

**CanSino Biologics Inc.**

**Articles of Association**

**Tianjin, the PRC**

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## Chapter 1 General Provisions

**Article 1** The Articles of Association are formulated pursuant to Company Law of the People’s Republic of China (hereinafter as “Company Law”), Securities Law of the People’s Republic of China (hereinafter as “Securities Law”), the Opinion Regarding Further Conformity in Operations and Reform of Companies Listed outside the PRC (the “Opinion Regarding Conformity in Operations”), Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter as the “Hong Kong Listing Rules”), Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange (hereinafter as “SSE STAR Market Listing Rules”), Guidelines for Articles of Association of Listed Companies (hereinafter as “Guidelines for Articles”), Code of Corporate Governance for Listed Companies (2018 Revision), Guideline No. 1 – Self-regulatory Rules for Companies Listed on the STAR Market of the Shanghai Stock Exchange – Standardized Operations (hereinafter as “Standardized Operations”), and other relevant regulations, in order to protect the legitimate rights and interests of the Company and shareholders and creditors thereof and regulate the organization and behavior of the Company.

Clause 1 of  
Guidelines for  
Articles

**Article 2** The Company is a joint stock limited company established in accordance with the Company Law, the Securities Law, SSE STAR Market Listing Rules, Guidelines for Articles, Code of Corporate Governance for Listed Companies (2018 Revision) and other applicable laws and administrative rules of the PRC.

Clause 2 of  
Guidelines for  
Articles

With all shareholders of the original Tianjin CanSino Biotechnology Inc. (天津康希諾生物技術有限公司) as the promoters, through the overall conversion of the audited book net assets of the original Chanjet Software Co., Ltd as at 30 November 2016, and conducting overall alteration, the Company was established and registered at the Tianjin Municipal Market and Quality Regulatory Commission of Binhai Area on 13 February 2017, with the Enterprise Legal Person Business License (Uniform Social Credit Code 91120116681888972M) granted.

**Article 3** On November 2, 2018, the Company made an initial public offering of 61,699,000 H Shares (including 4,450,400 H Shares issued pursuant to the exercise of the over-allotment option) upon approval by the China Securities Regulatory Commission (hereinafter as the “CSRC”) for listing on the Main Board of The Stock Exchange of Hong Kong Limited (hereinafter as the “Hong Kong Stock Exchange”) on 28 March 2019.

Clause 3 of  
Guidelines for  
Articles

After registration granted by the CSRC on July 13, 2020, the Company made an initial public offering of 24,800,000 A Shares for listing on the SSE STAR Market on 13 August 2020.

**Article 4** The registered Chinese name of the Company is 康希諾生物股份公司.

Clause 4 of  
Guidelines for  
Articles

The English name of the Company is CanSino Biologics Inc.

**Article 5** Address of the Company: 401-420, 4th Floor Biomedical Park, 185 South Avenue, TEDA West District, Tianjin, PRC.

Clause 5 of  
Guidelines for  
Articles

Postal code: 300457

**Article 6** The registered capital of the Company is RMB247,449,899.

Clause 6 of  
Guidelines for  
Articles

**Article 7** The chairman of the Board is the Company's legal representative.

Clause 8 of  
Guidelines for  
Articles

**Article 8** The Company is a perpetual joint stock limited company.

Clause 7 of  
Guidelines for  
Articles

**Article 9** All the Company's assets are divided into equal shares. Each shareholder is responsible to the Company up to his subscribed shares. The Company is responsible for its debts up to its total assets.

Clause 9 of  
Guidelines for  
Articles

**Article 10** From the effective date of these Articles of Association, these Articles of Association shall become a legally binding document which regulates the Company's organization and acts, the rights and obligations between the Company and shareholders, and amongst the shareholders, and a legally binding document for the Company, shareholders, directors, supervisors and senior management.

Clause 10 and  
Clause 11 of  
Guidelines for  
Articles

According to these Articles of Association, the shareholders can sue the Company. The Company can sue the shareholders, directors, supervisors and senior management. One shareholder can sue the other shareholders. The shareholders can sue the Company's directors, supervisors and senior management.

The term "senior management" in these Articles of Association refers to the general manager and deputy general manager, secretary to the Board, chief financial officer and other personnel expressly appointed by the Board as the Company's senior management. The terms "general manager" and "deputy general manager" shall refer to "manager" and "deputy manager" under the Company Law.

**Article 11** The Company shall, in accordance with the provisions of the Constitution of the Chinese Communist Party, establish the organizations of the Chinese Communist Party and carry out party activities. The Company shall provide necessary conditions for the activities of the Party organizations.

Clause 12 of  
Guidelines for  
Articles

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

**Article 12** The Company's objectives of business are: to make rational use of the resources to continuously develop new products and create value for the customers, so as to bring higher revenue to its shareholders and employees and bigger wealth to society.

Clause 13 of  
Guidelines for  
Articles

**Article 13** The Company's scope of business shall be based on the items approved by the company registration authority.

Clause 14 of  
Guidelines for  
Articles

The Company's scope of business following registration under the laws are: Permitted items: Class III medical device operation; drug production; drug import and export; drug retail; drug wholesale; import and export of goods; technology import and export. (For projects that are subject to approval in accordance with the laws, business activities can only be conducted after obtaining approval(s) from the relevant departments, the actual business projects as approved under the approval documents or license documents granted by the relevant departments shall prevail) General projects: Class I medical device sales; Class II medical device sales; medical research and experimental development; technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion. (Except for projects subject to approval by laws, business activities can be conducted independently with the business license in accordance with the laws)

## Chapter 3 Shares

### Section 1 Share Issuance

**Article 14** The Company's shares shall be in the form of share certificates.

Clause 15 and  
Clause 17 of  
Guidelines for  
Articles

All the shares issued by the Company shall be denominated in RMB.

**Article 15** The Company's shares shall be issued based on the principles of openness, fairness and justice. Shares of the same class shall carry equal rights.

Clause 16 of  
Guidelines for  
Articles

For the same class of shares of the same issuance, each share shall be issued at the same conditions and price. Any entity or individual shall pay the same price for any such shares subscribed.

**Article 16** The A Shares issued by the Company are centrally deposited at China Securities Depository and Clearing Co., Ltd., and the Company may take the form of overseas depository receipt or other derivations of share certificate to issue H Shares in accordance with laws and securities registration and depository practice of the listing venue.

Clause 18 of  
Guidelines for  
Articles

**Article 17** The names of the sponsors of the Company, number of Shares subscribed, means of capital contributions and time of capital contributions are as follows:

Clause 19 of  
Guidelines for  
Articles

No.	Name of Sponsor	Number of Shares subscribed (shares)	Means of capital contributions	Time of capital contributions
1	Yu Xuefeng	17,874,200	By conversion of net assets into Shares	January 31, 2017
2	Tao Zhu	17,874,200	By conversion of net assets into Shares	January 31, 2017
3	Qiu Dongxu	17,114,200	By conversion of net assets into Shares	January 31, 2017
4	Mao Helen Huihua	16,334,200	By conversion of net assets into Shares	January 31, 2017
5	Jianfa Liu (劉建法)	3,336,667	By conversion of net assets into Shares	January 31, 2017

No.	Name of Sponsor	Number of Shares subscribed (shares)	Means of capital contributions	Time of capital contributions
6	Xuan Liu (劉宣)	1,550,000	By conversion of net assets into Shares	January 31, 2017
7	Jianxi Du (杜建喜)	790,000	By conversion of net assets into Shares	January 31, 2017
8	Suzhou Huyanglin Venture Capital Center (Limited Partnership) (蘇州胡楊林創業投資中心(有限合夥))	2,610,000	By conversion of net assets into Shares	January 31, 2017
9	Shanghai Nuoqianjin Venture Capital Investment Center (Limited Partnership) (上海諾千金創業投資中心(有限合夥))	3,928,800	By conversion of net assets into Shares	January 31, 2017
10	LAV Spring (Hong Kong) Co., Limited	13,140,000	By conversion of net assets into Shares	January 31, 2017
11	Shanghai Li'an Venture Capital Investment Center (Limited Partnership) (上海禮安創業投資中心(有限合夥))	4,600,000	By conversion of net assets into Shares	January 31, 2017
12	Shanghai Licheng Investment Development Co., Ltd. (上海勵誠投資發展有限公司)	1,000,000	By conversion of net assets into Shares	January 31, 2017
13	Tianjin Heyue Guyu Equity Investment Fund Partnership (Limited Partnership) (天津和悅谷雨股權投資基金合夥企業(有限合夥))	2,623,422	By conversion of net assets into Shares	January 31, 2017
14	SHAO ZHONGQI	868,600	By conversion of net assets into Shares	January 31, 2017
15	Tianjin Qianyi Enterprise Management Partnership (Limited Partnership) (天津千益企業管理合夥企業(有限合夥))	3,474,600	By conversion of net assets into Shares	January 31, 2017
16	QM29 LIMITED	10,970,293	By conversion of net assets into Shares	January 31, 2017
17	Suzhou Litai Venture Capital Investment Center (Limited Partnership) (蘇州禮泰創業投資中心(有限合夥))	1,828,382	By conversion of net assets into Shares	January 31, 2017
18	Lilly Asia Ventures III Investment (Hong Kong) Co., Limited	1,828,382	By conversion of net assets into Shares	January 31, 2017
19	LAV Bio III Investment (Hong Kong) Co., Limited	3,656,764	By conversion of net assets into Shares	January 31, 2017
20	Shanghai Huiqiu Investment Co., Ltd. (上海慧秋投資有限公司)	942,222	By conversion of net assets into Shares	January 31, 2017
21	Jiaxing Hui Guang Equity Investment Fund Partnership (Limited Partnership) (嘉興慧光股權投資基金合夥企業(有限合夥))	3,533,333	By conversion of net assets into Shares	January 31, 2017
<b>Total</b>		<b>129,878,265</b>	<b>/</b>	<b>/</b>

**Article 18** The Company has a total of 247,449,899 shares, all of which are ordinary shares.

Clause 20 of  
Guidelines for  
Articles

**Article 19** The Company or its subsidiaries (including affiliated entities of the Company) shall not provide any financial assistance in the form of gifts, advances, guarantees, compensation or loans or in other forms to persons who purchase or intend to purchase the shares of the Company.

Clause 21 of  
Guidelines for  
Articles

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

**Article 20** According to operational and development needs, the Company may, according to the law and regulations, increase its capital in the following ways, subject to resolutions adopted respectively by the general meeting:

Clause 22 of  
Guidelines for  
Articles

- (1) Issuing shares publicly;
- (2) Issuing shares non-publicly;
- (3) Allotting bonus shares to existing shareholders;
- (4) Converting the reserve funds into share capital;
- (5) Other means prescribed by the law, administrative regulations and approved by the China Securities Regulatory Commission.

The Company is prohibited from issuing preferred shares which are convertible into ordinary shares.

**Article 21** The Company may reduce its registered capital. If the Company reduces its registered capital, such reduction shall be in accordance with the requirements of the Company Law, other related regulations and these Articles of Association.

Clause 23 of  
Guidelines for  
Articles

**Article 22** The Company shall not repurchase its own shares, save as under any one of the following circumstances:

Clause 24 of  
Guidelines for  
Articles

- (1) Reduction of registered capital of the Company;
- (2) Merger with another company holding shares in the Company;
- (3) Apply the shares to employee share ownership plan or share incentive plan;
- (4) Acquisition of shares held by shareholders (upon their request) who dissent from any resolution proposed in any general meeting on the merger or demerger of the Company;
- (5) To convert convertible corporate bonds issued by the Company into shares of the Company;
- (6) The share repurchase is necessary to maintain the value of the Company and the interests of its shareholders.

**Article 23** When the Company acquires its own shares, it may conduct by way of open and concentrated transactions or other ways permitted by laws and administrative regulations and recognized by the CSRC.

Clause 25 of  
Guidelines for  
Articles

Where the Company acquires its own shares under circumstances as mentioned in items (3), (5) or (6) under Article 22, it should conduct by way of open and concentrated transactions.

**Article 24** In the event of acquiring its own shares by the Company under the circumstances as mentioned in items (1) or (2) under the first paragraph of Article 22 herein, the acquisition shall be approved by a resolution at a general meeting. In the event of acquiring its own shares by the Company under the circumstances as mentioned in items (3), (5) or (6) under the first paragraph of Article 22 herein, the acquisition may be performed in accordance with the requirements as stated in these Articles of Association or pursuant to the mandate granted by a general meeting of shareholders and approved by a resolution at a meeting of the Board passed by not less than two-thirds of all attending directors.

Clause 26 of  
Guidelines for  
Articles

After the Company has acquired its own shares pursuant to the first paragraph of Article 22 herein, in the circumstances under item (1), such shares shall be cancelled within ten days from the date of acquisition; in the circumstances under items (2) or (4), such shares shall be transferred or cancelled within six months; in the circumstances under items (3), (5) or (6), the total number of its own shares held by the Company shall not exceed ten percent of the total number of issued shares of the Company and shall be transferred or cancelled within three years.

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

**Article 25** The shares of the Company may be transferred according to law.

Clause 27 of  
Guidelines for  
Articles

**Article 26** The Company shall not accept its shares as the subject of a pledge.

Clause 28 of  
Guidelines for  
Articles

**Article 27** The shares of the Company held by the promoters shall not be transferred within one year from the date of establishment of the Company. The shares issued before the Company publicly issues any shares shall not be transferred within one year from the date when the shares of the Company are listed and traded in a stock exchange.

Clause 29 of  
Guidelines for  
Articles

The directors, supervisors and senior management of the Company shall report to the Company the shares held by them and the changes thereof. During the term of their office, the shares transferred by any of them each year shall not exceed 25% of the total number of shares of the same class of the Company that he holds. The shares of the Company held by the aforesaid persons shall not be transferred within one year from the date when the shares of the Company are listed and traded in a stock exchange. If any of the aforesaid persons leaves from his post, he shall not transfer the shares of the Company that he holds within six months from such departure. If listing rules of the place(s) in which the shares of the Company are listed provide otherwise on restrictions on transfers of H shares, such rules shall prevail.

**Article 28** If a director, supervisor or senior management of the Company, or a shareholder holding not less than 5% of the shares of the Company sells the shares of the Company or other securities of equity nature within six months after buying those shares, or buys the shares within six months after selling, all the gains arising thereof shall belong to the Company. Such gains shall be collected by the Board. However, if a securities company underwrites unsold shares, thereby holding not less than 5% of the shares, other circumstances stipulated by CSRC are exempted from such requirements. If listing rules of the exchange in place in which the shares of the Company are listed provide otherwise on restrictions on transfers of H shares, such rules shall prevail.

