt from liability.

With the approval of general meetings, the Company may purchase liability insurance for directors. The coverage of liability insurance shall be agreed upon in a contract, except for liability resulting from violation of laws, regulations and the Articles of Association by directors.

## **Chapter 6 Manager (President and CEO) and Other Senior Management Officers**

**Article 183** The Company shall have one manager (president and CEO), who shall be appointed or dismissed by the Board. The Company may have a joint CEO, several vice presidents and one chief financial officer. The joint CEO, vice presidents and chief financial officer shall be nominated by the manager (president and CEO) and appointed or dismissed by the Board.

The appointment and dismissal of senior management officers shall follow statutory procedures and shall be timely disclosed. Controlling shareholders, de facto controllers and their connected parties shall not interfere with the normal selection procedures for senior management officers and shall not directly appoint or dismiss any senior management officers without authorization from general meetings and the Board.

The Company shall enter into appointment contracts with senior management officers to specify the rights and obligations of both parties.

**Article 184** The provisions on directors' obligations of honesty under Article 139 of the Articles of Association and the provisions on directors' obligations of diligence under Items (IV)–(VI) of Article 140 shall also apply to senior management officers.

**Article 185** Members of staff of the controlling shareholders of the Company who serve administrative positions other than director and supervisor shall not serve as senior management officer of the Company.

**Article 186** The manager (president and CEO) shall serve a term of three years and may serve consecutive terms upon reappointment.

**Article 187** The manager (president and CEO) is accountable to the Board and exercises the following functions and powers:

- (I) to manage the business operations of the Company, organize execution of the Board’s resolutions, and report to the Board;
- (II) to organize to execute the annual business plans and investment plans of the Company;
- (III) to prepare the plan for the internal management setup of the Company;
- (IV) to formulate the Company’s fundamental management system;
- (V) to formulate the specific rules of the Company;
- (VI) to propose to the Board to appoint or dismiss senior management officers other than the secretary to the Board;
- (VII) to decide to appoint or dismiss executives other than those to be appointed or dismissed by the Board;
- (VIII) to exercise other functions and powers conferred in the Articles of Association and by the Board.

The manager (president and CEO) may attend Board meetings. The non-director manager (president and CEO) does not have voting rights at Board meetings.

The joint CEO shall assist the manager (president and CEO) in exercising the above functions and powers. His specific functions and powers are determined by the manager (president and CEO).

**Article 188** Transactions less than the amount specified in Article 165 of the Articles of Association and subject to deliberation by the Board, shall be reviewed and approved by the manager (president and CEO) authorized by the Board.

“Transactions” in this article shall have the same meaning as the “transactions” set out in Article 165 of the Articles of Association.

**Article 189** The manager (president and CEO) shall formulate relevant working rules, which shall be implemented upon approval by the Board.

**Article 190** The working rules of the president shall specify:

- (I) the conditions and procedure for holding the president's meetings, and attendees;
- (II) duties and division of labour of the manager (president and CEO) and other senior management officers;
- (III) use of funds and assets of the Company, right to conclude important contracts, and the system to report to the Board and the Supervisory Committee;
- (IV) other matters deemed necessary by the Board.

**Article 191** The manager (president and CEO) may resign from his office prior to the expiry of his term of office. The procedure and rules for resignation of the manager (president and CEO) shall be specified in the labour contract between the manager (president and CEO) and the Company.

**Article 192** The vice president of the Company shall be nominated by the manager (president and CEO) and decided by the Board, and shall help the manager (president and CEO) with corporate affairs.

**Article 193** The Company shall have a secretary to the Board, who shall be a senior management officer of the Company nominated by the chairman, appointed by the Board and accountable to the Board.

**Article 194** The secretary to the Board shall have necessary professional knowledge and experience.

**Article 195** The secretary to the Board shall be responsible for the preparations for general meetings and Board meetings, keeping of documentation and shareholders' data, information disclosure, investor relations management and other matters of the Company, etc., to ensure:

- (I) the Company has complete organizational documents and records;
- (II) the Company prepares and submits reports and documents required by competent authorities according to law;
- (III) the register of shareholders of the Company is properly established and the people entitled to access of relevant records and documents of the Company obtain relevant records and documents in time.

The secretary to the Board shall observe the laws, administrative regulations, departmental rules, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association.

The secretary to the Board, as a senior management officer of the Company, shall have the right to participate in relevant meetings, consult relevant documents, keep informed of financial, operation and other conditions of the Company for the purpose of duty performance. The Board and other senior management officers shall support the work of the secretary to the Board. No entity or person may interfere with the proper duty performance of the secretary to the Board.

**Article 196** A director or other senior management officer of the Company may serve concurrently as secretary to Board. The accountant of the accounting firm hired by the Company may not concurrently act as the secretary to Board of the Company.

When a director concurrently serves as the secretary to Board of the Company, if an act shall be conducted by directors and the secretary to Board of the Company respectively, the person serving as a director and the secretary to Board of the Company concurrently may not conduct this act in dual identities.

**Article 197** If any senior management officer violates the laws, administrative regulations, departmental rules or the Articles of Association, thereby incurring any loss of the Company, the said senior management officer shall be liable for compensation.

## **Chapter 7 Supervisory Committee**

### **Section 1 Supervisors**

**Article 198** Members and structure of the Supervisory Committee shall ensure independent and effective performance of duties by the Supervisory Committee. Supervisors shall have corresponding professional knowledge or work experience and shall be able to properly perform duties. Directors, the manager (president and CEO) and other senior management officers shall not serve as supervisors concurrently.

**Article 199** The supervisors shall observe the laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association, shall fulfil the obligations of honesty and diligence to the Company, and shall not abuse their official powers to accept bribes or other unlawful income or expropriate the Company's property.

**Article 200** A supervisor shall serve a term of three years, and may seek re-election upon expiry of the said term. Supervisors who are shareholder's representatives shall be elected and replaced at general meetings, and supervisors who are employees shall be elected and replaced through democratic election by the employees of the Company.

**Article 201** A supervisor may resign from his office prior to the expiry of his term of office and shall tender a written resignation to the Supervisory Committee.

If the term of office of a supervisor expires but re-election is not made responsively or if any supervisor resigns during his term of office so that the membership of the Supervisory Committee falls short of the quorum, the said supervisor shall continue fulfilling the duties as supervisor pursuant to the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association until a new supervisor is elected.

Save as provided in the preceding paragraph, a supervisor's resignation shall be effective when his resignation is served to the Supervisory Committee.

**Article 202** The supervisors shall ensure the information disclosed by the Company is true, accurate and complete.

**Article 203** Supervisors shall attend Supervisory Committee meetings in person. If any supervisor cannot attend the meeting for any reason, he may authorize in writing another supervisor to act on his behalf. If any supervisor fails to attend Supervisory Committee meetings in person or by proxy for two consecutive times, the said supervisor shall be deemed as incapable of performing his duties and shall be dismissed at the general meeting (if the supervisor is a shareholder's representative) or at the employee representatives' meeting, employees' meeting or in other forms (if the supervisor is an employee representative).

