

**Articles of Association**

**of**

**美中嘉和醫學技術發展集團股份有限公司**

**Concord Healthcare Group Co., Ltd.\***

**(Applicable after the issuance of H Shares)**

**January 2024**

\* *For identification purposes only*

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## Chapter I. General Provisions

**Article 1.** The Articles of Association have been formulated and adopted in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》), the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and other regulations, to protect the legitimate rights and interests of Concord Healthcare Group Co., Ltd. (美中嘉和醫學技術發展集團股份有限公司) (the “Company”), its shareholders and creditors and regulate the organization and conduct of the Company.

**Article 2.** The Company was established as a joint stock company with limited liability through the overall restructuring of Beijing Concord Hospital Management Co., Ltd. (北京泰和誠醫院管理有限公司) with the convention of audited net book assets into shares, in accordance with the provisions of the Company Law and other relevant laws and regulations. It was registered in the Beijing Haidian District Market Supervision Administration and obtained the business license with the unified social credit code of 911101086757013319.

**Article 3.** The Company has been approved by the China Securities Regulatory Commission (the “CSRC”) and upon the examination and approval of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on January 8, 2024, made an initial public offering of 39,420,200 ordinary shares with a par value of RMB1 each, which were listed on the Hong Kong Stock Exchange on January 9, 2024.

**Article 4.** Company name

Full Chinese Name: 美中嘉和醫學技術發展集團股份有限公司

Full English name: Concord Healthcare Group Co., Ltd.

**Article 5.** Company’s domicile: Room B311, 3rd Floor, Building 7, No. 48 Zhongguancun South Road, Haidian District, Beijing, Postal code: 100013

**Article 6.** The registered capital of the Company is RMB716.338416 million, and the total investment is RMB716.338416 million.

**Article 7.** The Company is a joint stock company with limited liability in perpetual existence and a long-term business term.

**Article 8.** The Chairman of the Board is the legal representative of the Company.

**Article 9.** All the assets of the Company are divided into shares of equal value, and the shareholders are liable for the Company to the extent of their subscribed shares, while the Company is liable for its debts to the extent of all its assets.

**Article 10.** The Articles of Association shall, with effect from their effective date, constitute the instrument with binding effect in governing the constitution and activities of the Company, and the rights and obligations between the Company and its shareholders and among shareholders, legally binding on the Company, its shareholders, Directors, supervisors, and senior management. Pursuant to the Articles of Association, shareholders may institute legal proceedings against shareholders; shareholders may institute legal proceedings against Directors, supervisors, general manager, and other senior management of the Company; the shareholders may institute legal proceedings against the Company; and the Company may institute legal proceedings against shareholders, Directors, supervisors, general manager and other senior management.

**Article 11.** Other senior management stated in the Articles of Association refer to the deputy general managers, the secretary of the Board, the financial officer, and other persons as determined by the Board.

**Article 12.** The Company shall establish the Organization of the Communist Party and carry out Party activities in accordance with the relevant regulations of the Constitution of the Communist Party of China. The Company shall provide necessary conditions for the activities of the Party Organization.

## **Chapter II. Objective and Scope of Business**

**Article 13.** The Company's business objective is to promote the developing tumor imaging diagnosis and radiation therapy disciplines in China, and strive to provide the most advanced and effective treatment means and related medical services for the majority of cancer patients, to enhance tumor treatment in China by improving medical management and service quality and training medical professionals, and to advance the medical cause of tumor radiotherapy for the benefit of mankind.

**Article 14.** After due registration in accordance with the law, the scope of business of the Company covers the following: medical research and experimental development; hospital management consulting service; medical technology development, technology transfer, technology consulting, technology training, technology service. (For items subject to approval according to law, business activities can only be carried out after the approval by relevant authorities.)

## Chapter III. Shares

### Section I Issuance of shares

**Article 15.** Shares of the Company shall take the form of share registered certificates. The share certificates of the Company shall contain the particulars as required by the Company Law, and any other items as required by any stock exchange on which the Company's shares are listed.