The shares or other securities of equity nature held by the directors, supervisors, senior management or natural person shareholders referred to in the preceding paragraph include the shares or other securities of equity nature held by their spouses, parents and children, and any of the above which is indirectly held in others' accounts.

If the Board of the Company does not comply with the first paragraph of this Article, the shareholders can request the Board to do so within 30 days. If the Board does not enforce such right within the said period, the shareholders are entitled to commence litigations in court in their own names for the interest of the Company.

If the Board of the Company fails to act in accordance with the first paragraph of this Article, the responsible directors shall be jointly liable in accordance with the law.

## **Chapter 4 Shareholders and General Meeting**

### **Section 1 Shareholders**

**Article 29** The Company shall maintain a register of shareholders with the evidences provided by the securities registration institution, and the register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company

The original register of shareholders of the overseas-listed foreign shares listed in Hong Kong shall be kept in Hong Kong and available for inspection by shareholders. A company may, upon giving notice in accordance with the relevant provisions of the Hong Kong Listing Rules or the Hong Kong Companies Ordinance, close its register of members or any part thereof in respect of any class of shares for a period of time or more.

Shareholders shall enjoy rights and have obligations according to the class of shares held. Holders of shares of the same class shall enjoy equal rights and have equal obligations.

**Article 30** When the Company convenes a general meeting, distributes dividends, commences liquidation and participates in other activities requiring the identification of shareholders, the Board or conveners of a general meeting shall decide the record date. The shareholders whose names appear on the register of shareholders at the close of trading on the record date shall enjoy the relevant rights.

**Article 31** Holders of shares of the Company shall enjoy the following rights:

- (1) To receive dividends and other profit distributions on the basis of the number of shares held by them;
- (2) To request, convene, hold, participate or send proxy to attend general meeting and speak at the general meeting, and exercise corresponding voting rights in accordance with the law;
- (3) To monitor, make suggestions or question the Company's operation;
- (4) To transfer, donate or pledge shares in his/her possession in accordance with the law, administrative regulations, listing rules of the place(s) in which the shares of the Company are listed, as well as provisions of these Articles of Association;
- (5) To inspect these Articles of Association, register of shareholders, counterfoils of corporate bonds, minutes of general meetings, resolutions of the Board meetings, resolutions of the meetings of the board of supervisors and financial and accounting reports; the Company shall keep the register of shareholders and minutes of general meetings at the Company's address in Hong Kong as required by the Hong Kong Listing Rules for inspection by the shareholders free of charge;
- (6) When the Company terminates or liquidates, receive its share of remaining assets of the Company according to the shares held;
- (7) If a shareholder dissents from the merger or demerger of the Company at a general meeting, he may request the Company to buy back his shares;
- (8) Other rights under the law, administrative regulations, departmental regulations and these Articles of Association.

**Article 32** When a shareholder requests to have access to the information mentioned in the preceding Article, he shall present evidence to prove the class and amount of shareholding in writing. The Company shall comply with the shareholder's request after verifying his identity.

**Article 33** A resolution of the Company's general meeting or Board meeting may be declared void by the People's Court upon application from shareholders if the content contravenes the law or administrative regulations.

If the convening procedure or voting method of a general meeting or Board meeting contravenes the law, administrative regulations or these Articles of Association, or if the contents of the resolutions of such meetings contravene these Articles of Association, the shareholders can request the People's Court to revoke the resolution within 60 days of the resolution.

**Article 34** If a director or senior management contravenes the law, administrative regulations or these Articles of Association when carrying out his duties resulting in losses to the Company, shareholders individually or together holding 1% or more of the shares for 180 days continuously may request the board of supervisors in writing to commence litigation in the court. If a board of supervisors contravenes the law, administrative regulations or these Articles of Association when carrying out its duties resulting in losses to the Company, the shareholders may request the Board in writing to commence litigation at the court.

If the board of supervisors or Board refuses to commence litigation upon receipt of the shareholder's written request under the preceding paragraph, or does not commence litigation within 30 days upon receipt of the request, or the situation is so urgent that with an immediate litigation it will cause irreparable losses to the Company, the shareholders so entitled under the previous paragraph may commence litigation directly at the court under their own names for the interest of the Company.

If any person intervenes with the lawful interests of the Company and result in losses suffered by the Company, a shareholder so entitled under the first paragraph may commence litigation at the court in accordance with the two preceding paragraphs.

**Article 35** If a director or senior management contravenes the law, administrative regulations or these Articles of Association, thereby damaging shareholders' interests, the shareholders can commence litigation in the court.

**Article 36** Holders of shares of the Company shall have the following obligations:

- (1) Comply with law, administrative regulations and these Articles of Association;
- (2) Pay for the shares based on the shares subscribed and the method of subscription;
- (3) Cannot ask the Company to redeem those shares except as prescribed by the law or regulations;
- (4) Cannot abuse his rights as a shareholder to harm the Company's or other shareholders' interests; cannot abuse the legal personality of the Company and the limited liability of the shareholders to harm the interests of creditors;

A shareholder who abuses his shareholders' rights resulting in losses to the Company and other shareholders shall compensate according to the law.

Shareholders who abuse the legal personality of the Company and limited liability of shareholders in order to escape from liability, thereby seriously damaging the interests of creditors of the Company, shall jointly and severally be responsible for the Company's debts.

- (5) Other responsibilities required by the law, administrative regulations and these Articles of Association.

**Article 37** If the shareholder who holds not less than 5% of the shares of the Company with voting right has pledged the shares held by him, he shall report to the Company in writing on the date when the incident has occurred.

Clause 39 of  
Guidelines for  
Articles

**Article 38** The controlling shareholder or de facto controller of the Company shall not use his related-party relationship to harm the interest of the Company. In case of violating such requirement and causing losses to the Company, they shall be liable to indemnify the damages.

Clause 40 of  
Guidelines for  
Articles

The controlling shareholder and de facto controller of the Company owe a duty of honesty and integrity to the Company and its public shareholders. The controlling shareholder shall exercise his rights as a capital contributor strictly in accordance with the laws, and the controlling shareholder shall not prejudice the lawful interests of the Company and the public shareholders through profit distribution, asset reorganization, external investment, occupying funds, loan guarantees or other means, and shall not use his control position to prejudice the interests of the Company and the public shareholders.

## **Section 2 General Provisions on General Meeting**

**Article 39** The general meeting shall be the organ of authority of the Company and shall exercise the following functions and powers according to law:

Clause 41 of  
Guidelines for  
Articles

- (1) Decide the operational policy and investment plan of the Company;
- (2) Elect and replace directors and supervisors who are not employee representatives. Make decisions on matters in relation to the remuneration of the relevant directors and supervisors;
- (3) Review and approve the reports of the Board;
- (4) Review and approve the reports of the board of supervisors;
- (5) Review and approve the annual financial budgets and final accounting of the Company;
- (6) Review and approve the profit distribution plan and loss compensation plan of the Company;
- (7) Decide on increasing or reducing the registered capital of the Company;
- (8) Decide on merger, demerger, winding up, liquidation or changing the form of the Company;
- (9) Amend these Articles of Association;
- (10) Pass resolutions on the appointment and dismissal of accounting firms by the Company;
- (11) Review and approve the external guarantee issues which shall be reviewed at the general meeting as prescribed in Article 40 of these Articles of Association;

Rules 7.1.3  
and 7.1.19 of  
SSE STAR  
Market  
Listing Rules

- (12) Review purchases and sales of significant assets within a year exceeding 30% of the latest audited total assets of the Company;
- (13) Consider the transactions of asset purchase or sale of the Company with total asset value or transaction amount calculated on cumulative basis for 12 consecutive months exceeding 30% of the audited total assets of the Company for the latest period;
- (14) Consider the following transactions of the Company (transaction(s) are defined and executed in accordance with the SSE STAR Market Listing Rules, excluding accepting gift of asset in cash, reduction or waiver of debt, accepting guarantee and financial assistance and transactions that confer gains unilaterally and the provision of guarantee and related-party transactions):
  1. total asset value (if both book value and assessed value exist at the same time, whichever the higher shall prevail) involved in the transaction represents not less than 50% of the audited total asset value of the Company for the latest period;
  2. transaction amount of the deal represents not less than 50% of the market capitalization of the Company;
  3. the net asset value of the transaction target (such as equity interest) for the latest accounting year represents not less than 50% of the market capitalization of the Company;
  4. the revenue generated from the transaction target (such as equity interest) for the latest accounting year represents not less than 50% of the audited revenue of the Company for the latest accounting year and exceeds RMB50 million;
  5. the gross profit generated from the transaction represents not less than 50% of the audited net profit of the Company for the latest accounting year and exceeds RMB5 million;
  6. the net profit generated from the transaction target (such as equity interest) for the latest accounting year represents not less than 50% of the audited net profit of the Company for the latest accounting year and exceeds RMB5 million;
- (15) Review proposal of approving the change in use of proceeds;
- (16) Review share incentive plans and employee share ownership plans;
- (17) Review other matters to be approved at the general meeting as prescribed by the law, administrative regulations, department regulations or these Articles of Association.

The powers of the general meeting shall not be exercised by the Board or other institutions and individuals through any form of authorization.

**Article 40** The following external guarantees of the Company must be reviewed at the general meeting following consideration and passing at the Board meeting:

- (1) Any subsequent guarantee in addition to the aggregate of all external guarantees provided by the Company or its controlled subsidiary with a total amount more than 50% of the Company's latest audited net assets;
- (2) Guarantee to the aggregate of all external guarantees provided by the Company within 12 consecutive months or within one year with a total amount more than 30% of the Company's latest audited total assets;
- (3) To provide guarantee to entities with more than 70% debt-to-equity ratio;
- (4) A single guarantee whose amount exceeds 10% of the latest audited net assets;
- (5) To provide guarantee for shareholders, de facto controller and their related parties and other related parties of the Company;
- (6) any guarantee provided after the total amount of external guarantee provided by the Company has exceeded 30% of the audited total assets of the Company for the latest period;
- (7) Other guarantees which shall be passed at the general meeting as prescribed by the relevant laws and regulations, the local stock exchange where the Company's shares are listed and these Articles of Association.

For matters of guarantee within the powers and extent of authority of the Board, in addition to passing a resolution by not less than one-half of all directors, consent is also required from not less than two-thirds of the directors who should attend the meeting of the Board. To consider the guarantees in (2) of the preceding paragraph at the general meeting, these guarantees shall be passed by votes representing not less than two-thirds of the voting rights of shareholders represented at the relevant meeting.

When the Company provides guarantee to a wholly-owned subsidiary, or a controlled subsidiary and other shareholders of the controlled subsidiary provide guarantee on pro-rata basis according to their interest entitlement, if the interest of the Company is not prejudiced, the aforesaid requirements applicable under items (1), (3) and (4) may be exempted, unless otherwise provided herein. The Company shall make consolidated disclosure about the aforesaid guarantee in the annual report and interim report.

When the Company provides guarantee to a related party, it should be based on reasonable commercial grounds, timely disclosure is required after consideration and approval by the Board, and the same should be submitted to the general meeting for consideration. When the Company provides guarantees to controlling shareholder, de facto controller and their related parties, such controlling shareholder, de facto controller and their related parties shall provide reverse guarantees accordingly.

In case of the approval of external guarantees by a general meeting and a Board meeting in violation of these Articles of Association, resulting in losses to the Company, the responsible person shall be held responsible for the corresponding economic responsibility; where serious cases which constitute crimes shall be transferred to judicial authorities in accordance with relevant laws and regulations.

**Article 41** The general meetings shall include annual general meetings and extraordinary general meetings. Annual meetings shall be convened once each financial year and shall be held within six months from the end of the preceding financial year.

Clause 43 and  
Clause 44 of  
Guidelines for  
Articles

The Company shall convene an extraordinary general meeting within two months upon the occurrence of any of the following circumstances:

Appendix A1  
of the Hong  
Kong Listing  
Rules

- (1) The number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in the Company Law or Articles of Association of the Company;
- (2) The losses of the Company that have not been made up reach one-third of the total share capital of the Company;
- (3) Shareholders who individually or together hold not less than 10% of the shares with voting rights of the Company make a request;
- (4) Whenever the Board considers necessary;
- (5) When the board of supervisors proposes a meeting;
- (6) Other circumstances prescribed by the law, administrative regulations, departmental regulations, the regulatory rules of the place(s) in which the shares of the Company are listed or these Articles of Association.

**Article 42** The venue to hold a general meeting of the Company shall be the domicile of the Company or other specific location informed by the convener of the general meeting.

Clause 45 of  
Guidelines for  
Articles

The Company shall arrange for the venue for a physical meeting to be held. Such meeting may also be held in the way of internet voting for the convenience of shareholders attending the general meetings. A shareholder who participates in a general meeting in the aforesaid manners shall be deemed to have been present at the meeting.

After the notice of a general meeting has been issued, the venue for holding the physical general meeting shall not be changed without a proper reason. If a change is necessary, the convener shall issue an announcement at least 2 working days prior to the date when the physical meeting is to be held and explain the reasons.

**Article 43** When the Company convenes a general meeting, a solicitor may be engaged to provide legal advice and make announcement on the following issues:

Clause 46 of  
Guidelines for  
Articles

- (1) whether the procedures for convening and holding the meeting comply with the laws, administrative regulations and these Articles of Association;
- (2) whether the eligibility of persons attending the meeting and the qualification of the convener are lawful and valid;
- (3) whether the voting process and voting results are lawful and valid;
- (4) legal advice provided on other issues at the request of the Company.

### **Section 3 Convening of General Meeting**

**Article 44** Independent directors are entitled to propose an extraordinary general meeting to the Board. Concerning the above request, the Board shall, in accordance with the law, administrative regulations and these Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the proposal.

Clause 47 of  
Guidelines for  
Articles

If the Board agrees to convene the extraordinary general meeting, it shall issue a notice of general meeting within 5 days upon making the decision. If the Board does not agree to convene an extraordinary general meeting, it shall explain the reasons and make an announcement accordingly.

**Article 45** The board of supervisors is entitled to propose an extraordinary general meeting to the Board, which shall be made in writing. Concerning the above request, the Board shall, in accordance with the law, administrative regulations and these Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the proposal.