**Article 204** The supervisors may attend Board meetings and make inquiries about or present suggestions on the resolutions of Board meetings.

Supervisors have the right to keep informed of the Company's operations. The Company shall take measures to safeguard the right to information of Supervisors and provide necessary assistance for Supervisors' performance of duties free from interference and obstruction of anyone. Reasonable expenses incurred by Supervisors' performance of duties shall be borne by the Company.

**Article 205** The supervisors shall not use the connected relations to the detriment of the interests of the Company, and shall be liable for compensation for any loss incurred to the Company.

**Article 206** If any supervisor violates the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association in fulfilling his duties, thereby incurring any loss of the Company, the said supervisor shall be liable for compensation.

## Section 2 Supervisory Committee

**Article 207** The Company shall have a Supervisory Committee, consisting of three supervisors, including one chairman. The appointment or dismissal of the chairman of the Supervisory Committee shall be passed by more than two-thirds of the members of the Supervisory Committee by voting. The chairman of the Supervisory Committee shall convene and preside over Supervisory Committee meetings; where the chairman of the Supervisory Committee cannot or does not fulfil the duty thereof, more than half of the supervisors may jointly elect a supervisor to convene and preside over Supervisory Committee meetings.

**Article 208** The Supervisory Committee shall comprise shareholder's representatives and an appropriate proportion of corporate representatives, including one employee representative and two shareholder's representatives. The method and procedure for nominating shareholder supervisors are:

- (I) the candidates for shareholder supervisors shall be nominated by the Supervisory Committee or shareholder(s) severally or jointly holding more than 3% of the total number of the voting shares of the Company, and shall be elected at a general meeting of the Company.
- (II) the candidates for shareholder supervisors shall, before the notice of the general meeting is sent, provide written undertakings that they accept the nomination, that the information announced about them is true and complete, and that they will diligently fulfil the duties as supervisors if elected.

The Company shall disclose detailed information relating to candidates for shareholder supervisors ten days before the general meeting is convened, so that the shareholders will have sufficient understanding of the candidates in voting.

**Article 209** The employee representatives in the Supervisory Committee shall be elected at the employee representatives' meeting.

**Article 210** The Supervisory Committee shall be accountable to general meetings and exercise the following functions and powers:

- (I) to examine the regular reports of the Company prepared by the Board and produce written opinions thereon;
- (II) to inspect the financial affairs of the Company. The supervision record of the Supervisory Committee and the results of financial examination shall be an important basis of performance appraisal of directors and senior management officers;



- (III) to supervise the performance of the directors and senior management officers, and propose dismissal of directors and senior management officers who have violated the laws, administrative regulations, the Articles of Association or the resolutions of general meetings. If the Supervisory Committee identifies any violation of laws, regulations or the Articles of Association by any director or senior management, it shall perform its supervision duties to either report to the Board or general meeting, or report directly to CSRC and its local offices, the stock exchange in the place where the stocks of the Company are listed or other authorities;
- (IV) to require the directors and senior management officers to restore damages they have caused to the interests of the Company;
- (V) to propose the convening of extraordinary general meetings and, in case the Board does not perform the obligations to convene and preside over general meetings in accordance with the Company Law, to convene and preside over general meetings;
- (VI) to submit proposals to general meetings;
- (VII) to negotiate with directors and senior management officers on behalf of the Company or initiate legal proceedings against the Company's directors and senior management officers in accordance with Article 151 of the Company Law;
- (VIII) to check the financial data that the Board intends to submit to the general meeting, such as financial report, business report and profit distribution plan, and authorize in the name of the Company certified public accountants and certified auditors to help review them at the expenses of the Company if any doubt is found;
- (IX) to conduct investigations if there are any unusual circumstances in the Company's operations; and if necessary, to engage an accounting firm, law firm or other professionals to assist in their work at the expenses of the Company;
- (X) to exercise other functions and powers specified in the Articles of Association.

The supervisors may attend Board meetings.

**Article 211** Supervisory Committee meetings shall be held at least once six months, with the notice of meeting served in writing to all the supervisors ten days in advance.

Supervisors may propose to convene a provisional Supervisory Committee meeting. The notice of the provisional meeting shall be served in writing to all the supervisors five days in advance. Where a provisional meeting needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means.

Resolutions made at a Supervisory Committee meeting shall be approved by more than two-thirds of the members of the Supervisory Committee.

The Supervisory Committee may request directors, senior management officers, internal and external auditors to attend a Supervisory Committee meeting for answering any question concerned.

**Article 212** The Supervisory Committee shall formulate rules of procedure for meetings of the Supervisor Committee specifying the rules of procedure and voting procedure for Supervisor Committee meetings, to ensure the work efficiency and scientific decision making of the Supervisory Committee.

**Article 213** The Supervisory Committee shall file resolutions as minutes, which shall be signed by the attending supervisors. Any supervisor shall be entitled to have an explanatory note made in the minutes regarding his speech at the meeting. The minutes of Supervisory Committee meetings shall be kept as archives of the Company for 10 years.

**Article 214** The notice of a Supervisory Committee meeting shall specify: the date, venue and duration of the meeting, the reason for convening the meeting and relevant topics, and the date on which the notice is sent.

### **Section 3 Resolutions of the Supervisory Committee**

**Article 215** Rules of procedure of the Supervisory Committee shall refer to those of the Board, with specific methods stipulated by the Rules of Procedure for Meetings of the Supervisory Committee.

**Article 216** Voting at Supervisory Committee meetings shall be conducted by open ballot or a show of hands, and each supervisor shall have the right to one vote. Relevant specific methods are stipulated by the Rules of Procedure for Meetings of the Supervisory Committee.

## **Chapter 8 Qualification and Obligations of the Directors, Supervisors, Manager (President and CEO) and Other Senior Management Officers of the Company**

**Article 217** Any person involved in any of the following circumstances shall not serve as a director, supervisor, president or any other senior management officer of the Company:  
The person

- (I) is without capacity or with limited capacity for civil conduct;
- (II) was imposed criminal penalty due to taking graft or committing bribery, infringing upon property, embezzling property or disrupting socialism market economic order and it is less than five years since completion of the enforcement of the criminal penalty; or is deprived of political rights due to offence and it is less than five years since completion of the enforcement of the penalty;
- (III) was ever the director or manager of any company or enterprise which was bankrupted and was responsible for the bankruptcy of such company or enterprise, and it is less than three years since the completion of liquidation for the bankruptcy of the company or enterprise;
- (IV) was ever the legal representative of any company or enterprise whose business license was revoked or which was ordered to close down due to illegal activities and was responsible for such illegal activities, and it is less than three years since the revocation of business license of the company or enterprise;
- (V) has large outstanding personal debts;
- (VI) has been subject to an investigation by judicial authorities for criminal offences, and such investigation has not come to an end;
- (VII) is under a penalty of prohibited access to the securities market imposed by the securities regulatory authority of the State Council, which penalty is still effective;
- (VIII) is otherwise disqualified for an enterprise leader by the laws or administrative regulations;
- (IX) is not a natural person;
- (X) has been adjudged by the relevant competent authorities of violations of relevant securities laws which involves fraud or dishonesty, and it has been less than five years since the date of the judgment;
- (XI) has other contents specified in laws, administrative regulations, departmental rules, normative documents or the listing rules of the stock exchange in the place where the stocks of the Company are listed.