If the share capital of the Company includes non-voting shares, words "non-voting" shall be inserted into the names of such shares. Where the share capital includes shares with different voting rights, the words "limited voting rights" or "restricted voting rights" shall be inserted into the name of each class of shares (other than those with the most favorable voting rights).

If the individual who has his/her name registered or requests to have his/her name registered on the register of shareholders loses his/her share certificate (the "Original Share Certificate"), he/she may apply to the Company for issuing a replacement share certificate representing the same shares (the "Related Shares"). In the event that a shareholder of Domestic Shares loses its share certificate(s) and applies for issuing replacement share certificate(s), it shall follow the relevant procedures as stipulated in the Company Law. In the event that a shareholder of Overseas Listed Foreign Shares loses his/her share certificate(s) and applies for issuing replacement share certificate(s), he/she should follow the procedures as required by the laws, regulations of the stock exchange or other related rules in the place where the register of shareholders for such Overseas Listed Foreign Shares is kept.

**Article 16.** All the shares issued by the Company are ordinary shares.

The shares issued by the Company to domestic investors for subscription in RMB shall be referred to as Domestic Shares. The shares issued by the Company to foreign investors for subscription in foreign currency shall be referred to as Foreign Shares. Foreign Shares listed outside the PRC shall be referred to as Overseas Listed Foreign Shares. The Overseas Listed Foreign Shares issued by the Company and listed on the Hong Kong Stock Exchange are briefly referred to as H Shares, which shall be the shares listed on Hong Kong Stock Exchange, denominated in RMB, and subscribed for and traded in HK dollars.

Shares issued by the Company that are not listed on domestic or foreign stock exchanges are referred to as unlisted shares. After the Company issues and lists its shares overseas, all or part of the unlisted shares may be converted into Overseas Listed Foreign Shares, subject to the compliance with laws, regulations and the requirements of securities regulatory authorities. Shares transferred above and listed on overseas stock exchanges shall also be subject to the regulatory procedures, regulations and requirements of the overseas stock exchanges. The conversion of unlisted shares into Overseas Listed Foreign Shares does not require a vote at the general meeting.

**Article 17.** The issue of the shares of the Company shall be based on the principles of openness, fairness, and impartiality, and shall rank *pari passu* in all respects with the shares of the same class.

Shares of the same class issued at the same time shall be issued under the same condition and at the same price. Shares subscribed by any entity or individual shall be paid for at the same consideration.

Domestic unlisted shares and Overseas Listed Foreign Shares issued by the Company are entitled to the same rights in any distribution in the form of dividends (including cash and in-kind distribution) or any other form. The Company shall not exercise any power to freeze or otherwise impair the rights attached to the shares of any person who is directly or indirectly interested therein merely because such person has not disclosed his/her interest to the Company.

**Article 18.** The shares issued by the Company shall each have a par value of RMB1.

**Article 19.** The total number of ordinary shares issued to each of the promoters upon the establishment of the Company was 35 million shares with a nominal value of RMB1 each, and the number of shares subscribed by the promoters of the Company, the proportion of shareholding, and the method and time of capital contribution are as follows:

No.	Promoter Name	Amount of Shares Subscribed (in Thousands)	Shareholding Ratio	Form of Contribution	Time of Capital Contribution
1	Shanghai Medstar Financial Leasing Company Limited (醫學之星(上海)融資租賃有限公司)	24,500	70%	Net assets	August 27, 2015
2	Tianjin Concord Medical Technology Co., Ltd. (天津泰和誠醫療技術有限公司)	10,500	30%	Net assets	August 27, 2015
<b>Total</b>		<b>35,000</b>	<b>100%</b>	—	—

**Article 20.** The Company was approved by with the CSRC on February 13, 2023 and was approved by the Hong Kong Stock Exchange on January 8, 2024, to issue no more than 248,677,000 shares of Overseas Listed Foreign Shares. Upon completion of the issuance of the aforesaid Overseas Listed Foreign Shares, the share capital structure of the Company shall be as follows: the total number of shares of the Company shall be 716,338,416, all of which shall be ordinary shares with a nominal value of RMB1 each.