Clause 48 of  
Guidelines for  
Articles

If the Board agrees to convene the extraordinary general meeting, it shall issue a notice of general meeting within 5 days of the decision. Any changes made to the original request in the notice shall be agreed by the board of supervisors.

If the Board disagrees to convene the extraordinary general meeting, or does not reply within 10 days upon receipt of the proposal, it shall be deemed as failing or not discharging its duties to convene the general meeting. The board of supervisors shall then be entitled to convene and hold the meeting itself.

**Article 46** Shareholders who, individually or jointly, hold not less than 10% of the shares with voting rights of the Company shall have the right to request the Board to convene an extraordinary general meeting, and shall submit the request in writing to the Board. These shareholders shall also have the right to add resolutions to the agenda of the relevant general meeting. The Board shall provide a reply in writing within 10 days after receipt of the request to express consent or objection to the convening of an extraordinary general meeting in accordance with the requirements of the laws, administrative regulations and these Articles of Association.

Clause 49 of  
Guidelines for  
Articles

If the Board consents to hold an extraordinary general meeting, it should issue a notice of general meeting within 5 days after the resolution is approved by the Board, and any change to the original request in the notice shall be subject to consent from the relevant shareholders.

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If the Board disagrees to hold an extraordinary general meeting, or fails to give a reply within 10 days after receiving the request, shareholders who, individually or jointly, hold not less than 10% of the shares with voting rights of the Company shall have the right to propose to the board of supervisors to convene an extraordinary general meeting, and the request shall be submitted to the board of supervisors in writing.

If the board of supervisors consents to hold an extraordinary general meeting, it should issue a notice of general meeting within 5 days after receiving the request, and any change to the original appeal in the notice shall be subject to consent from the relevant shareholders.

If the board of supervisors fails to issue a notice of general meeting within the prescribed period, the board of supervisors is deemed to refuse to convene and preside over the general meeting, and shareholders who, individually or jointly, hold not less than 10% shares with voting rights of the Company for not less than 90 consecutive days may convene and preside over a general meeting.

**Article 47** Where the board of supervisors or shareholders convenes a meeting in accordance with the provisions of this section, a written notice shall be sent to the Board and filed with the relevant stock exchange in accordance with applicable provisions. Before the announcement of the resolution on general meeting, the shareholding held by the convening shareholders shall not be less than 10% of the shares with voting rights. When the board of supervisors or the convening shareholders issue a notice of general meeting and announcement on the resolution on general meeting, the relevant materials of evidence shall be submitted to the stock exchange. The Board and the secretary to the Board shall cooperate in terms of such meetings. The Board will provide the register of shareholders on the shareholding record date.

Clause 50,  
Clause 51 and  
Clause 52 of  
Guidelines for  
Articles

The necessary expenses required for the general meetings convened by the board of supervisors or shareholders shall be borne by the Company.

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#### **Section 4 Proposals and Notices of General Meeting**

**Article 48** The contents of the proposals to be raised shall be within the scope of duties of the general meetings. It shall have a clear topic and specific matters to be resolved on, and shall be in compliance with relevant requirements of the laws, administrative regulations, listing rules of the place(s) in which the shares of the Company are listed and these Articles of Association.

Clause  
53 of the  
Guidelines for  
Articles

**Article 49** When a general meeting is held by the Company, the Board, board of supervisors or shareholders who individually or together hold not less than 3% of the shares of the Company may propose resolutions to the Company.

Clause  
54 of the  
Guidelines for  
Articles  
Article 102 of  
the Company  
Law

Shareholders who individually or together hold not less than 3% of the shares of the Company may submit ad hoc proposals in writing to the convener of the general meeting 10 working days before the holding of the general meeting. The convener shall issue a supplementary notice of the general meeting within 2 days upon receipt of the proposals and announce the contents of the ad hoc proposals.

Except for circumstances provided in the above paragraph, the convener, after issuing the notice of the general meeting, shall neither revise the proposals stated in the notice of general meetings nor add new proposals.

If a notice of general meeting does not specify the proposed resolutions or does not comply with Article 48 herein, no voting for decision shall be held at the general meeting.

**Article 50** Where a general meeting is convened by the Company, the convener should notify all shareholders 21 days prior to the annual general meeting or 15 days prior to the extraordinary general meeting.

Clause  
55 of the  
Guidelines for  
Articles

When calculating the time limit of the notice, the date of the meeting shall be excluded.

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Rules

If there are any special requirements by the listing rules of the place(s) where the Company's shares are listed, such requirements shall prevail.

**Article 51** Notice of the shareholders' general meeting shall include the following:

Clause  
56 of the  
Guidelines for  
Articles

- (1) Time, place and duration of the meeting;
- (2) Matters and motions to be considered at the meeting;
- (3) A conspicuous statement that all ordinary shareholders (including preference shareholders with restored voting rights) are entitled to attend at the general meeting, and a shareholder may appoint a proxy in writing to attend the meeting and vote on his/her behalf and such proxy is not necessarily be a shareholder of the Company;
- (4) Record date for shareholders who are entitled to attend the meeting;
- (5) Name and telephone number of the contact person;
- (6) Voting time and the voting procedures for online or other forms of meeting.

The duration between the record date of shareholdings and the date of meeting shall be not more than 7 working days. The record date of shareholding, once confirmed, shall not be changed.

The notice and supplemental notice of a general meeting should sufficiently and fully disclose all the specific contents of all proposals. Concerning matters for discussion that require opinions from independent directors, the opinions and reasons provided by independent directors shall be disclosed at the same time when the notice or supplemental notice of the general meeting is issued.

The time to start voting via internet or by other means shall not be earlier than 3:00 p.m. of the day preceding the date of the onsite general meeting or later than 9:30 a.m. of the date of the onsite general meeting, and shall not conclude earlier than 3:00 p.m. of the date of the onsite general meeting.

**Article 52** For matter of discussion which involve the election of directors and supervisors, the notice of meeting shall fully disclose the detailed information of the candidates for such directors and supervisors, which should at least include the following:

Clause  
57 of the  
Guidelines for  
Articles

- (1) Education background, work experience and any part-time job;
- (2) Whether there is any associated relationship between the Company or the controlling shareholders and de facto controller of the Company;
- (3) Disclosure of their shareholdings in the Company;
- (4) Whether or not they have been penalized by CSRC or other related securities regulatory departments and the stock exchange.

Unless a director or supervisor is elected via the accumulative voting system, each candidate of director or supervisor shall be individually proposed.

**Article 53** After issuance of the notice for the general meeting, the general meeting shall not be postponed or cancelled without proper reasons and the proposals specified in the notice shall not be withdrawn. In case of delay or cancellation, the convener shall make a public announcement giving reasons within 2 working days before the scheduled date, unless otherwise prescribed in listing rules of the place(s) in which the shares of the Company are listed (if so, the latter shall prevail).

Clause  
58 of the  
Guidelines for  
Articles

## **Section 5 Convening General Meeting**

**Article 54** The board of directors of the Company and other conveners will take necessary measures to ensure the normal order of the general meeting. Any acts of interfering with the general meeting, stirring up arguments and infringing against the lawful interest of shareholders will be stopped by adopting measures and shall be reported to the relevant authority for investigation and penalty.

Clause  
59 of the  
Guidelines for  
Articles

**Article 55** All ordinary shareholders on the register of shareholders on the shareholding record date shall be entitled to attend the general meeting, and vote in accordance with the provisions of relevant law, regulations and these Articles of Association.

Clause  
60 of the  
Guidelines for  
Articles

Shareholders may attend a general meeting in person or appoint a proxy to attend and vote on their behalf, and such proxy need not be a shareholder of the Company.

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**Article 56** An individual shareholder who attends the general meeting in person shall present his own identity card or other valid proof or certification or stock account card capable of confirming his identity; if a proxy is appointed to attend the meeting, the proxy should present his own valid identity document and the form of proxy authorized by the shareholder.

Clause  
61 of the  
Guidelines for  
Articles

If a shareholder is a corporate legal person, its legal representative or a proxy appointed by its legal representative should attend the meeting and vote at the meeting. If its legal representative attends the meeting in person, he should present his identity card or other valid proof capable of proving his qualification of being the legal representative; if a proxy is appointed to attend the meeting, the proxy should present his own identity card or the authorized form of proxy in writing issued by the legal representative of the corporate legal person in accordance with the laws. A legal person shareholder shall be deemed to be present in person at any meeting if he/she has appointed a proxy to attend such meeting. A legal person shareholder may execute a form of proxy by his/her duly authorized person.

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**Article 57** The instrument issued by the shareholder to authorize another person to attend the general meeting shall state the following contents:

Clause  
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Guidelines for  
Articles

- (1) Name of the proxy;
- (2) Whether the proxy has voting rights;
- (3) Indication of consent, objection or abstention concerning each proposal for resolution on the general meeting agenda;
- (4) Date of signing of instrument and term of validity;
- (5) Signature (or seal) of the principal. If the principal is a legal person shareholder, the seal of the legal person shall be affixed.

**Article 58** Where the power of attorney is signed by another person authorized by the entrusting party, the authorization letter or other document authorizing the signatory shall be notarized. The notarized authorization letter or other authorizing document shall be placed together with the instrument appointing the voting proxy at the domicile of the Company or at such other place as specified in the notice of the meeting.

Clause  
64 of the  
Guidelines for  
Articles

Where the principal is a legal person, its legal representative or the person authorized by resolution of its Board or other decision-making body shall be entitled to attend the Company's general meetings as the representative of such legal person.

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Rules

If the shareholder is an Accredited Clearing House (or its proxy), it shall have the right to appoint a proxy or corporate representative as its proxies to attend and vote at any shareholders' general meeting. However, if more than one person is appointed, the instrument of proxy shall specify the number and class of the shares relating to each such proxy. The proxy may be signed by the authorized person of the Accredited Clearing House. Such person so appointed may attend the meeting and exercise the rights on behalf of the Accredited Clearing House (or its proxy) (not requiring presence of the shareholding voucher, notarized authorization and/or further evidences to prove the duly authorization), and shall be entitled to the same legal rights, including the rights to speak and vote, as other shareholders.

**Article 59** The proxy form shall state that if the shareholder does not give specific instructions, whether the may shall vote at his/her own discretion.

Clause  
63 of the  
Guidelines for  
Articles

**Article 60** A registration record for attendants at the meeting shall be compiled by the Company. The registration record shall contain items including but not limited to the names of attendants (or names of organizations), identity card numbers, residential addresses, the number of shares held or representing the voting rights and names (or name of organizations) of the proxies.

Clause  
65 of the  
Guidelines for  
Articles

**Article 61** The convener and the lawyer engaged by the Company shall examine legality of the shareholders' qualifications according to the register of members provided by the securities registrations and clearing organizations. The names of shareholders and the number of shares with voting rights shall be registered. The registration at the meeting shall terminate before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the shares held with voting rights.

Clause  
66 of the  
Guidelines for  
Articles

**Article 62** All Directors, Supervisors and secretary to the Board of the Company shall attend general meetings, and the general manager and other senior management officers shall attend the meeting as non-voting participants.

Clause  
67 of the  
Guidelines for  
Articles

**Article 63** The general meeting shall be presided by the chairman of the Board. Where the chairman of the Board is unable to or fails to perform his duty, the meeting shall be presided by the vice chairman of the Board (where the Company has two or more vice chairmen, the meeting shall be presided by the vice chairman elected by not less than one-half of all directors). Where the vice chairman of the Board is unable to or fails to perform his duty, a director elected by more than one-half of all directors shall preside over the meeting.

Clause  
68 of the  
Guidelines for  
Articles

If a general meeting is convened by the board of supervisors itself, board of the chairman of the board of supervisors shall preside over the meeting. If the chairman of the board of supervisors is unable to or will not discharge his duties, not less than one half of the supervisors shall nominate a supervisor to preside over the meeting.

If a general meeting is convened by the shareholders themselves, the convener will nominate a representative to conduct the meeting.

In a general meeting, if the chairman of the meeting contravenes the meeting procedures, making the meeting impossible to proceed, with consent from more than one-half of the attending shareholders with voting rights, the shareholders may nominate one person to serve as the chairman and continue with the meeting.

**Article 64** The Company shall stipulate the rules of procedures for the general meeting and specify in details the procedure for convening and voting at the general meeting, including notification, registration, reviewing of proposals, voting, counting of votes, announcement of voting results, formation of meeting resolutions, minutes of meeting and their signing, public announcements as well as principles of authorization to the Board by the general meeting. The rules of procedures for the general meeting shall be appended to these Articles of Association. They shall be stipulated by the Board and approved by the general meeting.

Clause  
69 of the  
Guidelines for  
Articles

**Article 65** In the annual general meeting, the Board and the board of supervisors shall report their work during the past year to the general meeting. Each independent non-executive director shall also present a work report.

Clause  
70 of the  
Guidelines for  
Articles

**Article 66** Directors, supervisors and senior management shall explain and answer the enquiries and suggestions from shareholders at the general meeting.

Clause  
71 of the  
Guidelines for  
Articles

**Article 67** The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting in person as well as the total number of voting shares, which shall be the number of shareholders and proxies attending the meeting in person and the total number of their voting shares as indicated in the meeting's registration record.

Clause  
72 of the  
Guidelines for  
Articles

**Article 68** The general meeting shall have minutes prepared by the secretary to the Board. The minutes shall state the following contents:

Clause  
73 of the  
Guidelines for  
Articles

- (1) Time, venue and agenda of the meeting and names of the convener;
- (2) The name of the meeting chairman and the names of the directors, supervisors, general manager and other senior management officers attending or present at the meeting;
- (3) The numbers of shareholders and proxies attending the meeting, number of voting shares they represent and the percentages of their voting shares to the total share capital of the Company for each shareholder;
- (4) The process of review and discussion, summary of any speech and voting results of each proposal;
- (5) Shareholders' questions, opinions or suggestions and corresponding answers or explanations;
- (6) Names of lawyer, vote counters and scrutinizer of the voting;
- (7) Other contents to be included in the minutes as specified in these Articles of Association.

**Article 69** The convener shall ensure that the contents of the minutes are true, accurate and complete. Directors, supervisors, secretaries to the Board, conveners and their representatives and the chairman of the meeting shall sign on the minutes. The minutes shall be kept together with the registration record of attendant shareholders, authorization letters of proxies, valid record on internet voting and other means of voting, for a period of no less than 10 years.