Where any director, supervisor or senior management officer is elected, appointed or engaged counter to the provisions in this article, the said election, appointment or engagement shall be invalid. Where any director, supervisor or senior management officer gets involved in any of the circumstances herein during his term of office, the Company shall remove him as director, supervisor, president or senior management officer.

The aforesaid period shall start from the closing date of the general meeting or Board meeting held to elect, appoint or engage directors, supervisors and senior management officers.

**Article 218** The validity of an act carried out by a director, manager (president and CEO) or a senior management on behalf of the Company as against a bona fide third party shall not be affected by any irregularity in his office, election or any defect in his qualification.

**Article 219** In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange in the place where the stocks of the Company are listed, each of the Company's directors, supervisors, manager (president and CEO) and other senior management owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

- (I) not to cause the Company to exceed the scope of business stipulated in its business license;
- (II) to act honestly and in the best interests of the Company;
- (III) not to expropriate the Company's property in any way, including without limitation usurpation of opportunities which benefit the Company;
- (IV) not to expropriate the individual rights of shareholders, including without limitation rights to distributions and voting rights, save and except pursuant to a restructuring of the Company which has been submitted to the shareholders for approval in accordance with the Company's Articles of Association.

**Article 220** Each of the Company's directors, supervisors, manager (president and CEO) and other senior management officers owes a duty, in the exercise of his powers and in the discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 221** Each of the Company's directors, supervisors, manager (president and CEO) and other senior management officers shall exercise his power or perform his duties in accordance with fiduciary principles; and shall not put himself in a position where his duty and his interest may conflict. These principles include without limitation:

- (I) to act honestly in the best interest of the Company;
- (II) to act within the scope of its powers and not to exceed such powers;
- (III) to exercise his proportional decision power in person without being subject to manipulations of other persons, and not to transfer such power to other persons unless permitted by law or administrative regulations or approved by the general meeting with full knowledge;
- (IV) to treat shareholders of the same class with equality, and different classes with fairness;
- (V) not to enter into contracts or conduct transactions or make arrangements with the Company unless otherwise provided by the Articles of Association or approved by the general meeting with full knowledge;
- (VI) not to employ the Company's assets in any way so as to pursue interests for himself unless approved by the general meeting with full knowledge;
- (VII) not to accept any bribery or other illegal income by using his powers and position, and seize the assets of the Company in any manner, including (but not limited to) opportunities beneficial to the Company;
- (VIII) not to accept commissions relating to the transactions of the Company, without the approval of the general meeting with full knowledge;
- (IX) to obey the Articles of Association, perform his duties honestly and faithfully, protect the Company's interests, and not to pursue his personal gain by taking advantage of this power and position at the Company;
- (X) not to compete with the Company in any way unless approved by the general meeting with full knowledge;
- (XI) not to misappropriate the funds of the Company or lend the funds of the Company to other persons, open accounts in his own or another individual's name for deposit of the Company's assets, or use Company's assets as security for the debts of the shareholders of the Company or other individuals;

(XII) not to divulge the confidential information relating to the Company received during his term of office, unless approved by the general meeting with full knowledge; and not to use such information unless for the purpose of the Company's interests; however, to be allowed to disclose such information to a court of law or other governing authorities under the following circumstances:

1. as prescribed by law;
2. as required for the purpose of public interest;
3. as required for the purpose of own interests of such directors, supervisors, manager (president and CEO) and other senior management officers.

**Article 222** The directors, supervisors, manager (president and CEO) and other senior management officers of the Company shall not direct the following persons or organizations (hereinafter referred to as "Associates") to engage in activities prohibited for directors, supervisors, manager (president and CEO) and other senior management officers:

- (I) spouses or underage children of directors, supervisors, manager (president and CEO) and other senior management officers of the Company;
- (II) trustors of directors, supervisors, manager (president and CEO) and other senior management officers of the Company or of such persons as described in item (I) of this Article;
- (III) partners of directors, supervisors, manager (president and CEO) and other senior management officers of the Company or of such persons as described in item (I) or (II) of this Article;
- (IV) company (companies) which a director, supervisor, manager (president and CEO) or any other senior management officer of the Company has de facto single control over or joint control over with such persons as described in item (I), (II) or (III) of this Article or other directors, supervisors, manager (president and CEO) or other senior management officers of the Company;
- (V) directors, supervisors, manager and other senior management officer of the company (companies) referred to by item (IV) of this Article.

**Article 223** The fiduciary duty of a director, supervisor, manager (president and CEO) and any other senior management officer of the Company may not necessarily cease upon the conclusion of his term, their obligations to keep confidential the business secrets of the Company shall survive the conclusion of this term. The duration of the other obligations and duties shall be determined in accordance with the principle of fairness, taking into account of the lapse between the time when he leaves the office and the occurrence of the relevant event, and the situation and the circumstances and terms under which his relation with the Company was ended.

**Article 224** The liability of a director, supervisor, manager (president and CEO) and any other senior management officer of the Company as a result of his violation of any specific duty may be relieved under the condition that the general meeting knows the circumstance, save as by **Article 65** of the Articles of Association.

**Article 225** A director, supervisor, manager (president and CEO) and any other senior management officer of the Company who directly or indirectly has material interests in contracts, transactions, or arrangements that have already been concluded by the Company or are being planned (save the contracts of employment between the directors, supervisors, manager (president and CEO) or other senior management officers and the Company), shall, as soon as possible, disclose to the Board the nature and extent of his interests, regardless of whether or not the matters at hand require the approval of the Board.

Except the circumstances specified in Note 1 of Appendix 3 of Hong Kong Listing Rules or permitted by HKEX, a director may not vote any resolution of the Board with respect to any contract or arrangement or any other suggestion which has substantial interests via himself or any of his close associates (as defined under the Hong Kong Listing Rules). When determining whether the number of persons present at the meeting of the Board reaches the quorum, the said director may not be counted as part of the quorum.

Unless the interested directors, supervisors, manager (president and CEO) or other senior management officers of the Company have made such disclosure to the Board as required by the preceding paragraph of this Article, and the relevant matter has been approved by the Board at the Board meeting where such directors, supervisors, manager (president and CEO) or other senior management officers have not been counted as part of the quorum and voted thereat, the Company shall be entitled to cancel such contracts, transactions, or arrangements, except as to any other party which is a bona fide party without knowledge of the violation of duties on the part of such directors, supervisors, manager (president and CEO) or other senior management officers.

Where the Associates of the directors, supervisors, manager (president and CEO) and other senior management officers of the Company have interests in such contracts, transactions or arrangements, such directors, supervisors, manager (president and CEO) and other senior management officers shall also be deemed to be interested.