**Article 21.** Neither the Company nor any of its subsidiaries (including its affiliates) shall provide any financial assistance in the form of grants, advances, guarantees, indemnities, or loans to persons purchasing or proposing to purchase the Company's shares.

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

**Article 22.** In accordance with laws and regulations, the Company may, based on its operating and development needs and the resolution of the general meeting, increase its capital by the following ways:

- (I) Public offering of shares;
- (II) Non-public offering of shares;
- (III) Distributing bonus shares to existing shareholders;
- (IV) Conversion of its capital reserve to share capital;
- (V) Other ways permitted by laws, administrative regulations, and the regulatory rules of the place where the Company's shares are listed, and approved by the CSRC.

**Article 23.** The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the Company Law and other relevant regulations, the Hong Kong Listing Rules, the regulatory rules of the place where the Company's shares are listed, and the procedures stipulated in the Articles of Association.

**Article 24.** The Company shall not repurchase its own shares, except under any of the following circumstances:

- (I) To reduce the registered capital of the Company;
- (II) To merge with another company that holds the shares of the Company;
- (III) To use the shares for Employee Stock Ownership Plan (the "ESOP") or as equity incentive;
- (IV) Shareholders who object to a merger or separation resolution made at the general meeting requesting the Company to buy back their shares;
- (V) To utilize shares to satisfy the conversion of corporate bonds that are convertible into shares issued by the Company;
- (VI) When it is necessary for the Company to protect the company value and the shareholders' equity.

**Article 25.** Where the Company acquires its shares, the acquisition shall be conducted through a public and centralized trading method or other methods recognized by laws, administrative regulations, the Hong Kong Listing Rules, the regulatory rules of the place where the Company's shares are listed, and the CSRC.

Where the Company acquires its shares under the circumstances set out in item (III), (V) or (VI) of paragraph 1 of Article 24 hereof, the acquisition shall be conducted through public centralized trading.

**Article 26.** Where the Company acquires its shares under the circumstances set out in item (I) or (II) of paragraph 1 of Article 24 hereof, it shall be resolved at the general meeting. Where the Company acquires its shares under the circumstances set out in item (III), (V) or (VI) of paragraph 1 of Article 24 hereof, it shall be resolved at a Board meeting attended by more than two-thirds of the Directors in accordance with the provisions of the Articles of Association or upon authorization by the general meeting. If the securities regulatory rules of the place where the Company's shares are listed provide otherwise, subject to the Company Law, the Securities Law, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises and the Guidelines for the Articles of Association of Listed Companies, the provisions thereof shall apply.

After the Company acquires its shares under the circumstances set out in paragraph 1 of Article 24 hereof, in the case of item (I), the shares shall be canceled within ten days from the date of acquisition; in the case of items (II) and (IV), the shares shall be transferred or canceled within six months; in the case of items (III), (V), and (VI), the shares held in the aggregate by the Company shall not exceed 10% of the total issued shares of the Company, and the shares shall be transferred or canceled within three years.

### **Section III Transfer of shares**

**Article 27.** The shares of the Company may be transferred in accordance with the law. All the Overseas Listed Foreign Shares listed in Hong Kong shall be transferred by way of a written instrument of transfer in an ordinary or general format, or any other format acceptable to the Board (including the standard transfer format or form of transfer as prescribed from time to time by the Hong Kong Stock Exchange). The written instruments of transfer may be signed only by hand or (where the transferor or transferee is a company) by the Company's seal. If the transferor or transferee is a recognized clearing house (or its agent) as defined in the relevant ordinances in force from time to time in Hong Kong, the written instruments of transfer may be signed by hand or in a machine-printed form. All the instruments of transfer shall be kept at the legal address of the Company or such address as the Board may specify from time to time.