Clause  
74 of the  
Guidelines for  
Articles

**Article 70** The convener shall ensure that the general meeting be conducted continuously until final resolutions are made. If the general meeting is suspended or resolutions cannot be made because of force majeure or other special circumstances, the convener shall take necessary measures to resume the meeting or directly terminate that meeting immediately followed by a timely public announcement and report in accordance with the laws, regulations or listing rules of the place(s) in which the shares of the Company are listed. At the same time, the convener shall report to the CSRC branch and the stock exchange of the place where Company is located.

Clause  
75 of the  
Guidelines for  
Articles

## Section 6 Voting and Resolutions at General Meetings

**Article 71** Resolutions of the general meeting include ordinary resolutions or special resolutions.

Clause  
76 of the  
Guidelines for  
Articles

Ordinary resolution at a general meeting shall be passed by more than half of the voting shares held by shareholders (including their proxies) attending the general meeting.

Special resolution at a general meeting shall be passed by not less than two-thirds of the voting rights held by shareholders (including their proxies) attending the general meeting.

**Article 72** The following matters shall be passed by ordinary resolutions at a general meeting:

Clause  
77 of the  
Guidelines for  
Articles

- (1) work reports of the Board and the board of supervisors;
- (2) profit distribution plan and loss compensation plan proposed by the Board;
- (3) appointment and dismissal of members of the Board and the board of supervisors, and their remuneration and payment method;
- (4) annual budget and final accounts of the Company;
- (5) annual report of the Company;
- (6) other matters except for those have to be passed by special resolutions as required under the laws, administrative regulations or these Articles of Association.

**Article 73** The following matters shall be passed by special resolutions at a general meeting:

Clause  
78 of the  
Guidelines for  
Articles

- (1) the Company increases or reduces registered capital;
- (2) division, spin-off, combination, dissolution and liquidation of the Company;
- (3) revision of the Articles of Association;
- (4) purchase or disposal of major assets by the Company within one year or the amount of guarantee exceeds 30% of the audited total assets of the Company for the latest period;
- (5) share incentive plans;
- (6) change of any rights attached to the shares;
- (7) other matters that have to be passed by special resolutions in accordance with the laws, administrative regulations or these Articles of Association and matters confirmed by ordinary resolutions at general meetings to have material impact on the Company.

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**Article 74** Shareholders (including proxies) shall exercise their voting rights according to the number of voting shares that they represent. Each share shall carry one voting right.

When the general meeting considers a material event that may affect the interest of minority shareholders, the votes of minority shareholders should be counted separately. Such result of the separate vote-counting should be disclosed to the public in a timely manner.

Shares held by the Company do not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a general meeting.

If a shareholder purchases shares of the Company with voting rights in violation of paragraph 1 and paragraph 2 of Article 63 of the Securities Law, such shares in excess of the prescribed proportion shall not be allowed to exercise voting rights for a period of thirty-six months after the purchase, and shall not be counted in the total number of shares with voting rights present at the general meeting.

Subject to and conditional upon compliance with applicable laws, regulations and/or requirements of the listing rules of the place(s) in which the shares of the Company are listed, the Board, independent directors, shareholders holding more than 1% of the voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the CSRC may openly solicit voting rights from shareholders. Solicitation of voting rights from shareholders should make sufficient disclosure of information, including the specific voting intention, to persons from whom such voting rights are solicited. Solicitation of voting rights from shareholders by offering money or other forms of consideration is forbidden. Save for the statutory requirements, the Company shall not set a minimum shareholding limit for voting right solicitation.

When the general meeting considers related party transactions, the related shareholders shall not participate in the voting, his shares held with voting rights will not be counted within the total number of valid votes. The announcement on the resolutions of the general meeting shall fully disclose the voting results of the non-related shareholders. If the applicable laws, administrative regulations, departmental rules, regulatory documents or listing rules of the place where the shares of the Company are listed stipulate otherwise, such other provisions shall prevail.

Where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 75** Except when the Company is under a special circumstance such as a crisis, the Company shall not, without an approval by a special resolution at a general meeting, enter into a contract to handover all or part of the management of important matters of the Company to a person other than to a director, supervisor or other senior management.

**Article 76** The list of candidates for directors and supervisors shall be submitted to the general meeting in the form of a proposal for resolution.

Candidates for directors of the first session of the board of directors and candidates for supervisors of the first session of the board of supervisors of the Company shall be nominated by the sponsors. The nomination of directors and supervisors for the next sessions shall be in accordance with the following method and procedures:

- (1) In the event of election at expiration of office terms of the board of directors or addition of directors to the existing board of directors, the existing board of directors, board of supervisors, and shareholders holding individually or in aggregate more than 3% of the shares of the Company may nominate candidates who are not employee representatives for the next session of the board of directors or as addition to the existing board of directors, provided not exceeding the number of persons proposed to be elected;
- (2) In the event of election at expiration of office terms of the board of supervisors or addition of supervisors to the existing board of supervisors, the existing board of supervisors, board of directors, and shareholders holding individually or in aggregate more than 3% of the shares of the Company may nominate candidates who are not employee representatives for the next session of the board of supervisors or as addition to the existing board of supervisors, provided not exceeding the number of persons proposed to be elected;
- (3) Shareholders shall submit to the existing board of directors or board of supervisors the resumes and basic information of the candidates for directors or supervisors nominated by them, and the existing board of directors or board of supervisors shall conduct a qualification examination, and those who meet the qualifications for the position of directors or supervisors after examination shall be submitted to the general meeting for election;
- (4) A candidate for director or a candidate for supervisor shall make an undertaking in writing in accordance with the requirements of the Company, including but not limited to, agreeing to accept the nomination, undertaking that the information submitted in respect of his/her personal particulars is true and complete, and guaranteeing that he/she will effectively perform his/her duties after his/her election;
- (5) The nomination method and procedures for independent directors shall be carried out in accordance with the relevant provisions of the laws, administrative regulations, departmental rules, these Articles of Association and the management systems of the Company; and any employee representative director and employee representative supervisor shall be elected by the employees of the Company through the employee representative council in a democratic manner.

When the general meeting passes resolutions on the election of directors and supervisors, if any single shareholder of the Company and his parties acting in concert have interest in not less than 30% of shares, the cumulative voting system should be adopted. If no single shareholder of the Company and his parties acting in concert have interest in not less than 30% of shares, according to the requirements of the Articles of Association or a resolution of the general meeting, the cumulative voting system may be implemented.

The cumulative voting system as mentioned above in the preceding paragraph refers to the system for electing directors or supervisors in a general meeting where the voting right of each share shall be equal to the number of directors or supervisors to be elected, the voting right owned by a shareholder may be used in a centralized manner. The board of directors shall publish an announcement to shareholders providing information on the biographical details and basic particulars of the candidates for directors or supervisors.

After the general meeting has passed the resolutions on the election proposal for directors and supervisors, the term of office of the newly elected directors and supervisors shall commence on the day when the resolution is approved by the general meeting, unless otherwise provided in the resolution of the general meeting.

**Article 77** Rules on Cumulative Voting:

Clause  
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Guidelines for  
Articles

(1) Cumulative voting system

In order to ensure that the number of independent directors elected in the board of directors of the Company meets the relevant requirements, the election of independent directors and non-independent directors shall be voted separately.

In the election of independent directors, each ordinary share (including preference shares with restored voting rights) shall have the same number of voting rights as the number of independent directors to be elected, and each shareholder shall have the voting rights equal to the number of shares held by him/her multiplied by the number of independent directors to be elected, and such votes shall only be voted on the candidates for independent directors.

In the election of non-independent directors, each ordinary share (including preference shares with restored voting rights) shall have the same number of voting rights as the number of non-independent directors to be elected, and each shareholder shall have the voting rights equal to the number of shares held by him/her multiplied by the number of non-independent directors to be elected, and such voting rights shall only be voted on the candidates for nonindependent directors.

In the election of supervisors, each ordinary share (including preference shares with restored voting rights) shall have the same number of voting rights as the number of non-independent directors to be elected, and each shareholder shall have the voting rights equal to the number of shares held by him/her multiplied by the number of supervisors to be elected, and such votes shall only be cast for supervisor candidates.

The votes for the election of directors shall only be cast on the candidates for directors, and the votes for the election of supervisors shall only be cast on the candidates for supervisors, and the cumulative voting amount of each shareholder shall not be used for each other.

(2) Principles for election of directors or supervisors:

1. The number and structure of directors elected at the general meeting shall comply with the provisions of the Articles of Association. The election of director or supervisor candidates shall be determined according to the number of votes, but the number of votes obtained by each elected director or supervisor must exceed half of the shares with valid voting rights held by the shareholders attending the general meeting (based on the number of shares not accumulated);

2. If the number of candidates for directors or supervisors who have voted at the general meeting exceeds the number of candidates, those who have the most votes shall be elected. If the number of elected directors or supervisors is less than the number of directors or supervisors to be elected, the vacancy shall be filled at the next general meeting;
3. If the number of candidates for directors or supervisors who are entitled to more than one-half of the valid votes held by the shareholders attending the meeting is more than the number of directors or supervisors to be elected, the number of votes obtained shall be in order, and those who obtain more votes shall be elected.

If there are any special requirements by the listing rules of the place(s) where the Company's shares are listed, such requirements shall prevail.

**Article 78** Except for the cumulative voting system, the general meeting shall pass a resolution for each of the proposals, when there is more than one proposals for a particular matter, voting should be conducted on each of the proposals according to their chronological order of being proposed. Unless the general meeting is adjourned or a resolution cannot be passed due to special reasons such as force majeure, the general meeting will not set aside or refrain from voting on the proposals.

Clause  
83 of the  
Guidelines for  
Articles

**Article 79** When a proposal is considered in a general meeting, no modification to the proposal will be made, otherwise the relevant change shall be deemed a new proposal and cannot be voted in the current general meeting.

Clause  
84 of the  
Guidelines for  
Articles

**Article 80** The same voting right may only elect one of the voting methods, on-site, internet or other voting methods. If the same voting right has voted repeatedly, the voting resulting of the first time shall prevail.

Clause  
85 of the  
Guidelines for  
Articles

**Article 81** Voting at general meeting will record the name of the voter, that is, by open ballot.

Clause  
86 of the  
Guidelines for  
Articles

**Article 82** Before voting on a proposal in the general meeting, two shareholder representatives shall be elected to participate the general meeting shall decide whether in voting counting and act as scrutineers. When shareholders are related parties in a proposed matter, the related shareholders and proxies are not allowed to participate in vote counting and scrutinizing process.

Clause  
87 of the  
Guidelines for  
Articles

When a proposal is voted in a general meeting, the vote counting and scrutinizing process shall be jointly responsible and performed by a lawyer, a representative of shareholders and a representative of supervisors, the voting result should be announced on-site and the voting result of a resolution shall be recorded in the minutes of meeting.

A shareholder of the Company or his proxy who has voted through the internet or other voting methods shall be entitled to inspect his own voting result through the corresponding voting system.

**Article 83** The closing time of a physical general meeting must not be earlier than the closing time through internet or other methods. The meeting chairman shall announce the voting for each proposal and its result, and shall declare whether the proposal has been approved according to the voting result.

Clause  
88 of the  
Guidelines for  
Articles

Before announcing the official voting result, the related parties including the Company, vote counting persons, scrutineers, substantial shareholders and internet service providers involved in the physical general meeting, internet and other voting methods shall have a duty of confidentiality on the voting details.

**Article 84** Shareholders who attend the general meeting in person shall express one of the following indications about the proposal submitted for voting: for, against or abstain. China Securities Depository and Clearing Co., Ltd. is the nominee holder of shares transacted through the mutual connection mechanism between stock markets in Mainland China and Hong Kong, except for reporting on indications expressed by beneficial shareholders.

Clause  
89 of the  
Guidelines for  
Articles

Empty, erroneous or illegible ballot papers and uncast ballot papers are deemed as abstained from voting by the voters, and the voting result in respect of the number of shares held by such voters are counted as “abstention”.

**Article 85** If the chairman of the meeting has any doubts about the voting result of a resolution, he may arrange recounting of the votes. If the chairman of the meeting does not arrange re-counting of the votes, a shareholder or proxy attending the meeting who dissent from the result announced by the chairman of the meeting shall be entitled to request re-counting of votes immediately after announcement of the voting result, in which case the chairman of the meeting shall immediately arrange re-counting of the votes.

Clause  
90 of the  
Guidelines for  
Articles

**Article 86** Resolutions of a general meeting shall be announced in a timely manner, the announcement shall set out the number of shareholders and proxies attending the meeting, the total number of shares held with voting rights and the percentage in the total number of shares of the Company with voting right, method of voting, voting result of each proposal and the details of each resolution which has been passed.

Clause  
91 of the  
Guidelines for  
Articles

**Article 87** If any proposal has not been passed or modification has been made to a resolution of the preceding general meeting by the current general meeting, a special note should be contained in the announcement on resolutions of the general meeting.

Clause  
92 of the  
Guidelines for  
Articles

**Article 88** When a general meeting has passed resolutions on the distribution of cash dividends, bonus shares or increase in share capital by conversion of capital reserves, the Company shall implement the specific proposal within 2 months after conclusion of the general meeting.

Clause  
94 of the  
Guidelines for  
Articles

## Chapter 5 The Board

### Section 1 Directors

**Article 89** Directors of the Company shall be natural persons, and a person may not serve as a director of the Company if any of the following circumstances applies:

Clause  
95 of the  
Guidelines for  
Articles

- (1) A person without capacity or with restricted capacity for civil acts;
- (2) A person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) A person who is a former director, factory manager or general manager of a company or enterprise which has entered into insolvent liquidation and who is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) A person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three years have elapsed since the date of the revocation of the business license;
- (5) A person who has a relatively large amount of debts due and outstanding;
- (6) A person who is prohibited from entering the securities market under the measures adopted by the CSRC and the aforesaid prohibition period has not yet expired;
- (7) Other contents required by the laws, administrative regulations, departmental regulations and regulatory documents.

If the election or appointment of directors has violated the requirements herein, such election or appointment or employment shall be void and invalid. If such circumstances arise during the period of employment of a director, the Company shall dismiss the duties of such director.

**Article 90** Directors shall be elected or changed by the general meeting, and may be removed by a general meeting before expiration of a term of office. Each session serves a term of three years. A director may serve consecutive terms if re-elected upon the expiry of his term, unless otherwise stipulated by the relevant laws, regulations and listing rules of the place where the Company's shares are listed.