**Article 226** If, prior to the Company's initial consideration of such contracts, transactions, or arrangements referred to by the preceding Article, a director, supervisor, manager (president and CEO) or any other senior management officer of the Company has delivered a written notice to the Board, which contains the statement that he has interest in the contracts, transactions, or arrangements to be concluded by the Company in the future, such director, supervisor, manager (president and CEO) or other senior management officer shall be deemed to have contained in the notice.

**Article 227** The Company shall not, in any manner, perform tax duties for its directors, supervisors, manager (president and CEO) and other senior management officers.

**Article 228** The Company shall not directly or indirectly make a loan to or provide a guarantee in connection with the making of a loan to a director, supervisor, manager (president and CEO)/manager and other senior management officer of the Company or parent company thereof, or to any of their respective associates.

The foregoing shall not apply to the following circumstances:

- (I) The provision by the Company of a loan or loan guarantee to its subsidiaries;
- (II) The provision by the Company of a loan or loan guarantee or any other funds to any of its directors, supervisors, manager (president and CEO) and other senior management officers to meet expenditures incurred or to be incurred by him for the purpose of the Company or for the purpose of enabling him to perform his duties properly in accordance with an employment contract approved at the general meeting;
- (III) If the ordinary course of the business of the Company includes the lending of money and the provision of loan guarantee, the Company may make a loan to the relevant directors, supervisors, manager (president and CEO) and other senior management officers or their respective associates, provided that they are on normal commercial terms.

**Article 229** 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 230** A guarantee for the repayment of a loan which has been provided by the Company in breach of the preceding Article 228 (I) shall not be enforceable against the Company, save in respect of the following circumstances:

- (I) the guarantee was provided in connection with a loan which was made to an Associate of any of the directors, supervisors, manager (president and CEO)/manager and other senior management officers of the Company or parent company thereof and the lender of such funds did not know of the relevant circumstances at the time of the loan;
- (II) the collateral which has been provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

**Article 231** For the purpose of the forgoing provisions of this Chapter, a “guarantee” includes an undertaking or property provided to secure the obligator’s performance of his obligations.



**Article 232** In addition to the rights and remedies provided by the law and administrative regulations when a director, supervisor, manager (president and CEO) or any other senior management officer of the Company breaches the duties which he owes to the Company, the Company shall be entitled:

- (I) to demand such director, supervisor, manager (president and CEO) or other senior management officer for the losses sustained by it as a result of such breach;
- (II) to rescind any contract or transaction which has been entered into between the Company and such director, supervisor, manager (president and CEO) or other senior management officer, or between the Company and a third party, where such party knew or should have known that such director, supervisor, manager (president and CEO) or other senior management officer representing the Company was in breach of his duty owed to the Company);
- (III) to demand such director, supervisor, manager (president and CEO) or other senior management officer to surrender the profits made as a result of the breach of his duty;
- (IV) to recover any money which shall have been received by the Company but were received by such director, supervisor, manager (president and CEO) or other senior management officer instead, including without limitation any commissions; and
- (V) to demand repayment of interest earned or which may have been earned by such director, supervisor, manager (president and CEO) or other senior management officer on money which shall have been received by the Company.

**Article 233** The Company shall enter into a contract in writing with each of its directors, supervisors, manager (president and CEO) and other senior management officers, which shall include at least the following provisions:

- (I) the director, supervisor, manager (president and CEO) or other senior management officer promises to the Company that he will obey the Company Law, the Special Provisions, the Articles of Association, the Codes on Takeovers and Mergers, the Codes on Share By-backs, and other regulations formulated by HKEX, and agree to the entitlement of the Company to the remedies specified in the Articles of Association, and this contract and his position shall not be transferred;
- (II) the director, supervisor, president or other senior management officer promises to the Company that he will obey and perform his duties for shareholders as prescribed in the Articles of Association;
- (III) the arbitration clauses prescribed in Article 295 of the Articles of Association.

The Company shall, with the prior approval of the general meeting, enter into a contract in writing with a director or supervisor wherein his emoluments are stipulated. The aforesaid emoluments may include:

- (I) emoluments in respect of his service as a director, supervisor or senior management officer of the Company;
- (II) emoluments in respect of his service as a director, supervisor or senior management officer of any subsidiary of the Company;
- (III) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;
- (IV) payment by way of compensation for loss of office or as consideration for or in connection with his retirement from office.

No proceedings may be brought by a director or supervisor against the Company for anything due to him in respect of the matters mentioned in this Article except pursuant to any contract described above.

**Article 234** Contracts concerning the emolument between the Company and its directors or supervisors shall provide that in the event that the Company is to be acquired by others, the Company's directors and supervisors shall, subject to the prior approval of the general meeting, have the right to receive compensation or other payment in respect to his loss of office or retirement. For the purpose of this paragraph, the acquisition of the Company includes any of the following:

- (I) a tender offer made by any person to all the shareholders; or
- (II) any offer made by any person with a view to becoming a controlling shareholder, which has the same meaning with that prescribed in Article 296 of the Articles of Association of the Company.

If the relevant director or supervisor does not comply with this article, any sum so received by him shall belong to those persons who have sold their shares as a result of such offer. The expenses incurred in distributing such sum on a pro rata basis amongst such persons shall be borne by the relevant director or supervisor and shall not be paid out of such sum.

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

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

**Article 235** The Company shall formulate its financial and accounting system in accordance with the laws, administrative regulations and the provisions of the relevant authorities of the state. The Company shall prepare a financial report at the end of each fiscal year and examine and verify it according to law.

**Article 236** The Company shall submit annual financial reports to the office of the securities regulatory authority of the State Council and the stock exchange within 4 months from the end of each fiscal year, submit semi-annual financial reports to the office of the securities regulatory authority of the State Council and the stock exchange within 2 months from the end of the first 6 months of each fiscal year, and submit quarterly financial reports to the office of the securities regulatory authority of the State Council and the stock exchange within 1 month from the end of the first 3 months and 9 months respectively of each fiscal year.

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

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

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

**Article 237** The Board of the Company shall present to the shareholders, at every annual general meeting, such financial reports which the relevant laws, administrative regulations and normative documents promulgated by regional governmental authorities and the competent department require the Company to prepare.

**Article 238** The Company's financial reports shall be made available for shareholders' inspection at the Company twenty days before the date of every shareholder' annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

Unless otherwise provided in the Articles of Association, the Company shall deliver to each shareholder of H-shares in person, or by prepaid mail or by other means permitted by HKEX at the address registered in the register of shareholders such financial and accounting reports, together with copies of the Board report and the balance sheet (including each document required to be attached to the balance sheet as provided by law), the income statement or the statement of revenues and expenditures or the summary report on finance, not later than twenty one days before the date of every annual general meeting of the shareholders.

**Article 239** The Company will not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

**Article 240** The Company shall withdraw 10% of the annual after-tax profits as the statutory common reserve of the Company, and such withdrawal may be stopped when the statutory common reserve of the Company has accumulated to over 50% of the registered capital of the Company.