**Article 28.** The Company shall not accept its own shares as collateral.



**Article 29.** The promoters' shares of the Company shall not be transferable within one year from the date of the establishment of the Company. Shares issued by the Company prior to its public offering shall not be transferable within one year as of the date on which the shares are listed and traded in a stock exchange.

The Directors, supervisors and senior management of the Company shall declare the number of shares held by them and the relevant changes to the Company. The number of shares transferred each year during their term of office shall not exceed 25% of the total number of the same class of shares of the Company held by them. The shares of the Company held by them shall not be transferable within one year from the date of listing and trading of the shares on a stock exchange. The shares of the Company held by them shall not be transferable within six months after their resignation.

**Article 30.** For shareholders, Directors, supervisors, and senior management holding more than 5% of the Company's shares (excluding the recognized clearing house (or its agent) as defined in the relevant ordinances in force from time to time in Hong Kong), if they have sold the shares of the Company or other securities with an equity nature held by them within six months after purchasing, or if they have purchased such shares or securities again within six months after selling them, the gains obtained therefrom shall be attributed to the Company and be forfeited by the Board of the Company. However, securities companies holding more than 5% of the shares due to the purchase of the remaining shares after underwriting, and other circumstances stipulated by the CSRC are excluded.

The shares or other securities with an equity nature held by Directors, supervisors, senior management and natural person shareholders as mentioned in the preceding paragraph shall include the shares or other securities with an equity nature held by their spouses, parents, children, and those held in the accounts of others.

If the Board of the Company does not comply with the provisions of paragraph 1 of this article, the shareholders shall have the right to request the Board to do so within 30 days. If the Board of the Company fails to follow the above-mentioned deadline, the shareholders shall have the right to file a lawsuit directly to the People's Court in their own name in the interest of the Company.

If the Board of the Company does not comply with the provisions of paragraph 1 of this article, the responsible Directors shall be jointly and severally liable in accordance with the law.

If laws, regulations, and the securities regulatory authorities or the stock exchange(s) where the Company's Shares are listed have provisions on the period during which the Share transfer registration is suspended before the general meeting or before the base date on which the Company decides to distribute dividends, such provisions shall prevail.

## Chapter IV. Shareholders and General Meetings

### Section I Shareholders

**Article 31.** The Company shall maintain a register of shareholders based on the vouchers provided by securities registries. The register of shareholders shall be the sufficient evidence proving the shareholders' holding of the Company's shares. The shareholders shall enjoy the rights and assume the obligations according to the class of the shares they hold. The shareholders holding the same class of shares shall enjoy the equal rights and assume the equal obligations.

Transfer of shares shall be recorded in the register of members. The Company may, in accordance with the understanding and agreement reached between the securities regulatory body under the State Council and the overseas securities regulatory authorities, maintain the register of shareholders for Overseas Listed Foreign Shares and appoint overseas agencies to maintain such register. The original register of shareholders of Overseas Listed Foreign Shares listed in Hong Kong shall be maintained in Hong Kong. However, the Company may suspend the registration of shareholders (if necessary) in accordance with the applicable laws and regulations and the regulatory rules of the place where the Company's shares are listed. A copy of the register of shareholders of Overseas Listed Foreign Shares listed in Hong Kong shall be maintained at the Company's domicile. Appointed overseas agencies shall from time to time maintain the consistency of the original register of shareholders of Overseas Listed Foreign Shares and the copies thereof. In case of any inconsistency between the original and copies of the register of shareholders for Overseas Listed Foreign Shares, the original shall prevail.

The Company shall keep a complete register of shareholders. The register of shareholders shall be comprised of the following parts: (I) Register of shareholders other than those set out in paragraphs (II) and (III) below kept at the Company's legal address; (II) Register of shareholders for Overseas Listed Foreign Shares kept at the place where the overseas stock exchange in which those shares are listed is located; (III) Register of shareholders kept at other places as the Board thinks necessary for the purpose of listing.