Clause  
96 of the  
Guidelines for  
Articles

A director's term of service commences from the date of passing the resolution at the shareholders' general meeting, until the current term of service of Board ends. If a director's term of service expires but a new director is not yet appointed, the original director shall continue to carry out the director's duties according to the laws, administrative regulations, departmental regulations, listing rules of the place(s) in which the shares of the Company are listed and these Articles of Association until the newly elected director's appointment comes into effect.

A director's post may be assumed by general manager or other senior management. But the total number of general managers or other senior management who also assume directorship in the company, plus the number of directors as staff representative, shall not exceed one half of the total number of directors.

**Article 91** Directors shall comply with laws, administrative regulations and these Articles of Association, and owe a duty of loyalty to the Company on the following obligations:

Clause  
97 of the  
Guidelines for  
Articles

- (1) not to accept bribes or other illegal income by abusing the powers of his position and not to embezzle properties of the Company;
- (2) not to misappropriate funds of the Company;
- (3) not to deposit assets or funds of the Company in an account opened in his personal name or names of other individuals;
- (4) not to violate the provisions of these Articles of Association, not to lend funds of the Company to others or provide guarantee for others with properties of the Company without consent from the general meeting or Board;
- (5) not to violate the provisions of these Articles of Association or not to enter into contracts or carry out transactions with the Company without consent from the general meeting;
- (6) not to use the convenience of his position to seize business opportunities from the Company in favour of himself or others, or operate a business similar to the business of the Company for the benefit of himself or others, without consent from the general meeting;
- (7) not to receive commissions from transactions conducted with the Company for his own benefit;
- (8) not to divulge secrets of the Company in an unauthorized manner;
- (9) not to use his related-party relationship to harm the interest of the Company;
- (10) other obligations of loyalty as required by laws, administrative regulations, departmental rules, regulatory documents and these Articles of Association.

Any income received by a director in violation of this Article shall be returned to the Company; and such director shall be liable for damages for any losses incurred by the Company as a result.

**Article 92** Directors shall comply with laws, administrative regulations and these Articles of Association, and owe a duty of diligence to the Company on the following obligations:

- (1) exercise the rights conferred by the Company in a prudent, serious and diligent manner to ensure that the commercial acts of the Company have complied with the requirements of national laws, administrative regulations and various national economic policies, and the commercial activities are not beyond the scope of business prescribed by the business license;
- (2) treat all shareholders in a fair manner;
- (3) acquire a timely understanding on the operation and management of the business of the Company;
- (4) written confirmation of opinions for regular reports of the Company should be signed to ensure that all information disclosed by the Company are true, accurate and complete;
- (5) provide relevant information and data in a truthful manner to the board of supervisors, and not to obstruct the exercise of powers by the board of supervisors or supervisors;
- (6) other obligations of diligence as required by laws, administrative regulations, departmental rules, regulatory documents and these Articles of Association.

**Article 93** The directors, both collectively and individually, are expected to fulfill fiduciary duties and duties of skill, care and diligence to a standard at least in compliance with the standard established by the laws of Hong Kong. This means that every director must, in the performance of his duties as a director:

- (1) act honestly and in good faith in the interests of the Company as a whole;
- (2) act for proper purpose;
- (3) be responsible to the Company for the application or misapplication of its assets;
- (4) avoid actual and potential conflicts of interest and conflicts in duty;
- (5) disclose fully and fairly his interests in contracts with the Company; and
- (6) apply such degree of skill, care and diligence as may reasonably be expected of a person of his knowledge and experience and holding a directorship in a listed company.

Where unless otherwise provided by relevant laws and regulations, a director can be removed by ordinary resolution passed on a general meeting before the expiry of his term of office (but such removal does not prejudice the director's claim for damages pursuant to any contract).

**Article 94** If a director is unable to attend Board meetings in person for two consecutive meetings, and does not appoint other directors to attend Board meeting on his behalf, he shall be deemed as failing to carry out his duties. The Board shall propose to the general meeting to replace him.

**Article 95** A director may resign before expiry of his term of service. When a director resigns, he shall submit a written resignation notice to the Board. The Board shall disclose the relevant circumstances within 2 days.

Clause  
100 of the  
Guidelines for  
Articles

If the number of directors fall below the minimum statutory requirement due to a director's resignation, before the re-elected director commences his appointment, the original director shall continue to perform the duties of a director in accordance with the requirements of laws, administrative regulations, departmental rules and these Articles of Association.

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

**Article 96** When a director's resignation takes effect or his term of service expires, the director shall complete all transfer procedures with the Board. His fiduciary duty towards the Company and the shareholders do not necessarily cease after the end of his term of service and shall still be in effect for a reasonable period of time as stipulated in these Articles of Association.

Clause  
101 of the  
Guidelines for  
Articles

**Article 97** In the absence of specification in these Articles of Association or legitimate authorization by the Board, no director shall act in his personal capacity on behalf of the Company or the Board. When a director acts in his personal capacity, but a third party may reasonably believe that the director is representing the Company or the Board, that director shall declare his stance and capacity in advance.

Clause  
102 of the  
Guidelines for  
Articles

**Article 98** If a director breaches the laws, administrative regulations, departmental regulations or these Articles of Association when carrying out his duties and causes loss to the Company, he shall be held responsible for damages.

Clause  
103 of the  
Guidelines for  
Articles

**Article 99** The Company shall have independent non-executive directors. Independent non-executive directors shall have the qualifications and independence required by laws, regulations and the Hong Kong Listing Rules.

The Hong  
Kong Listing  
Rules

**Article 100** No less than one-third of the Board members and no less than three Board members of the Company shall be independent non-executive directors; among which, at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. At any time if the number of independent non-executive directors fails to meet the minimum number required by these Articles of Association due to either the failure to meet the criteria of independence or other circumstances which may put such independent non-executive directors inappropriate to perform their duties, the Company shall appoint additional independent non-executive directors to meet the requirement.

The Hong  
Kong Listing  
Rules

At least one of the independent non-executive directors of the Company shall ordinarily reside in Hong Kong.

**Article 101** An independent non-executive director shall have the same term of office as other directors of the Company, and may be reelected upon expiry of the term given that the consecutive terms shall be no more than six years.

The Hong  
Kong Listing  
Rules

**Article 102** The independent directors shall carry out responsibilities in accordance with relevant requirements of the laws, administrative regulations, the CSRC and the stock exchange(s).

Clause  
104 of the  
Guidelines for  
Articles

## Section 2 The Board

**Article 103** The Company shall set up a board of directors (i.e., the Board) which shall be accountable to the general meeting.

Clause 105 of the Guidelines for Articles

**Article 104** The Board shall compose of 5-19 directors, among which the ratio of independent non-executive directors to the total number of directors in the Board shall be no less than one-third. The Board shall have one chairman, and the general meeting shall decide whether or how to set up the post of vice chairman by an ordinary resolution at the general meeting. (The terms and conditions governing vice chairman as provided herein and hereinafter within these Articles of Association shall be only applicable to circumstances where the position(s) of vice chairman is set up in the Company.)

Clause 106 and Clause 111 of the Guidelines for Articles

The chairman and vice chairman (or vice chairmen) of the Board shall be elected and removed by more than one half of all the directors. The chairman and vice chairman (or vice chairmen) of the Board shall serve a term of three years and may be re-elected upon the expiry of their terms.

**Article 105** The Board exercises the following functions and powers:

Clause 107 and Clause 108 of the Guidelines for Articles

- (1) to be responsible for the convening of general meetings and report its work to the general meetings;
- (2) to implement resolutions of the general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the annual financial budgets and final accounts of the Company;
- (5) to formulate the Company's profit distribution plans and plans on making up losses;
- (6) to formulate proposals for the Company to increase or decrease its registered capital, issue bonds or other securities and pursue any listing thereof;
- (7) to formulate plans for mergers, demergers, dissolution and alteration of corporate form of the Company;
- (8) to formulate plans for the Company's substantial acquisitions and purchase of shares of the Company;
- (9) within the scope authorized by the general meeting, to decide, among others, the Company's external investment, purchase and sale of assets, provision of security on the Company's assets, matters on external guarantees, wealth management entrustment, related party transactions and external donations;
- (10) to decide on establishment of internal management organizations of the Company;
- (11) to decide to appoint or dismiss general manager, secretary to the Board and other senior management, and to decide on their remunerations, incentives and punishments; to decide to appoint or dismiss senior management including deputy general managers and person-in-charge of finance of the Company in accordance with the nominations by general manager, and to decide on their remunerations, incentives and punishments;

- (12) to formulate the basic management system of the Company;
- (13) to formulate proposals to amend these Articles of Association;
- (14) to formulate the stock option incentive plan and employee share ownership plan of the Company;
- (15) to manage information disclosure of the Company;
- (16) to propose to the shareholders' general meeting the appointment or replacement of the accounting firms which provide audit services to the Company;
- (17) to listen to work reports of the general manager and review his work;
- (18) to review and approve the matters on the Company's external guarantee which are not covered by Article 40 for review and consideration at a general meeting;
- (19) The general meetings of the Company may authorize the board of directors to decide to issue domestic shares to specific targets with a total financing amount not exceeding RMB300 million and not exceeding 20% of the net assets at the end of the latest year, subject to other laws and regulations, including the relevant provisions of the Hong Kong Listing Rules, if applicable;
- (20) other powers and duties authorized by the laws, administrative regulations, and department rules, listing rules of the stock exchange(s) where the Company's shares are listed, these Articles of Association and other duties entrusted by the shareholders' general meetings.

The above matters of authority exercised by the Board or any transaction or arrangement of the Company which shall be reviewed by a general meeting according to listing rules of the place(s) where the Company's shares are listed, shall be submitted to the general meeting for review.

The board of directors of the Company should provide an explanation to the general meeting in respect of any qualified audit opinions issued by certified public accountant on the financial statements of the Company.

**Article 106** The Board shall formulate the rules of procedures for meetings of the Board to ensure implementation of the resolutions of the general meeting, improve the efficiency of work and ensure scientific decision-making. The rules of procedures for the Board stipulate the holding and voting procedures of the Board meetings, and shall be appended to these Articles of Association. It shall be formulated by the Board and approved by the general meeting.

Clause  
109 of the  
Guidelines for  
Articles

**Article 107** The Board of the Company has set up an Audit Committee, Nomination Committee and Remuneration and Assessment Committee, and may set up other specialized committees, such as a Strategic Committee, according to requirements. The specialized committees are accountable to the Board, perform duties pursuant to these Articles of Association and authorization of the Board, proposals should be submitted to the Board for consideration and decision. Members of the specialized committees are all directors, among them, independent directors constitute the majority of members in the Audit Committee, the Nomination Committee and the Remuneration and Assessment Committee and act as conveners, and the convener of the Audit Committee is a professional in accounting. The board of directors is responsible to formulate the working procedures for specialized committees and regulate the operation of specialized committees.

Clause  
107 of the  
Guidelines for  
Articles

The Audit Committee must have at least three members and all of them must be non-executive directors. At least one member of the Audit Committee shall be an independent non-executive director with the proper qualification as required by the Hong Kong Listing Rules or the SSE STAR Market Listing Rules, or appropriate accounting or related financial management expertise. The majority of the members of the Audit Committee shall be independent non-executive directors and the chairman of the Audit Committee must be an independent non-executive director. The majority of the members of the Nomination Committee shall be independent non-executive directors and the chairman of the Nomination Committee must be an independent non-executive director. The majority of the members of the Remuneration and Assessment Committee shall be independent non-executive directors and the chairman of the Remuneration and Assessment Committee must be an independent non-executive director.

**Article 108** The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, and supervising and evaluating internal and external auditing work and internal control. The following matters shall be submitted to the board of directors for deliberation with the approval of more than half of the members of the Audit Committee:

Clause  
3.3.9 of the  
Standardized  
Operations

- (1) disclosure of financial information in the financial accounting report and periodic report and internal control report;
- (2) appointment and dismissal of the accounting firm undertaking the auditing business of the Company;
- (3) appointment or dismissal of the chief financial officer of the Company;
- (4) change of accounting policies, accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards;
- (5) other matters as stipulated by laws and regulations, relevant provisions of the SSE, these Articles of Association and the management system of the Company.

**Article 109** The Nomination Committee shall be responsible for formulating the criteria and procedures for the selection of directors and senior management, selecting and reviewing candidates for directors and senior management and their qualifications, and making recommendations to the board of directors on the following matters:

Clause 3.3.14  
of the  
Standardized  
Operations

- (1) nomination or appointment or removal of directors;
- (2) appointment or dismissal of senior management;
- (3) other matters as stipulated by laws and regulations, relevant provisions of the SSE, these Articles of Association and the management system of the Company.

**Article 110** The Remuneration and Assessment Committee is responsible for formulating the evaluation criteria for directors and senior management and conducting the evaluation, formulating and reviewing the remuneration policies and schemes for directors and senior management, and making recommendations to the board of directors on the following matters:

Clause 3.3.15  
of the  
Standardized  
Operations

- (1) remuneration of directors and senior management;
- (2) formulation or change of equity incentive plans and employee share ownership plans, interests granted to the participants and fulfilment of conditions for exercising the interests;

- (3) arrangement of shareholding plans by directors and senior management in the subsidiaries to which the spin-off is to be made;
- (4) other matters as stipulated by laws and regulations, relevant provisions of the SSE, these Articles of Association and the management system of the Company.

**Article 111** The Strategic Committee is mainly responsible for researching the long-term development strategies and material investment decisions of the Company and providing proposals.

Clause  
3.3.7 of the  
Standardized  
Operations

**Article 112** The Board shall determine the powers for external investment, acquisition and disposal of assets, pledge of assets, external guarantee, entrusted wealth management, related-party transactions and external donations, and establish stringent review and decision-making procedures.

Clause  
110 of the  
Guidelines for  
Articles

- (1) Transactions of the Company (transaction(s) are defined and executed in accordance with the SSE STAR Market Listing Rules, excluding accepting gift of asset in cash, reduction or waiver of debt, accepting guarantee and financial assistance and transactions that confer gains unilaterally and the provision of guarantee and connected/related-party transactions) that satisfy the following criteria must be voted and passed by the Board:
  1. total asset value (if both book value and assessed value exist at the same time, whichever the higher shall prevail) involved in the transaction represents not less than 10% of the audited total asset value of the Company for the latest period;
  2. transaction amount of the deal represents not less than 10% of the market capitalization of the Company;
  3. the net asset value of the transaction target (such as equity interest) for the latest accounting year represents not less than 10% of the market capitalization of the Company;
  4. the revenue generated from the transaction target (such as equity interest) for the latest accounting year represents not less than 10% of the audited revenue of the Company for the latest accounting year and exceeds RMB10 million;
  5. the profit generated from the transaction represents not less than 10% of the audited net profit of the Company for the latest accounting year and exceeds RMB1 million;
  6. the net profit generated from the transaction target (such as equity interest) for the latest accounting year represents not less than 10% of the audited net profit of the Company for the latest accounting year and exceeds RMB1 million.
- (2) Save acts of guarantee specified in Article 40 herein should be submitted to the general meeting for consideration, other acts of external guarantee of the Company require approval from the board of directors. For matters of guarantee within the powers and extent of authority of the Board, in addition to passing a resolution by more than one – half of all directors, consent is also required from not less than two-thirds of the directors who should attend the meeting of the Board.