If the statutory common reserve of the Company is insufficient to recover the losses of the preceding year, the profits of the current year shall first be used to recover the said losses before any statutory common reserve is withdrawn as per the preceding paragraph.

After statutory common reserve is withdrawn out of the after-tax profits, discretionary common reserve may also be withdrawn out of the same as per a resolution made at a general meeting.

The after-tax profits remaining after recovery of losses and withdrawal of common reserve may be distributed to the shareholders in proportion to their shareholding percentages.

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

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

**Article 241** The common reserve of the Company shall be used to recover the losses, enhance the operating scale or increase the capital of the Company, but the capital reserve shall not be used to recover the losses of the Company. The capital reserve includes the following items:

- (I) any premium above the proceeds from share issuance at face value; and
- (II) any other income designated for the capital reserve by the competent financial department of the State Council.

When statutory common reserve is converted into capital, the remainder of the common reserve shall not be less than 25% of the registered capital of the Company before such conversion.

**Article 242** After recovering the losses of the preceding year, the Company shall distribute its after-tax profit in the following order:

- (I) to withdraw statutory common reserve;
- (II) to withdraw discretionary common reserve;
- (III) to distribute profits to shareholders.

**Article 243** Basic principles of the profit distribution policy of the Company:

- (I) the Company shall fully consider the returns for investors and distribute dividends to shareholders every year according to the proportion prescribed of the distributable profits attributable to the shareholders of the Company realized in the current year;
- (II) the Company shall maintain the continuity and stability of the profit distribution policy, and take into account long-term interests of the Company, overall interests of all the shareholders and sustainable development of the Company;
- (III) the Company shall first distribute profits in cash dividends.

**Article 244** The specific profit distribution policy of the Company:

- (I) form of profit distribution: The Company shall distribute dividends in cash or shares or in a way integrating cash and shares. If meeting conditions for cash dividends, the Company shall distribute profits in cash dividends. If meeting conditions for cash dividends without distribution, the Company shall fully disclose the reasons of non-distribution.

(II) interval of profit distribution: The Company, in principle, adopts an annual profit distribution policy. The Board of the Company may propose an interim profit distribution plan according to profitability, cash flow and capital demand plan, which shall be implemented upon consideration and approval by the extraordinary general meeting.

(III) specific conditions for the Company to distribute cash dividends:

Except in special circumstances, the Company shall first distribute dividends in cash when the Company makes a profit and the accumulated undistributed profit is positive in the current year. Special circumstances are:

1. negative net operating cash flow in the current year;
2. any major external investment or capital expenditure plan (excluding fund-raising project) of the Company in the coming 12 months. Major investment plan or capital expenditure refers to the circumstance in which the Company's accumulated capital expenditure for intended external investment, asset acquisition or equipment procurement reaches or exceeds 20% of the audited net assets in the most recent fiscal year;
3. other circumstances which the Board believes to be not suitable for distributing cash dividends.

(IV) specific conditions for the Company to distribute share dividends: On the basis of meeting the aforesaid conditions for distributing cash dividends, the Company may present a plan for share dividend distribution when the Company operates properly, the Board believes that the Company's share price does not match its share capital size, and the distribution of share dividends is beneficial for the overall interests of all the shareholders of the Company.

(V) minimum ratio of cash dividends and differentiated cash dividend policies

In any three consecutive years, the profits that the Company have accumulatively distributed in cash shall not be less than 30% of the annual average distributable profits realized in these three years; and generally, the profits annually distributed in cash shall not be less than 10% of the distributable profits in the current year. Share repurchase by means of offering or centralized bidding in consideration of cash shall be deemed as cash dividend and included in the percentage of cash dividend.

The Board of the Company will formulate differentiated cash dividend policies, in accordance with the procedure stipulated in the Articles of Association and taking into consideration of the industrial characteristics, development stages, business model, profitability, whether there are major capital expenditure arrangements and other factors:

1. If the Company is fully developed and has no major capital expenditure arrangements, cash dividends shall take up a minimum of 80% in profit distribution;
2. If the Company is fully developed and has major capital expenditure arrangements, cash dividends shall take up a minimum of 40% in profit distribution;
3. If the Company is in a growth stage and has major capital expenditure arrangements, cash dividends shall take up a minimum of 20% in profit distribution;
4. If it is difficult to define the development stage of the Company, but the Company has major capital expenditure arrangements, the preceding provisions may still be followed.

**Article 245** Deliberation procedure for the profit distribution plan of the Company

- (I) the profit distribution plan of the Company shall be prepared by the management according to the Company's actual profitability, cash flow, future business plan and other factors, and shall be submitted to the Board of the Company for deliberation. The Board shall have an adequate discussion on the reasonability of the profit distribution plan, and independent directors shall provide definite opinions. The profit distribution plan shall be submitted to the general meeting for deliberation after deliberated by the Board.
- (II) when the Company formulates the specific plan for cash dividends, the Board shall carefully study and demonstrate the timing, conditions, minimum ratio and adjustment conditions of the cash dividends, the Company's decision-making procedure and other matters, and independent directors shall provide definite opinions. Independent directors may solicit the opinions of minority shareholders, present cash dividend proposals and submit them directly to the Board for deliberation.

- (III) before the profit distribution plan is considered at the general meeting, the Company will actively communicate and exchange ideas with shareholders, particularly, minority shareholders, through multiple channels and fully listen to the opinions and requests of minority shareholders. In addition to arrangements for listening to opinions of minority shareholders at the general meeting, the Company will also actively communicate and exchange ideas with shareholders, particularly, minority shareholders, through shareholder hotline, investor relations interactive platform and by other means to timely respond to the concerns of minority shareholders, and provides online voting method to shareholders before convening of the general meeting.
- (IV) when the Company does not distribute cash dividends due to the aforesaid special circumstances in Item (III) of the preceding Article 244, the Board shall make special explanations on specific reasons for not distributing cash dividends, exact use of the Company's retained profits, expected return on investment and other matters, which shall be submitted to the general meeting for deliberation and disclosed in the annual report and media designated by the Company after independent directors provide definite opinions. The profit distribution plan of the Company in the current year shall be approved by above two-thirds of voting rights held by the shareholders attending the meeting.

**Article 246** Implementation of the profit distribution plan of the Company

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

**Article 247** Modification of the profit distribution policy of the Company

The Company shall strictly implement the profit distribution policy determined in the Articles of Association and the specific profit distribution plan deliberated and approved at the general meeting. The Company may adjust the profit distribution policy if the production and operation of the Company are significantly affected by the changes in the Company's external operating environment or it is indeed necessary to adjust the profit distribution policy determined in the Articles of Association due to great changes in operation status of the Company.

The Board shall conduct special discussion on the adjustment to the profit distribution policy made by the Company to study reasons for the adjustment in details and form a written study report. Proposals on adjustment to the profit distribution plan shall be deliberated by the Board of the Company, on which independent directors shall provide definite opinions, and shall be submitted to the general meeting for deliberation and be approved by above two-thirds of voting rights held by the shareholders attending the meeting.