The alteration or rectification of any part of the register of shareholders shall be carried out in accordance with the laws of the place where such part of the register is maintained.

**Article 32.** When the Company convenes a general meeting, distributes dividends, carries out liquidation or makes other conducts that need to identify the shareholders, the Board or the convener of the general meeting shall determine the record date. Shareholders included in the register of shareholders at the close of business on the record date shall be the entitled shareholders.

**Article 33.** Shareholders of the Company shall enjoy the following rights:

- (I) To receive dividends and other forms of distribution of interests in proportion to their respective shareholdings;
- (II) To request, convene, preside over, attend or appoint a proxy to attend the general meeting and exercise the corresponding speaking rights and voting rights in accordance with the law;
- (III) To supervise, and make recommendations or inquiries on the operation of the Company;
- (IV) To transfer, bestow or pledge the shares they hold according to the laws, administrative regulations and the Articles of Association;
- (V) To inspect the Articles of Association, the register of shareholders, the Company's bond stubs, minutes of general meetings, resolutions of the Board meetings and meetings of the Supervisory Committee, and financial and accounting reports;
- (VI) To participate in the distribution of the Company's remaining assets in proportion to their shareholdings upon the termination or liquidation of the Company;
- (VII) To require the Company to acquire its shares by the shareholders who object to a resolution of a general meeting on the merger or division of the Company;
- (VIII) Other rights as provided by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association.

**Article 34.** Any shareholder requesting for inspection of the relevant information as set forth in the preceding paragraph or for obtaining information shall furnish with the Company written document evidencing the class and quantity of shares he/she holds in the Company and the Company shall comply with such shareholder's request upon verification of his/her shareholder capacity. Shareholders shall keep confidential the information and data they inspected.

**Article 35.** Shareholders are entitled to request the People's Court to invalidate the resolutions of a general meeting or a Board meeting which violates the laws and administrative regulations.

The shareholders shall be entitled to request the People's Court to cancel the relevant resolution within 60 days after the resolution is adopted if the convening procedure or voting method of the general meeting or Board meeting violates the laws, administrative regulations or the Articles of Association, or the resolution content breaches the Articles of Association.

**Article 36.** In the event of violation of laws, administrative regulations or the provisions of the Articles of Association by a Director or a senior management in performing his/her duties, resulting in losses to the Company, the shareholders that solely or collectively hold 1% or more shares of the Company for a continuous period of 180 days shall have the right to make a written request to the Supervisory Committee to institute a legal action in a People's Court. In the event of violation of laws, administrative regulations or the provisions of the Articles of Association by the Supervisory Committee in performing its duties, resulting in losses to the Company, the shareholders shall have the right to make a written request to the Board to institute a legal action in a People's Court.

Upon receipt of the written request by the shareholders as stipulated in the preceding paragraph, in case the Supervisory Committee and/or the Board refuses to institute a legal action or fails to institute a legal action within 30 days from receipt of such request, or under urgent circumstances the Supervisory Committee and/or the Board fails to file a litigation immediately, causing irreparable damages to the Company, the shareholders shall have the right to institute a legal action with a People's Court directly in their own name for protecting the Company's interests.

In the event that any person infringes the legal interests of the company and causes losses thereto, the shareholders specified in paragraph 1 of this section may file a lawsuit to a People's Court in accordance with the provisions of the preceding two paragraphs.

**Article 37.** In the event of the violation of laws, administrative regulations or the provisions of the Articles of Association by a Director or a senior management, causing damage to the shareholders' interests, the shareholders may institute a legal action with a People's Court.