The above-mentioned transactions (including external guarantee and related-party transactions, etc.) that satisfy the criteria as specified in Articles 39 and 40 herein, after consideration and approval by the Board, must be submitted to the general meeting for consideration.

**Article 113** The chairman of the Board shall exercise the following functions and powers:

- (1) to preside over general meetings and to convene and preside over Board meetings of the Company;
- (2) to procure and check the implementation of resolutions of the Board;
- (3) to sign on share certificates, bond certificates and other securities issued by the Company;
- (4) organize the formulation of various rules and coordinate operation of the Board;
- (5) to sign on important documents of the Board and legally binding documents on behalf of the Company;
- (6) to exercise the powers and functions as the legal representative;
- (7) to nominate candidates for secretary to the Board, members and chairman of the specialized committee under the Board;
- (8) to listen to regular or provisional work reports of the senior management, and provide guiding opinion to implementation of the Board resolutions;
- (9) in case of emergency of catastrophic natural disasters and other force majeure, exercise the special right of disposal over the Company's affairs that is in line with the requirements of laws and interests of the Company, and report to the Board and the general meeting afterwards;
- (10) to perform the functions and powers of the Board within the mandate of the Board when the Board is not in session; and
- (11) other functions and powers authorized by the laws, administrative regulations, departmental rules, these Article of Association and conferred by the Board.

**Article 114** The vice chairman shall assist the chairman of the Board in work. When the chairman is unable to or does not carry out his duties, they shall be carried out by the vice chairman (if the Company has two or more vice chairmen, then these duties shall be carried out by the vice chairman nominated by not less than one half of the directors). Where the vice chairman is unable to or does not carry out his duties, not less than one half of the directors shall nominate a director to carry out the duties.

**Article 115** The meetings of the board of directors shall be held at least four times a year. Meetings shall be convened by the chairman of the Board. Notice in writing shall be given to all directors and supervisors ten days before the meeting is held.

Any shareholder holding not less than one tenth voting rights, not less than one-third of the directors or members of the board of supervisors may propose the holding of an extraordinary meeting of the Board. The chairman of the Board shall convene and preside over the extraordinary meeting of the Board within 10 days upon receipt of the proposal.

**Article 116** The notice of extraordinary Board meetings may be delivered in the manners as set out in Article 178 of the Articles of Association; the notice period shall be 5 days prior to the date of meeting.

Clause 116 of the Guidelines for Articles

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

The board meetings may be held by means of telephone conference or other similar communications equipment. So long as all participating directors can hear the other directors and communicate, all such participation shall constitute presence at the meeting as if those directors were present in person.

**Article 117** A notice of Board meeting shall include the following contents:

Clause 117 of the Guidelines for Articles

- (1) Date and place of meeting;
- (2) Period of the meeting;
- (3) Reasons and agenda;
- (4) Date of issuance of notice.

**Article 118** For any major matters to be determined by the Board, sufficient information shall be provided to the directors and the directors are entitled to request supplementary materials. When not less than one-fourth of the directors or two or more external directors (referring to such directors who have no executive positions in the Company) considers that the provided materials insufficient or the reasoning is unclear, they may jointly propose to defer the Board meeting or defer the consideration on the relevant matters, and the Board shall accept such suggestions accordingly, and the Company should disclose the relevant circumstances in a timely manner.

Clause 3 of the Opinion Regarding Conformity in Operations

**Article 119** The Board meeting shall not be held unless more than one-half of the directors are present.

Clause 118 of the Guidelines for Articles

Unless otherwise provided in other articles herein, resolutions of the Board shall be passed by more than one half of all the directors.

As for the voting on a Board resolution, each director shall have one vote.

**Article 120** The directors shall attend a Board meeting in person. If a director is unable to attend for any reasons, he may appoint another director in writing to attend on his behalf. The authorization letter shall contain the name of the representative, the matters represented, scope of authorization and validity period. It shall be signed or sealed by the principal.

Clause 121 of the Guidelines for Articles

The appointed director who attends the meeting shall exercise the director's duties within the authorized scope. If a director does not attend a Board meeting in person and does not appoint a representative to attend the meeting, he shall be deemed to have waived the voting rights in the meeting.

**Article 121** When a director is connected to companies which is the subject of a resolution to be decided at a board meeting, the connected director shall not vote on that resolution, and shall not vote on behalf of other directors. That director's meeting can be held if more than one half of the independent directors attends. Resolutions made by the board meeting shall be passed by more than one half of the independent directors. If less than three independent directors attend the board meeting, the matter shall be submitted to the general meeting for consideration.

Clause  
119 of the  
Guidelines for  
Articles

**Article 122** The Board meeting shall vote by show of hands, by poll or via facsimile.

Clause  
120 of the  
Guidelines for  
Articles

Provided that the directors can fully express their opinions at the extraordinary board meetings, such meetings can be held by means of delivery by hand, post, fax or other means of communication and resolutions could be passed thereof which shall be signed by the directors who attended the meeting.

**Article 123** The Board shall keep minutes of its decisions on the matters discussed at the meeting. The directors, secretary to the Board and recorder who attended the meeting shall sign the minutes of that meeting.

Clause  
122 of the  
Guidelines for  
Articles

The directors shall be responsible for the decisions of the Board. Where a resolution of the Board is in violation of the laws, administrative regulations or these Articles of Association, thereby causing serious losses to the Company, the directors who took part in the resolution shall be liable to the Company for damages. However, where a director can prove that he expressed his opposition to such resolution when it was put to the vote, and that such opposition was recorded in minutes of the meeting, the director shall be relieved from such liability.

The minutes of Board meeting shall be kept as a company file for a period of no less than 10 years.

**Article 124** The minutes of the Board shall consist of the following:

Clause  
123 of the  
Guidelines for  
Articles

- (1) date and venue of the meeting and the name of the convener;
- (2) the name of the director present and name of director being appointed to attend on the other's behalf (attorney);
- (3) the agenda;
- (4) the main points of directors' speeches;
- (5) the voting method of each resolution and the result (the result shall specify the number of votes for, against and abstaining).

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

**Article 125** The Company shall have a team of managers, who under the steering of the Board implements the decisions of the Board and supervises the Company's daily work operations. A general-manager responsibility system shall be run within the team of managers.

Clause 124  
and Clause  
126 of the  
Guidelines for  
Articles

The Company shall have one general manager and several deputy general managers to assist the general manager, and also one person-in-charge of finance. The general manager, deputy general managers and person-in-charge of finance shall be appointed and dismissed by the Board.

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

Any person who have other administrative duties, other than acting as director or supervisor, in an entity of controlling shareholder of the Company is not allowed to act as senior management officers of the Company.

The senior management of the Company only received remuneration from the Company, and no remuneration shall be paid by the controlling shareholder on behalf of the Company.

**Article 126** The circumstances with respect to disqualified directors in Article 89 of these Articles of Association shall also apply to senior management officers.

Clause 125 of the Guidelines for Articles

The obligations of loyalty of directors stipulated in Article 91 and the obligations of diligence stipulated in items (4), (5), (6) under Article 92 of these Articles of Association shall also apply to senior management officers.

**Article 127** The term of office of the general manager shall be three years, who shall be eligible to consecutive terms of office upon reappointment.

Clause 127 and Clause 131 of the Guidelines for Articles

The general manager can submit his resignation before the expiry of his term of office. The procedure concerning the general manager's resignation shall be regulated by the employment contract between the general manager and the Company. Where the general manager cannot perform his duties for special reasons, one deputy general manager designated by the Board shall take up his duties.

A director may concurrently take up the post of general manager or deputy general manager.

**Article 128** The Company's general manager shall be accountable to the Board and shall exercise the following functions and powers:

Clause 128 of the Guidelines for Articles

- (1) lead the Company's production, operation and management, and report to the Board;
- (2) organize resources to carry out the Board's resolutions;
- (3) organize the implementation of the Company's annual business plan and investment plan formulated by the Board;
- (4) draft plans for the establishment of the Company's internal management structure;
- (5) draft the basic management system of the Company;
- (6) formulate detailed rules and regulations of the Company;
- (7) propose to the Board the appointment or dismissal of the Company's deputy general manager(s) and person-in-charge of finance and other senior management;
- (8) approving matters of external investment, acquisition and disposal of assets, pledge of assets, entrusted wealth management, related-party transactions and external donations within the approval limit of the Board;

(9) exercise other powers conferred by these Articles of Association or the Board.

The general manager is fully responsible for the daily business operation and management of the Company, transactions of amounts reaching the disclosure standard as required under the listing rules of the stock exchange will be disclosed according to requirements; transactions not in the ordinary course of business of the Company, such as acquisition or disposal of assets, in addition to consideration and approval by the general meeting and the Board as required under these Articles of Association, the general manager may make approval decisions.

**Article 129** The Company's general manager shall attend the meetings of the Board.

Clause  
128 of the  
Guidelines for  
Articles

**Article 130** The general manager shall formulate the detailed working rules of the general manager, which shall be submitted to the Board for approval.

Clause 129  
and Clause  
130 of the  
Guidelines for  
Articles

The working rules of the general manager include the following:

- (1) conditions, procedures and the number of participants for convening meetings of the managers;
- (2) respective duties and division of labor among general manager and other senior management;
- (3) limits of authority in using company funds and assets as well the signing of significant contracts, together with the system of reporting to the Board and the board of supervisors;
- (4) other matters considered necessary by the Board.

**Article 131** The Company shall have one secretary to the Board. The secretary is a senior management of the Company. The main duties of the secretary to the Board include:

Clause  
133 of the  
Guidelines for  
Articles

- (1) preparing for general meetings and meetings of the Board;
- (2) handling information disclosure matters;
- (3) ensuring that the document of the Board complies with the relevant laws and regulations;
- (4) document maintenance and management of the information of the shareholders of the Company, ensuring that the Company has complete organizational documents and records;
- (5) ensuring that the Company prepares and submits reports and documents required by relevant authorities pursuant to the law;
- (6) ensuring that the register of shareholders of the Company is properly established, and that persons entitled to receive relevant records and documents of the Company are given timely access to such records and documents;
- (7) other duties stipulated by these Articles of Association and the listing rules of the stock exchange where shares of the Company are listed.

The secretary to the Board shall comply with relevant requirements of the laws, administrative regulations, departmental rules and these Articles of Association.

**Article 132** Senior management officers who have breached the laws, administrative regulations, departmental rules or requirements of these Articles of Association in the course of performing their duties and the Company has incurred losses as a consequence, such senior management officers shall be liable for damages.

Clause  
134 of the  
Guidelines for  
Articles

**Article 133** The senior management of the Company shall faithfully perform their duties and protect the best interests of the Company and all shareholders. The senior management of the Company shall be liable for compensation in accordance with the law if they fail to perform their duties faithfully or violate their fiduciary obligations and cause damage to the interests of the Company and public shareholders.

Clause  
135 of the  
Guidelines for  
Articles

## **Chapter 7 The Board of Supervisors**

### **Section 1 Supervisors**

**Article 134** The circumstances with respect to disqualified directors in Article 89 of these Articles of Association shall also apply to supervisors.

Clause  
136 of the  
Guidelines for  
Articles

The directors, general managers and other senior management officers shall not concurrently serve as supervisors.

**Article 135** Supervisors shall comply with laws, administrative regulations and these Articles of Association, owe a duty of loyalty and diligence to the Company, shall not accept bribes or other illegal income by abusing the powers of his position, and shall not embezzle properties of the Company.

Clause  
137 of the  
Guidelines for  
Articles

**Article 136** The term of office of a supervisor shall be 3 years, renewable upon re-election and re-appointment.

Clause  
138 of the  
Guidelines for  
Articles

**Article 137** When a supervisor's term of office expires while a new supervisor is not yet appointed, or when a supervisor resigns during his term of office, leading to the number of members in the board of supervisors falling below the statutory requirement, and before the newly appointed supervisor takes up his appointment, the original supervisor shall continue to perform his duties according to the laws, administrative regulations and these Articles of Association.

Clause  
139 of the  
Guidelines for  
Articles

**Article 138** A supervisor shall ensure that the information disclosure of the Company is true, accurate and complete, and sign the written confirmation of regular reports of the Company.

Clause  
140 of the  
Guidelines for  
Articles

**Article 139** A supervisor may attend meetings of the Board. He can also question or make suggestions concerning proposed resolutions at the Board meeting.

Clause  
141 of the  
Guidelines for  
Articles

**Article 140** A supervisor shall not make use of his associated relationship to harm the Company's interests. For any losses caused to the Company arising therefrom, he shall bear the responsibility of compensation.

Clause  
142 of the  
Guidelines for  
Articles

**Article 141** If a supervisor contravenes the law, administrative regulations, departmental regulations or these Articles of Association while performing his duties and causing losses to the Company, he shall bear the responsibility of compensation.

Clause  
143 of the  
Guidelines for  
Articles

## Section 2 The Board of Supervisors

**Article 142** The Company shall establish a board of supervisors. The board of supervisors shall be composed of three persons, one of whom shall be the chairman of the board of supervisors.

Clause  
144 of the  
Guidelines for  
Articles

The chairman of the board of supervisors shall be elected by more than half of all the supervisors.

The chairman of the board of supervisors shall convene and preside over the meeting of the board of supervisors; and where the chairman of the board of supervisors cannot perform such functions or fails to do so, the vice chairman of the board of supervisors shall convene and preside over the meeting of the board of supervisors; and where the vice chairman of the board of supervisors cannot perform such functions or fails to do so, a supervisor jointly elected by more than half of the supervisors shall convene and preside over the meeting of the board of supervisors.