**Article 248** The Company shall enjoy dividends of any and all shares for which it has already paid prior to the call is made, but the holder of such shares shall have no right to receive the dividends distributed thereafter with respect to the prepaid shares.

On the premise that the pertinent laws, regulations, departmental rules and normative documents of China are observed, the Company may exercise the right of confiscation against any unclaimed dividends, but such right may only be exercised when the applicable limitation expires.

**Article 249** The Company shall have the right to terminate the serving of dividend warrant to the holders of H-shares in the form of mailing, but it may exercise this right only if the dividend warrant hasn't been served to the addressee at the first time and it returned, the Company may then exercise such right.

On the premise of conforming to the relevant laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange, the Company shall have the right to sell any shares of the holder of H-shares who could not be reached in a manner which the Board deems appropriate, but the following conditions must be observed:

- (I) the Company has distributed dividends of such shares for at least three times in the previous twelve years but such dividends still remain unclaimed during that period;
- (II) the Company shall put notices on one or more newspapers of the place where the stocks of the Company are listed upon expiry of the aforementioned 12-year period, stating its intention to sell the shares, and then notify the securities regulatory authority of the place where the stocks of the Company are listed.

**Article 250** The Company shall appoint receiving agents for the holders of overseas listed foreign shares. Such receiving agents shall receive dividends on behalf of such holders which have been declared by the Company and all other amounts payable to such shareholders.

The receiving agents appointed by the Company shall meet the requirements of the laws or the relevant regulations of the stock exchange where the Company's shares are listed. The receiving agents appointed for holders of H-shares shall each be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

## **Section 2 Internal Audit**

**Article 251** The Company shall conduct internal audit and assign full-time auditors to conduct internal audit and supervision on the financial revenues/expenditures and economic activities of the Company.

**Article 252** The internal audit system and duties of the auditors of the Company shall be subject to the approval of the Board. The officer in charge of audit shall be accountable to the Board and report his work to the same.

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

**Article 253** The Company shall engage accounting firms “qualified for securities business” to audit its financial statements, verify its net assets, and provide other relevant consulting services. The accounting firms shall serve a term of one year from the end of this annual general meeting of the Company to the end of next annual general meeting of the Company and may be reengaged.

**Article 254** The appointment of accounting firms of the Company shall be subject to the approval of the general meeting, prior to which the Board shall not appoint any accounting firm, unless otherwise prescribed in the Articles of Association.

**Article 255** The Company shall undertake to provide the accounting firms with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

**Article 256** The accounting firm engaged by the Company shall enjoy the following rights:

- (I) a right to inspect the books, records and vouchers of the Company at any time, the right to require the directors, manager (president and CEO) or other senior management officers of the Company to provide relevant information and explanations;
- (II) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanations as are necessary for the discharge of its duties;
- (III) a right to attend shareholders’ general meetings and to receive all notices of, and other communications relating to, any shareholders’ general meeting which any shareholder is entitled to receive, and to speak at any shareholders’ general meeting in relation to matters concerning its role as the Company’s accounting firm.

**Article 257** If there is a vacancy in the position of the accounting firm, the Board may engage an accounting firm to fill such vacancy before the convening of the shareholders' general meeting, but it shall be confirmed at next general meeting. In the period of vacancy, any other accounting firm which has been engaged by the Company may continue to act.

Where a resolution at a general meeting is to be passed to appoint an accounting firm other than an incumbent accounting firm, to fill a casual vacancy or to remove an accounting firm before expiration of its term of office, the following provisions shall apply:

- (I) a copy of the appointment or removal of proposal shall be sent (before notice of the general meeting is given to the shareholders) to the accounting firm proposed to be appointed or proposed to leave its post or the firm which has left its post in the relevant fiscal year. For the purpose of this article, "leaving" includes leaving by removal, resignation and retirement.
- (II) If the accounting firm leaving its post makes representations in writing and requests the Company to give the shareholders notice of such representation, the Company shall (unless the representations have been received too late) take the following measures:
  1. in any notice of the resolution given to shareholders, state the fact of the representations having been made; and
  2. attach a copy of the representations to the notice and deliver its to the shareholders in a manner stipulated in the articles of association.
- (III) If the Company fails to send out the representations of the accounting firm in the manner set out in item (II) above, such accounting firm may require that the representations be read out at the general meeting and may make further complaint.
- (IV) The accounting firm which is 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 at which it is proposed to fill the vacancy caused by its removal; and
  3. the general meeting convened as a result of its resignation.

The resigning accounting firm shall have the right to receive all notices of, and other communications relating to, any such meeting, to speak at any such meeting which it attends on any part of the business of the meeting which concerns it as former accounting firm of the Company.

**Article 258** The general meeting may by ordinary resolution remove the Company's accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the accounting firm. However, the right of the accounting firm to claim for damages which arise from its removal shall not be affected thereby.

**Article 259** The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the general meeting. The remuneration of an accounting firm appointed by the Board shall be determined by the Board.

**Article 260** When the Company is to dismiss or not to reappoint an accounting firm, it shall give thirty days prior notice to the accounting firm. When a general meeting of the Company votes on the dismissal of the accounting firm, the firm shall be allowed to represent its opinions.

Where the accounting firm resigns, it shall state to the general meeting whether the Company has improper circumstances.

The succeeding accounting firm shall ask the preceding accounting firm and the Company about the reason for replacement of accounting firm. The preceding accounting firm (auditing firm) shall give assistance to the succeeding accounting firm (auditing firm), and if necessary, provide relevant working sheets.

The accounting firm may resign from its post in a manner of putting a resignation letter at the legal address of the Company. Notice shall come into effect on the day when it is put at the legal address of the Company or on a later date stated in the notice. The notice shall include the following representations:

- (I) statement that the accounting firm thinks its resignation does not involve any circumstances that it shall be explained to the shareholders or creditors of the Company; or
- (II) representation on any circumstances that shall be explained.

Within fourteen days after receiving the aforesaid written notice, the Company shall send the photocopies of this notice to relevant competent authorities. If the notice contains any of the representations mentioned in the preceding two paragraphs, the Company shall keep a duplicate of such representation in the Company, for reference of its shareholders. Unless otherwise prescribed in the Articles of Association, the Company shall also mail, by post-paid mail or other means permitted by the stock exchange in the place where the stocks of the Company are listed, the aforesaid duplicate of representation to every shareholder entitled to receive the financial condition reports of the Company, at the address registered in the register of shareholders.

If the resignation notice of the accounting firm contains representation on any circumstances that shall be explained, the accounting firm may require the Board to convene an extraordinary general meeting to listen to its explanation on the resignation.

## Chapter 10 Notice and Announcement

### Section 1 Notice

**Article 261** The notice of the Company may be served as follows:

- (I) by personal delivery;
- (II) by post;
- (III) by fax or email;
- (IV) by publication on the website of the Company and the websites designated by the stock exchange under the precondition of conforming to laws, administrative regulations, departmental rules, normative documents, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association;
- (V) by announcement;
- (VI) by other means specified in the Articles of Association;
- (VII) by other means agreed by the Company or the notified party in advance or accepted by the notified party after receipt of the notice;
- (VIII) by other means accepted by the regulators in the place where the stocks of the Company are listed or prescribed in the Articles of Association.