**Article 38.** Shareholders of the Company shall assume the following obligations:

- (I) Complying with the laws, administrative regulations and the Articles of Association;
- (II) Paying subscription moneys for the shares subscribed in accordance with the agreed manner of payment;
- (III) No withdrawal from the Company except for the circumstances set out in the relevant laws and administrative regulations;
- (IV) No abuse of shareholder's rights to damage the interests of the Company or other shareholders; no abuse of the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the creditors of the Company;
- (V) Other obligations that should be assumed under laws, administrative regulations, regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If any shareholder of the Company abuses the shareholder's rights and causes loss to the Company or other shareholders, he/she shall be liable for the compensation.

If any shareholder of the Company abuses the independent legal person status of the Company and the limited liability of shareholders to evade debts and severely damage the interests of the creditors of the Company, he/she shall bear joint liability for the debts of the Company.

**Article 39.** Where A Shareholder holding 5% or more of the Company's shares with voting rights, pledges any shares in his/her possession or if there is a change in his/her shares, such shareholder shall submit a written report to the Company from the date when such shareholder pledges his/her shares.

**Article 40.** Controlling shareholders and actual controllers of the Company shall not damage the interests of the Company by taking advantage of their affiliation. They shall be liable for indemnifying the Company for the losses arising therefrom in case of violation of such requirement.

The controlling shareholders and actual controllers of the Company shall bear the fiduciary duty to the Company and shareholders of public shares. The controlling shareholders shall exercise the rights of the investor in strict accordance with the law. The controlling shareholders shall not damage the legitimate rights and interests of the Company and the shareholders of public shares by means of profit distribution, asset restructuring, outbound investment, capital occupation, loan guarantee, etc., or shall not damage the interests of the Company and the shareholders of public shares by means of its controlling position.

## **Section II General Provisions of General Meetings**

**Article 41.** The general meeting is the source of authority of the Company and shall exercise the following functions and power:

- (I) To decide on the business policy and investment plan of the Company;
- (II) To elect and replace Directors and supervisors who are not staff representatives, and to decide on matters relating to their remunerations;
- (III) To consider and approve the reports of the Board;
- (IV) To consider and approve the reports of the Supervisory Committee;
- (V) To consider and approve the annual financial budgetary plans and final accounting plans of the Company;
- (VI) To consider and approve the profit distribution plan and loss recovery plan of the Company;
- (VII) To consider and approve the increase or reduction of the Company's registered capital;
- (VIII) To consider and approve the issuance of corporate bonds;
- (IX) To consider and approve matters such as the merger, division, dissolution, liquidation, or change of company form of the Company;
- (X) To amend the Articles of Association;
- (XI) To resolve on the appointment or dismissal of engagement of the accounting firm by the Company;

- (XII) To consider and approve the guarantee matters set out in Article 42 hereof;
- (XIII) To consider and approve the purchase or disposal of material assets by the Company within one year exceeding 30% of the Company's latest audited total assets;
- (XIV) To consider and approve the change of use of proceeds;
- (XV) To consider equity incentive plans and ESOP;
- (XVI) To consider and approve other matters that should be resolved on by the general meeting according to laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

**Article 42.** The following external guarantees made by the Company shall be considered and approved by the general meeting:

- (I) Any guarantee provided after the total amount of the external guarantees provided by the Company and its controlled subsidiaries exceed 50% of the audited net assets for the latest period;
- (II) A guarantee provided after the total external guarantees of the Company exceed 30% of the latest audited total assets;
- (III) A guarantee amount exceeding 30% of the latest audited total assets of the Company within one year;
- (IV) The guarantee provided to the guaranteed object with a debt-to-asset ratio of more than 70%;
- (V) Any single guarantee whose amount exceeds 10% of the audited net assets for the latest period;
- (VI) Any guarantee provided to the shareholder, actual controller and its related party;
- (VII) Other guarantees that should be considered and approved by the general meeting as stipulated by laws, administrative regulations, departmental rules, and regulatory rules of the place where the Company's shares are listed.