**Article 143** The board of supervisors shall compose of shareholder representatives and an appropriate proportion of the employee representatives of the Company. The shareholder representative supervisors shall be elected and removed by the general meeting, and the employee representative supervisors shall be democratically elected and removed by the Company's employees and represent no less than one third of the members of the board of supervisors.

Clause  
144 of the  
Guidelines for  
Articles

**Article 144** The board of supervisors shall exercise the following functions and powers:

Clause  
145 of the  
Guidelines for  
Articles

- (1) examine the Company's financial standing;
- (2) supervise the directors and senior management during their performance of duties to the Company, and to put forward suggestions for dismissing any directors or senior management who are in breach of the laws, administrative regulations, these Articles of Association or resolutions of the shareholders' general meetings, when the board of supervisors of the Company has discovered any breach of laws, regulations and Articles of Association by directors and senior management officers, it should notify the Board or report to the general meeting to make timely disclosure;
- (3) demand rectification from a director and any other senior management when the acts of such persons are harmful to the Company's interest;
- (4) propose convening of extraordinary general meeting and to convene and preside over general meetings when the Board fails to perform such duties as prescribed by the Company Law;
- (5) submit proposals to the general meetings;
- (6) conduct review on regular reports of the Company prepared by the Board and provide review opinions in writing;
- (7) represent the Company in bringing legal action against the directors and senior management in accordance with the Company Law;
- (8) conduct investigations upon discovery of abnormality in the business operation and engage professional firms such as accounting firms and law firms to assist its work where necessary. The cost shall be borne by the Company;
- (9) any other duties as prescribed by the Articles of Association of the Company.

**Article 145** The meeting of a board of supervisors shall be held at least once every six months. A supervisor may propose to convene an extraordinary meeting of the board of supervisors.

Clause  
146 of the  
Guidelines for  
Articles

Resolutions of the board of supervisors shall be passed by more than half of the supervisors.

**Article 146** The board of supervisors shall formulate the working rules for the board of supervisors which specifies method of discussion and voting procedure of the board of supervisors, in order to ensure working efficiency and the making of scientific decisions. The convening and voting procedures stipulated in the working rules of the board of supervisors (appended to these Articles) shall be drafted by the board of supervisors and approved by the general meeting.

Clause  
147 of the  
Guidelines for  
Articles

**Article 147** The discussed issues shall be record in the minutes of the meeting of the board of supervisors. Supervisors attending the meeting shall sign on the minutes of meetings.

Clause  
148 of the  
Guidelines for  
Articles

Supervisors are entitled to request that an explanation of their comments made at the meetings be noted in the minutes. Minutes of meeting of the board of supervisors shall be maintained as corporate archives for at least 10 years.

**Article 148** A notice to a meeting of the board of supervisors shall include the following contents:

Clause  
149 of the  
Guidelines for  
Articles

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

## **Chapter 8 Financial Accounting System, Distribution of Profits and Audit**

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

**Article 149** The Company shall formulate its own financial and accounting systems in accordance with provisions of the law, administrative regulations and accounting standards developed by the competent department in charge of finance under the State Council. If the securities regulatory authorities of the place(s) in which the shares of the Company are listed stipulate otherwise, such other provisions shall prevail.

Clause  
150 of the  
Guidelines for  
Articles

**Article 150** The Company adopts the calendar year as its financial year, which shall begin in each year on 1 January and end on 31 December of the Gregorian calendar.

Clause  
151 of the  
Guidelines for  
Articles

The Company shall deliver and disclose the annual financial accounting report to the CSRC and the stock exchange within 4 months from the ending date of each accounting year, deliver and disclose the interim report to the branch of CSRC and the stock exchange within 2 months from the ending date of the first half of each accounting year.

The annual reports and interim reports mentioned above shall be prepared in accordance with the requirements of the relevant laws, administrative regulations and CSRC and the stock exchange(s).

**Article 151** The Company shall not maintain any account books other than statutory account books. Assets of the Company must not be kept in any account opened in the name of any other individuals.

Clause  
152 of the  
Guidelines for  
Articles

**Article 152** Where a company distributes its after-tax profits of the current year, it shall draw 10 percent of the profits as the Company's statutory common reserve. The Company may stop drawing if the accumulative balance of the common reserve has already accounted for not less than 50 percent of the Company's registered capital.

If the accumulative balance of the Company's statutory common reserve is not enough to make up for the losses of the Company of the previous year, the current year's profits shall first be used for making up the losses before the statutory common reserve is drawn therefrom according to the provisions of the preceding paragraph.

After the Company draws the statutory common reserve from the after-tax profits, it may, upon a resolution made by the general meeting, draw a discretionary common reserve from the after-tax profits.

After the losses have been made up and common reserves have been drawn, the remaining profits shall be distributed to shareholders in light of their proportions of shares held, unless it is not permitted in the Articles of Association to distribute profits according to the proportions of shares held by shareholders.

If the shareholders' general meeting distributes the profits by violating the provisions of the preceding paragraph before the losses are made up and the statutory common reserves are drawn, the profits distributed must be refunded to the Company.

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

**Article 153** The reserves of the Company are used to make up the Company's losses, increase the production operation of the Company or increase the Company's capital. However, capital reserve shall not be used to make up the Company's losses.

When statutory common reserve funds are converted into capital, the remaining balance of such reserve funds, shall not be less than 25% of the registered capital of the Company before the conversion.

**Article 154** After the general meeting has resolved on the plan to allocate profits, or after the Board of the Company has formulated a specific plan according to the interim dividend conditions and caps for the next year reviewed and approved at the annual general meeting, the distribution of dividends (or bonus shares) shall be completed within 2 months.

**Article 155** The profit distribution policy of the Company are as follows:

- (1) Principles of dividend distribution: Fully consider and listen to the opinions of shareholders (particularly minority shareholders); handle the relationship between short-term interests and long-term development properly, profit distribution by the Company must not be harm the capability of sustainable operation of the Company; insist on the distribution of mainly cash dividends, emphasize on the reasonable return on investment for investors, maintain the continuity and stability of profit distribution, and comply with the relevant requirements of laws and regulations.

- (2) Forms of profit distribution: Subject to compliance with the Company's principles of profit distribution, the Company may distribute dividends in the form of cash, shares or a combination of cash and shares, with a preference for cash dividends over script dividends where the policy objective of cash dividends is residual dividends. Where the conditions for distribution of cash dividends are fulfilled, profit distribution should be carried out in the form of distribution of cash dividends.
- (3) Decision-making mechanism and procedures of profit distribution: The Company's profit distribution plan is formulated by the Board after considering various factors comprehensively, including the actual operating conditions of the Company, future profitability, operation and development plans, cash flow conditions, return on shareholders, cost of social capital and the external financing environment. When the Board prepares the annual profit distribution plan or interim profit distribution plan, it should conduct serious research and discussion on the timing, conditions, minimum ratio, adjustment conditions, decision-making procedures and requirements and other relevant issues for distribution of cash dividends by the Company, and a resolution should be passed by not less than one-half of all directors of the board. Independent directors shall be entitled to express independent opinions if they believe that the specific plan of cash dividends may harm the rights and interests of the Company or minority shareholders. If the Board fails to adopt or completely adopt the opinions of independent directors, it shall record the opinions of independent directors and the specific reasons for non-adoption in the resolution of the Board and disclose the same. Where the Company has profit for current year but the Board has not proposed a profit distribution plan inclusive of a distribution of cash dividends, the Company should disclose the reasons and the plan and arrangement of the Company on the use of retained funds.

Under special circumstances where the existing cash dividend policy or minimum cash dividend ratio cannot be followed to determine the profit distribution plan for the current year, the specific reasons should be disclosed in the annual report; under such circumstances, the Company's profit distribution plan for current year must be passed by not less than two-thirds of the voting rights held by shareholders at a general meeting.

When the Company holds an annual general meeting to review the annual profit distribution plan, it may consider and approve the conditions, proportion cap and amount cap of cash dividends for the interim period of the next year. The dividend cap for the interim period of the next year considered at the annual general meeting shall not exceed the net profit attributable to shareholders of the listed company for the corresponding period. The Board shall formulate a specific interim dividend plan in accordance with the resolutions of the general meeting and subject to the conditions of profit distribution.

The profit distribution plan, after consideration and approval by the Board, will be submitted to the general meeting for consideration and approval, the general meeting will vote on the profit distribution plan proposed by the Board in accordance with laws and regulations. Before the general meeting considers the specific plan on distribution of cash dividends, the Company should communicate and exchange with shareholders, particularly minority shareholders, through various channels for hearing opinions and requests sufficiently from minority shareholders, and giving timely responses to issues concerned by minority shareholders. The resolution on the dividend proposal shall be passed by not less than one-half of the voting rights held by shareholders or their proxies attending the general meeting.

If script dividend is adopted for profit distribution, the true and reasonable factors, such as the growth of the Company, dilution of net assets per share, should be considered, and script dividend may be distributed separately or in combination with cash dividend. When the Company distributes dividends by way of script dividend or a combination of script and cash dividends, a special resolution is required to be considered and passed at the general meeting of the Company.

(4) Conditions, ratio and intervals of cash dividends

When the Company distributes cash dividends, the following conditions must be satisfied at the same time:

1. the Company's amount of distributable profit for the year (that means, the remaining amount of after-tax profit after deduction of loss compensation and allocation of reserves) is positive;
2. must not exceed the cumulative amount of distributable profit;
3. the audit firm has issued a standard and unqualified audit report on the financial report of the Company for the year;
4. no incident involving material investment plan or material cash expenditure has occurred in the Company (excluding capital-raising investment projects).

Material investment plan or material cash expenditure refers to: the cumulative expenditure of the Company in the next 12 months on proposed external investment, acquisition of assets or purchase of equipment has reached or exceeded 30% of the audited total assets of the Company for the latest period and the amount exceeds RMB50 million.

Subject to compliance with the aforementioned conditions for cash dividend distribution, the Board of the Company shall consider comprehensively the relevant factors, including the characteristics of the industry in which the Company operates, the stage of development, its own operation model, profit level, debt repayment ability, whether there is any arrangement on material capital expenditure, and investor returns, to identify the following circumstances and to propose a differentiated cash dividend distribution policy in accordance with the procedures stipulated in the Articles of Association:

1. the Company is in a mature development stage without any arrangement of material capital expenditure, when profit distribution is carried out, the ratio of cash dividends in this profit distribution shall reach a minimum ratio of 80%;
2. the Company is in a mature development stage with an arrangement of material capital expenditure, when profit distribution is carried out, the ratio of cash dividends in this profit distribution shall reach a minimum ratio of 40%;
3. the Company is in a growth development stage with an arrangement of material capital expenditure, when profit distribution is carried out, the ratio of cash dividends in this profit distribution shall reach a minimum ratio of 20%;

The development stage of the Company is not easy to identify but with an arrangement of material capital expenditure, treatment stipulated in the preceding clause 3 may be followed.

The ratio of cash dividends in this profit distribution shall be calculated as the cash dividend divided by the sum of cash dividend and stock dividend.

If capital funds of the Company have been utilized by shareholders in violation of regulations, the Company should deduct the dividends payable to such shareholders to recover the utilized funds.

The profit distribution in the form of cash by the Company in each year shall not be less than 10% of the distributable profit realized in the current year, when conditions allow, the Board of the Company may propose the distribution of an interim cash dividend depending on the profitability of the Company to the extent permitted by the relevant regulations.

(5) Adjustment mechanism of profit distribution policy:

The Company will discuss the adjustments to the profit distribution policy based on actual changes in the conditions of production and operation, capital requirements and long-term development. The adjusted profit distribution policy is based on the principle of protecting the interest of shareholders and must not violate relevant laws and regulations and provisions of regulatory documents. The proposal to adjust the profit distribution policy will be considered by the Board before submission to the general meeting of the Company for approval, a resolution must be passed by not less than two-thirds of the voting rights held of shareholders attending the general meeting. The general meeting of the Company adopts a combination of on-site voting and internet voting to facilitate convenient participation by minority shareholders in the decision-making process.

In the circumstances that the audit report of the Company for the most recent year sets out a modified opinion or an unqualified opinion with a paragraph on material uncertainties related to going concern, or the gearing ratio is higher than a certain specific percentage, or the operating cash flow is lower than a certain specific level, profit distribution may not be proceeded.

**Section 2 Internal Audit**

**Article 156** The Company implements an internal audit system which is equipped with professional auditors to conduct internal audits for supervision of financial income and expenditure and economic activities of the Company. The duties and responsibilities of the internal audit system and the audit staff of the Company shall be approved by the Board before implementation. The chief auditing officer is accountable, and reports, to the board of director.

Clause 157 and Clause 158 of the Guidelines for Articles

**Section 3 Appointment of an Accounting Firm**

**Article 157** The Company shall engage an accounting firm that complies with the requirements under the Securities Law to provide services such as auditing of accounting statements, verification of net assets and other relevant consultation, for a term of one year and subject to renewal after expiration.

Clause 159 of the Guidelines for Articles

**Article 158** The Company warrants that true and complete accounting documents, accounting ledgers and books, financial accounting reports and other accounting information shall be provided to the engaged accounting firm, no refusal, concealment or false report is allowed.

Clause 161 of the Guidelines for Articles

**Article 159** The appointment of the accounting firm by the Company must be determined by the general meeting. The Board may not appoint an accounting firm before it is approved by the general meeting.

Clause 160 of the Guidelines for Articles

**Article 160** The appointment, removal and auditing fee of an accounting firm shall be decided upon by the shareholders' general meeting.

Clause 162 of the Guidelines for Articles

**Article 161** Where the Company dismisses or does not reappoint an accounting firm, it shall notify the accounting firm 15 days in advance. The accounting firm is entitled to present its views to the general meeting when the proposal to dismiss the accounting firm is presented for voting at the general meeting of the Company. Where an accounting firm proposes its resignation, it shall explain to the general meeting whether there are any irregularities in the Company.

Appendix A1 to the Hong Kong Listing Rules

Clause 163 of the Guidelines for Articles

## **Chapter 9 Merger, Demerger, Capital Increase, Capital Reduction, Dissolution and Liquidation**

### **Section 1 Merger, Demerger, Capital Increase and Capital Reduction**

**Article 162** The merger of a company may be effected through merger by absorption or consolidation.

Clause 172, Clause 173 and Clause 174 of the Guidelines for Articles

A merger by absorption occurs when a company absorbs other companies and the absorbed companies are dissolved. A consolidation occurs when not less than two companies are merged to establish a new company and the merging parties are dissolved.