For the means by which the Company provides or delivers communications of the Company to the holders of H-shares pursuant to Hong Kong Listing Rules, such communications may be published on the website designated by the Company and/or the website of HKEX or by electronic means provided or delivered to the holders of H-shares under the precondition of conforming to the laws, regulations and listing rules in the listing place, and the Articles of Association.

For the purpose of the foregoing paragraph, communications of the Company shall mean any document delivered or to be delivered by the Company for the reference of any holder of H-shares or other people required in Hong Kong Listing Rules, or for taking any action, including without limitation:

1. annual reports of the Company (including reports of the Board and the annual account, audit report and financial summary report (if applicable) of the Company);
2. interim reports and interim summary reports (if applicable) of the Company;
3. notices of meetings;

4. listing documents;
5. circulars;
6. proxy form (the definition of which shall be subject to the listing rules of the stock exchange in the place where the stocks of the Company are listed).

When the power prescribed in the Articles of Association is exercised to deliver notices by announcement, such announcement shall be published by the methods specified in Hong Kong Listing Rules.

**Article 262** If a notice of the Company is served by announcement, the said notice shall be deemed as received by all relevant persons once the said notice is announced.

**Article 263** Notice of general meeting of the Company shall be served by announcement.

**Article 264** Notice of Board meeting of the Company shall be served by personal delivery, fax, telephone, email or other means.

**Article 265** Notice of meeting of the Supervisory Committee of the Company shall be served by personal delivery, fax, email or other means.

**Article 266** If the notice of the Company is served by personal delivery, the recipient shall affix signature (or seal) to the Return on Service and the signing date shall be the date of service; if the notice of the Company is served by post, the fifth day after handover to the post office shall be the date of service; if the notice of the Company is served by announcement, the date of first announcement shall be the date of service; if the notice of the Company is sent by fax, the sending date shall be the date of service.

**Article 267** The accidental omission to give notice of meeting to, or non-receipt of notice of meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions adopted at the meeting.

**Article 268** If the listing rules in the place where the stocks of the Company are listed require the Company to send, mail, distribute, issue, publish or provide by other means the relevant documents of the Company in English and Chinese versions, the Company may (according to the intentions expressed by shareholders) send only English text or only Chinese text to relevant shareholders in the range permitted by the applicable laws and regulations and according to applicable laws and regulations, provided that the Company has made appropriate arrangement to determine whether its shareholders hope to receive only English text or only Chinese text.

## **Section 2 Announcement**

**Article 269** The Company shall designate at least a newspaper and a website in the scope of media designated in laws, regulations or the securities regulatory authority of the State Council to issue announcements and other to-be-disclosed information of the Company to shareholders of domestic shares. If an announcement shall be sent to shareholders of H-shares in accordance with the Articles of Association, it shall be published by the methods specified in Hong Kong Listing Rules.

The information disclosed by the Company on other public media shall not be earlier than those disclosed on designated newspapers and designated websites. The announcement of the Company may not be substituted by press conference, or answer to reporter's questions or other forms.

The Board shall have the right to decide to adjust the determined media for information disclosure of the Company, but should ensure that the designated media for information disclosure meets the qualifications and conditions stipulated by domestic and Hong Kong laws and regulations, the securities regulatory authority of the State Council, overseas regulatory authorities and the stock exchange in the place where the stocks of the Company are listed.

## **Chapter 11 Merger, Division, Increase & Decrease of Capital, Dissolution and Liquidation**

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

**Article 270** The Company may be merged or divided pursuant to laws.

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

**Article 271** For the merger or division of the Company, the Board of the Company shall put forth a plan. After it is approved in the procedure specified in the Articles of Association, relevant examination and approval formalities shall be completed according to law. The shareholders who object to the merger or division plan of the Company shall have the right to require the Company or the shareholders who agree to the merger or division plan of the Company to purchase their shares at a fair price. The content of the resolution on merger or division of the Company shall be made into a special document, for the reference of shareholders.

For H-share shareholders of the Company listed in Hong Kong, the aforesaid document shall also be served by mail or by other means permitted by HKEX.

**Article 272** In the event of merger of the Company, the parties concerned shall conclude a merger agreement and prepare balance sheets and property inventories. The Company shall notify all creditors within ten days after adoption of the merger resolution and shall make announcements in newspapers within thirty days. The creditors may require the Company to repay debts or provide corresponding guarantees within thirty days after receipt of the notice or within forty-five days after the announcement if the creditors haven't received the notice.

**Article 273** The credits and debts of the Company during merger shall be inherited by the company subsisting after merger or by the newly established company.

**Article 274** If the Company is divided, its properties shall be divided accordingly.

Where the Company is divided, a balance sheet and a property inventory shall be prepared. The Company shall notify all creditors within ten days after adoption of the division resolution and shall make announcements in newspapers within thirty days.

**Article 275** The debts of the Company prior to the division shall be undertaken by the companies after division, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before division.

**Article 276** Where the Company needs to decrease the registered capital, the Company shall prepare a balance sheet and a property inventory.

The Company shall notify the creditors within ten days after adoption of the resolution to decrease the registered capital and shall make announcements within thirty days. A creditor may, within thirty days from the date of receipt of the written notice or, if he did not receive a written notice, within forty-five days from the date of the announcement, require the Company to repay debts or provide corresponding guarantees.

The registered capital of the Company after decrease of capital shall not be less than the statutory minimum amount.

**Article 277** Change in registered particulars arising from a merger or division of the Company shall be registered with the companies registration authority according to law. If the Company is dissolved, it shall be deregistered according to law. If a new company is established, such establishment shall be registered according to law.

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



## **Section 2 Dissolution and Liquidation**

**Article 278** The Company may be dissolved for the following reasons:

- (I) circumstance for dissolution specified in the Articles of Association arises;
- (II) the general meeting has resolved to dissolve the Company;
- (III) merger or division of the Company entails dissolution;
- (IV) The Company is declared bankrupt according to law as it is unable to pay off the debts due;
- (V) the business license is revoked according to law, or the Company is ordered to close or is cancelled;
- (VI) if the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the shareholders, and no solution can be found through any other channel, the shareholders holding more than 10% of the total voting rights of the Company may request the people's court to dissolve the Company.

**Article 279** In the circumstance set out in Item (I) of Article 278, the Company may continue to subsist by amending the Articles of Association.

**Article 280** Where the Company is dissolved pursuant to Items (I), (II) and (VI) of Article 278 of the Articles of Association, it shall establish a liquidation committee within fifteen days after the dissolution circumstance arises and commence liquidation. The liquidation committee shall comprise members determined by the directors or the general meeting. If the Company fails to set up the liquidation committee within the period, the creditors may apply to the people's court for appointment of relevant persons to form a liquidation committee and carry out liquidation.

Where the Company is dissolved according to item (IV) of Article 278 of the Articles of Association, the people's court shall, according to provisions of related laws, organize the shareholders, the relevant authority and related professionals to form a liquidation committee to carry out liquidation.

Where the Company is dissolved according to the item (V) of Article 278 of the Articles of Association, the relevant department in charge shall organize the shareholders, the relevant authority and related professionals to form a liquidation committee to carry out liquidation.

**Article 281** If the Board decides to liquidate the Company for any reason other than the Company's declaration of its own insolvency, it shall state in the notice on convening a general meeting for this reason that it has made full investigation on the Company's position and believes the Company is able to pay its debts in full within 12 months from the commencement of the liquidation.

Upon the adoption of the resolution at the general meeting for the liquidation of the Company, all functions and powers of the Board shall cease immediately.

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

**Article 282** During liquidation, the liquidation committee shall exercise the following functions and powers:

- (I) to examine and take possession of the assets of the Company and prepare the balance sheet and a property inventory;
- (II) to inform creditors by notice or announcement;
- (III) to deal with the outstanding businesses of the Company relating to liquidation;
- (IV) to pay off outstanding taxes as well as taxes arising in the course of liquidation;
- (V) to settle credits and debts;
- (VI) to dispose of the remaining assets of the Company after repayment of debts;
- (VII) to represent the Company in civil proceedings.

**Article 283** The liquidation committee shall notify all creditors within ten days after its establishment and shall make announcements in newspapers within sixty days. The creditors shall declare their rights to the liquidation committee within thirty days after receipt of the notice or within forty-five days after announcement if the creditors haven't received the notice.

The creditors shall explain matters relating to their rights and provide relevant evidential documents. The liquidation committee shall register the creditor's rights. In the creditor's rights declaration period, the liquidation committee shall not make repayment to the creditors.

**Article 284** After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit it to the general meeting or the people's court for confirmation.

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

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

**Article 285** After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the people's court to declare the Company bankrupt according to law. Following a ruling by the people's court that the Company is bankrupt, the liquidation committee shall transfer to the people's court all matters relating to the liquidation.

**Article 286** Upon completion of liquidation, the liquidation committee shall prepare a liquidation report, revenue and expenditure report in the liquidation period and accounting books and submit the same to the general meeting or the people's court for confirmation after verification by Chinese certified public accountant. Within thirty days from the confirmation date of the general meeting or the people's court, the liquidation committee shall submit the aforesaid report to the company registration authority, apply for deregistration of the Company and announce termination of the Company.

**Article 287** Any member of the liquidation committee shall dutifully and lawfully fulfill the liquidation obligation. Any member of the liquidation committee shall not abuse his official powers to accept bribes or other unlawful gains, and not to expropriate the Company's assets.

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

**Article 288** Where the Company declares bankrupt according to law, bankruptcy liquidation shall be conducted pursuant to laws on bankruptcy of enterprises.

## Chapter 12 Amendment to Articles of Association

**Article 289** The Company may amend the Articles of Association in accordance with the laws, regulations and the Articles of Association.

**Article 290** The Company shall amend the Articles of Association in any of the following circumstances:

- (I) after amendments are made to the Company Law or other relevant laws and administrative regulations, the Articles of Association run counter to the said amendments;
- (II) the conditions of the Company have changed, and such change is not covered in the Articles of Association;
- (III) the general meeting has resolved to amend the Articles of Association.

**Article 291** Any amendment approved by the general meeting to the Articles of Association shall be submitted to the competent authorities for approval where necessary; changes, if any, shall be registered.

**Article 292** The Board shall amend the Articles of Association in accordance with the resolution of the general meetings on amendment to the Articles of Association and the examination and approval opinions from relevant competent authorities.

**Article 293** Where the amendments to the Articles of Association involve matters requiring disclosure by law and regulations, the amendments shall be announced as required.

**Article 294** If the amendment to the Articles of Association involves the content of the Mandatory Provisions, it will take effect after being approved by the company approval authority authorized by the State Council and the securities regulatory authority of the State Council (if applicable); if company registration is involved, change shall be registered according to law.

## Chapter 13 Dispute Resolution

**Article 295** The Company shall abide by the following principles of dispute resolution:

- (I) Any dispute or claim arising between holders of overseas listed foreign shares and the Company; holders of overseas listed foreign shares and the Company's directors, supervisors, manager (president and CEO) or other senior management officers; or holders of overseas listed foreign shares and holders of domestic shares, in respect of any rights or obligations arising from the Articles of Association, the Company Law or any other relevant laws and administrative regulations concerning the affairs of the Company shall be submitted for arbitration.

When a dispute or claim of rights referred to in the preceding paragraph is submitted for arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall, where such person in the Company, the Company's shareholders, directors, supervisors, manager (president and CEO) or other senior management officers, comply with the arbitration.

Dispute in respect of the definition of shareholders and dispute in relation to the register of shareholders need not be resolved by arbitration.

- (II) A claimant may elect for arbitration to be carried out either at the China International Economic and Trade Arbitration Commission in accordance with its Rules or at Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules. Once a claimant submits a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

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

- (III) If any disputes or claims of rights are settled by way of arbitration in accordance with item (I) of this Article, the laws of the PRC govern, save as otherwise provided in law and administrative regulations.

- (IV) The award of an arbitral body shall be final and conclusive and binding on all parties.

## Chapter 14 Supplementary Provisions

### Article 296 Definitions

- (I) Controlling shareholder: refers to a shareholder who may elect a majority of directors when acting separately or consistently with others; or a shareholder who holds more than 30% of the shares externally issued by the Company when acting separately or consistently with others; or a shareholder who may exercise more than 30% of the voting rights of the Company or may control the exercising of more than 30% of the voting rights of the Company when acting separately or consistently with others; or a shareholder who factually controls the Company by other means when acting separately or consistently with others.
- (II) De facto controller: A person who is not a shareholder of the Company but can effectively control the Company through investment, agreement or other arrangement.
- (III) Connected relations: Relations between a controlling shareholder, de facto controller, director, supervisor or senior management officer of the Company and the enterprise directly or indirectly controlled by the same, which relations may give rise to a transfer of interests of the Company, provided however that there should be no related party relationship between state-controlled enterprises solely because they are under the common control of the State.

**Article 297** The Board may formulate rules of articles of association in accordance with the Articles of Association. The rules shall not conflict with the Articles of Association.

**Article 298** The Articles of Association shall be executed in Chinese. Where the articles of association in any other language or version disagree with the Articles of Association, the Chinese version of Articles of Association latest approved and registered by company registration authority shall prevail.

**Article 299** For the purpose of the Articles of Association, references to “more”, “within” and “less” shall include the actual figures, while references to “other than”, “lower than” and “more than” shall exclude the actual figures.

**Article 300** The Board of the Company shall be responsible for the interpretation of the Articles of Association.

**Article 301** Appendixes to the Articles of Association include rules of procedure for general meetings, rules of procedure for Board meetings and rules of procedure for meetings of the Supervisory Committee.

**Article 302** Where the Articles of Association conflicts with the laws and administrative regulations, the laws and administrative regulations shall prevail.