As for a merger, both parties to the merger shall conclude an agreement with each other and prepare balance sheets and checklists of properties. The Company shall notify its creditors within 10 days of the date of the Company's resolution on its merger and shall make announcement on newspaper within 30 days of the date of the Company's resolution on its merger.

Creditors may request the Company to fully repay the debts or provide the corresponding guarantees within 30 days from the receipt of notice, or if the notice has not been received, within 45 days from the date of the announcement.

In the case of a merger, the respective accounts payable and receivable will be inherited by the continuing company, or the newly formed company after the merger.

**Article 163** As for the demerger of a company, the properties thereof shall be divided accordingly.

Clause 175 and Clause 176 of the Guidelines for Articles

In the event of a division of the Company, all parties to the division shall prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days of the date of the Company's resolution on its division and shall make announcement on newspaper within 30 days of the date of the Company's resolution on its division.

Debts owed by the Company prior to the demerger shall be jointly assumed by the companies in existence after the demerger, save as otherwise agreed by written agreement with creditors prior to the demerger.

**Article 164** If the Company needs to reduce its registered capital, a balance sheet and an inventory of assets should be prepared.

Clause 177 of the Guidelines for Articles

The Company shall notify the creditors within 10 days, and publish an announcement in the newspapers within 30 days, from the date of passing the resolution for reduction of capital by the Company. A creditor may, within 30 days after receipt of the notice or, in the case of failure to receive such notice, within 45 days from the date of announcement, require the Company to repay its debts or to provide the corresponding guarantee for such debt.

The reduced registered capital of the Company may not be less than the statutory minimum.

**Article 165** Where any of the registered items is changed during the process of merger or demerger of a company, the Company shall go through modification registration with the Company registration authority. If it is dissolved, it shall be deregistered according to the law. If any new company is established, it shall go through the procedures for company establishment according to the law.

Clause 178 of the Guidelines for Articles

When the Company increases or reduces registered capital, it should complete the procedures for change of registration with the company registration authority in accordance with the laws.

## **Section 2 Dissolution and Liquidation**

**Article 166** The Company shall be dissolved due to any of the following reasons:

- (1) The term of operation expires;
- (2) The general meeting decides to dissolve it;
- (3) It is necessary to be dissolved due to merger or demerger of the Company;
- (4) Its business license is canceled or it is ordered to close down or to be dissolved according to the law;
- (5) The Company has great difficulties in operation or management and cannot be solved by any other means, so that the interests of the shareholders will be subject to heavy loss if it continues to exist. The shareholders who hold ten percent or more of the voting rights of all the shareholders of the Company may plead the people's court to dissolve the Company;
- (6) Any of the matters for dissolution as stipulated in these Articles of Association appears.

Clause 179 and Clause 180 of the Guidelines for Articles

Appendix A1 to the Hong Kong Listing Rules

In the circumstances of item (1) mentioned in the first paragraph of this Article, the Company may continue to survive by amending these Articles of Association.

If these Articles of Association are amended according to the provisions of the preceding paragraph, such amendment must be approved by a resolution passed by not less than two-thirds of the voting rights held by shareholders attending the general meeting.

**Article 167** Where the Company is dissolved according to the provisions of Article 166(1), (2), (4), (5) or (6) of these Articles of Association, a liquidation committee shall be formed within 15 days as of the occurrence of the causes of dissolution, to carry out a liquidation. The liquidation committee shall comprise the directors or any other people as determined by the general meeting. Where no liquidation group is formed within the time limit, the creditors may plead the people's court to designate relevant persons to form a liquidation group.

Clause  
181 of the  
Guidelines for  
Articles

**Article 168** The liquidation committee shall, within ten days as of its formation, notify the creditors, and shall, within 60 days, make a public announcement on newspapers recognized by the Exchange for the listing of shares of the Company. Creditors shall, within 30 days as of the receipt of the notice or within 45 days as of the publications of the public announcement in the case of failing to receiving the notice, declare credits against the liquidation committee.

Clause  
182 of the  
Guidelines for  
Articles

To declare credits, a creditor shall explain the relevant matters and provide relevant evidential materials. The liquidation committee shall register the credits.

The liquidation committee shall not clear off any of the debts of any creditor during the period of credit declaration.

**Article 169** The liquidation committee exercises the following functions during the process of liquidation:

Clause  
183 of the  
Guidelines for  
Articles

- (1) liquidating the properties of the Company, and preparing balance sheets and asset checklists;
- (2) informing creditors by notice or public announcement;
- (3) disposing and liquidating the businesses of the Company that have not been completed;
- (4) clearing off the outstanding taxes and the taxes incurred in the process of liquidation;
- (5) clearing off credits and debts;
- (6) disposing the residual properties after such debt clearing; and
- (7) participating in the civil litigation on behalf of the Company.

**Article 170** The liquidation committee shall, after liquidating the properties of the Company and preparing balance sheets and checklists of properties, make a plan of liquidation, and report it to the shareholders' general meeting or the people's court for confirmation.

Clause  
184 of the  
Guidelines for  
Articles

The residual assets that result from paying off the liquidation expenses, wages of employees, social insurance premiums and statutory compensation, the outstanding taxes and the debts of the Company may be distributed according to the classes and proportions of shares held by the shareholders.

During the period of liquidation, the Company continues to exist, but may not carry out any business operation that is not for purpose of carrying out liquidation. Before the settlement of repayments as prescribed in the preceding article, the Company's property will not be distributed to shareholders.

**Article 171** If the liquidation committee notices that the properties of the Company is insufficient for clearing off the debts after liquidating the properties of the Company and preparing balance sheets and checklists of properties, it shall immediately apply to the people's court to declare bankruptcy.

Clause 185 and Clause 188 of the Guidelines for Articles

Once the people's court declares the bankruptcy of the Company, the liquidation committee shall hand over the liquidation matters to the people's court.

If the Company is declared bankrupt in accordance with the laws, liquidation shall be implemented pursuant to the laws on corporate winding up.

**Article 172** Following the completion of liquidation, the liquidation committee shall formulate a liquidation report, submit the same to the shareholders' general meeting or the people's court for confirmation, and submit to the Company registration authority to apply for company de-registration, and announce the Company's termination.

Clause 186 of the Guidelines for Articles

**Article 173** The members of the liquidation committee shall devote themselves to their duties and fulfill their obligations of liquidation according to the law.

Clause 187 of the Guidelines for Articles

None of the members of the liquidation committee may take any bribe or any other illegal proceeds by taking advantage of his position, nor may he misappropriate any of the properties of the Company.

Where any of the members of the liquidation committee causes any loss to the Company or any creditor by intention or due to gross negligence, he shall make corresponding compensations.

## **Chapter 10 Amendment to Articles of Association**

**Article 174** In any one of the following circumstances, the Company shall amend its Articles of Association:

Clause 189 of the Guidelines for Articles

- (1) After amendment of the Company Law or relevant laws or administrative regulations, the contents of the Articles of Association conflict with the amended laws or administrative regulations;
- (2) The circumstances of the Company have changed so that they are not in line with the contents of the Articles of Association;
- (3) The shareholders' general meeting decides that the Article of Association should be amended.

**Article 175** Amendments to the Articles of Association passed by resolutions at the shareholders' general meeting, which require examination and approval by the competent authorities, shall be submitted to the competent authorities for approval. Any amendments requiring alternation registration shall be filed for alteration registration according to the law.

Clause 190 of the Guidelines for Articles

**Article 176** The Board shall amend these Articles of Association according to the resolutions of the shareholders' general meeting and the opinions of the relevant competent authority.

Clause  
191 of the  
Guidelines for  
Articles

Notwithstanding the foregoing paragraph, in the following circumstances, the shareholders' general meeting may pass a resolution to authorize the Board to amend these Articles of Association in line with the following principles:

- (1) Where as a result of the implementation of the shareholders' general meeting's resolution, there is the need to make necessary non-substantive modifications (as required in accordance with the resolutions of the shareholders' general meeting which involve amendments to the registered capital amount, shares capital, the company name and address in the Articles of Association), the Board shall have the right to modify these Articles of Association according to specific circumstances;
- (2) If the shareholders' general meeting adopts these Articles of Association and files it to the competent institutions for approval, it is necessary to change the text or the order of articles, the Board is entitled to amend these Articles of Association in accordance with the requirements of the competent authority.

**Article 177** Any amendment to these Articles of Association which involves information to be disclosed as required by the law, regulations or the Listing Rules, shall be publicly announced as required.

Clause  
192 of the  
Guidelines for  
Articles

## Chapter 11 Notices and Announcements

### Section 1 Notices

**Article 178** Notices of the Company may be served through means as follows:

- (1) delivery by hand;
- (2) by post;
- (3) by fax or email;
- (4) subject to the law, regulations and listing rules of the place(s) in which the shares of the Company are listed, post at the Company's website or such website designated by relevant stock exchange;
- (5) by public announcement;
- (6) the prescribed means between the Company and the recipient or the confirmed means by such recipient; or
- (7) other means approved by the relevant regulatory agency of the listing place or as set out in these Articles of Association.

Clause 164  
and Clause  
165 of the  
Guidelines for  
Articles

The Hong  
Kong Listing  
Rules

Where the Company issues a notice by public announcement, all relevant personnel shall be deemed to have received such notice once the public announcement has been made.

Unless the context otherwise requires, “announcement” referred to in these Articles of Association shall refer to (i) if issued to shareholders of A shares or within the PRC in accordance with relevant regulations and these Articles of Association, the announcement published in such Chinese newspapers as specified by the Chinese laws and regulations or the State securities regulatory agency; and (ii) if issued in Hong Kong to holders of H shares in accordance with the relevant provisions or these Articles of Association, an electronic version of the announcement submitted to the Hong Kong Stock Exchange through the Hong Kong Stock Exchange EPS on the same day for immediate release on the website of the Hong Kong Stock Exchange in accordance with the relevant listing rules. The announcement shall also be published on the Company’s website at the same time.

Under the premise of the Company’s observation to the relevant listing rules of the place(s) in which the shares of the Company are listed, regarding the provision and/or distribution by the Company of corporate communications to holders of H shares in accordance with requirements of such listing rules, the Company may also electronically or at the company’s website or such website of the stock exchange post such information so as to send out such information to such holders, instead of such delivery by hand or postage prepaid mail.

**Article 179** Unless otherwise provided in other Articles of these Articles of Association, the notice means as set out in the preceding Article may also be applicable to notices for shareholders’ general meeting, meetings of Board or the board of supervisors.

Clause 166,  
Clause 167  
and Clause  
168 of the  
Guidelines for  
Articles

**Article 180** If the notice is served by hand, the date of service is the date of acknowledgement of receipt by signature or affixed seal on the service return slip. If the notice is sent by post, the date of service is the fifth working days from the date of delivery at the post office. If the notice is made via facsimile, e-mail or website or other electronic means, the date of service is the date of transmission. If the notice is made by public announcement, the date of service is the date of the first publication of the public announcement.

Clause  
169 of the  
Guidelines for  
Articles

**Article 181** Where relevant corporate documents must be in the English language and be accompanied by a Chinese version and be served through delivery, post, distribution, sending out, announcement or other means according to the requirements of listing rules of the place(s) in which the shares of the Company are listed, in respect of shareholders who under proper arrangements by the Company confirm to receive such information only in English or Chinese version as well as to the extent of the applicable laws and regulations, the Company may send such documents in the English or Chinese version to relevant shareholders according to their prescribed wills.

The Hong  
Kong Listing  
Rules

**Article 182** The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting.

Clause  
170 of the  
Guidelines for  
Articles

## Section 2 Announcements

**Article 183** The Company has designated the media that meet the requirements of the CSRC and the official website of the Shanghai Stock Exchange as the media for publication of the Company’s announcements and other required disclosure of information.

Clause  
171 of the  
Guidelines for  
Articles

## Chapter 12 Supplementary Articles

### Article 184 Definition

- (1) In these Articles of Association, “acting in concert” means the act of two or more people that in form of agreement (whether oral or written) reaching a consensus that, through take-over of the Company’s voting rights by any one of them to achieve the purpose of controlling the Company or to consolidate such control;
- (2) A “de facto controller” means a person, though not a shareholder, but through investment relationship, agreement, or other arrangement, can actually control the activities of the Company;
- (3) “Associated relationship” is the relationship between the controlling shareholder, de facto controller, directors, supervisors or senior management, and enterprises directly or indirectly controlled by them, as well as other relationships which may possibly cause the transfer of the Company’s interests. “Associated relationship” is also the relationship between related parties or associates as defined by the listing rules of the exchange in which the company’s shares are listed. However, enterprises owned by the State will not be regarded as having associated relationship only because they are owned by the State;
- (4) A “controlling shareholder” means a shareholder who holds ordinary shares (including preference shares with restored voting rights) of more than 50% of the total share capital of the Company or who holds less than 50% of the total share capital but holds voting rights sufficient to have a material impact on resolutions of the shareholders’ general meeting.

Clause  
193 of the  
Guidelines for  
Articles

**Article 185** In these Articles of Association, the terms “not less than”, “within”, “not more than” and “previous” shall include the given figure, and the terms “more than half”, “under”, “beyond”, “exceeding”, “below”, “less than”, “not more than” and “more than” shall not include the given figure.

Clause  
196 of the  
Guidelines for  
Articles

**Article 186** The term “accounting firm” as used in these Articles of Association shall have the same meaning as “auditor”. Unless otherwise specified in the relevant national laws, administrative regulations and the relevant regulatory rules of the place where the shares of the Company are listed, “independent non-executive director” mentioned in these Articles of Association shall have the same meaning as “independent director”.

**Article 187** These Articles of Association shall enter into force on the date of consideration and adoption by the general meeting.

**Article 188** These Articles of Association are in Chinese. If it conflicts with a version in any other language, the Chinese version which was most recently filed and registered at the Tianjin Binhai New Area Market Administration for Market Regulation shall prevail.

Clause  
195 of the  
Guidelines for  
Articles

**Article 189** The Board shall be responsible for the interpretation of these Articles of Association.

Clause  
197 of the  
Guidelines for  
Articles

**Article 190** The Board may formulate the details of the Articles of Association in accordance with the provisions herein. The details of the Articles of Association shall not contravene the provisions of these Articles of Association. The appendices to these Articles of Association include the Rules of Procedure for General Meeting, the Rules of Procedure for Meetings of the Board and the Rules of Procedure for Meetings of the Board of Supervisors.

Clause 194  
and Clause  
198 of the  
Guidelines for  
Articles