When the proposal for providing guarantees for a shareholder, actual controller or its related party is considered by the general meeting, the relevant shareholder or the shareholders controlled by the actual controller shall not participate in the voting, and this proposal shall be adopted by the majority votes of other shareholders present at the meeting. In addition to the above provisions, other external guarantees of the Company shall be approved by the Board by obtaining the consent of at least 2/3 of the Directors present at Board meetings. The Company shall not provide external guarantees without the approval of the general meeting or the Board.

The term “external guarantees” as used in the Articles of Association refers to the guarantees provided by the Company for others, including the Company’s guarantees for its controlled subsidiaries. The “total amount of the external guarantees provided by the Company and its controlled subsidiaries” refers to the sum of the total amount of external guarantees of the Company, including the Company’s guarantees to its controlled subsidiaries, and the total amount of external guarantees of the Company’s controlled subsidiaries.

**Article 43.** General meetings shall be classified into annual general meetings (AGMs) and extraordinary general meetings (EGMs). The AGM shall be convened once a year, and shall be held within six months after the prior accounting year ends.

**Article 44.** The Company shall convene an EGM within two months under any of the following circumstances:

- (I) When the number of Directors is less than the number specified in the Company Law or two-thirds of the number required by the Articles of Association;
- (II) The uncovered loss of the Company reaches one-third of the total paid-in share capital;
- (III) Upon written request(s) by shareholders individually or collectively holding more than 10% of the Company’s shares;
- (IV) When the Board considers it necessary;
- (V) When the Supervisory Committee proposes such a meeting be held;
- (VI) Other circumstances specified by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

**Article 45.** The place for convening a general meeting of the Company shall be the domicile of the Company or other locations specified in the notice of the general meeting. A venue shall be set for the general meeting which shall be convened on site. The Company may provide the Internet or other means to facilitate shareholders to participate in the general meeting. Shareholders who participate in the general meeting in the aforesaid manner shall be deemed as present.

After the notice of the general meeting is issued, the venue of the meeting shall not be changed without proper reasons. If a change is necessary, the convener shall notify each shareholder at least two working days before the date of the on-site meeting and give explanations.

### **Section III Convening of General Meetings**

**Article 46.** Independent non-executive Directors have the right to propose to the Board to convene an EGM. For the proposal of independent non-executive Directors of convening an EGM, the Board shall, in accordance with the provisions of laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed, and the Articles of Association, provide a written feedback on whether to agree or disagree with the meeting within ten days upon receipt of the proposal.

When the Board agrees to convene an EGM, the Board shall, within five days after the Board resolution is made, issue a notice calling for the meeting. Otherwise, the reasons shall be stated and announced.

**Article 47.** The Supervisory Committee shall have the right to propose to the Board to convene an EGM, and shall make such proposal in writing. The Board shall, pursuant to the provisions of laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed, and the Articles of Association, provide a written feedback on whether to agree or disagree with the meeting within ten days upon receipt of the proposal.

If the Board agrees to convene an EGM, the Board shall, within five days after the Board resolution is made, issue a notice calling for the meeting. Changes to the original proposal in the notice shall be subject to the approval of the Supervisory Committee.

If the Board does not agree to convene an EGM, or fails to provide a written feedback within ten days upon receipt of the proposal, the Board shall be considered to be unable or fail to perform the duty of convening an EGM. The Supervisory Committee may convene and preside over the meeting on its own.



**Article 48.** On the one vote per share basis, shareholders who individually or collectively hold more than 10% of the Company's shares shall have the right to request the Board to convene an EGM and to include proposals in the agenda of the meeting, which shall be submitted in writing to the Board. The Board shall, pursuant to the provisions of laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed, and the Articles of Association, provide a written feedback on whether to agree or disagree with the meeting within ten days upon receipt of the request.

If the Board agrees to convene the EGM, the Board shall serve a notice of such meeting within five days after the Board resolution is made. In the event of any change to the original proposal, the consent of relevant shareholder(s) shall be obtained.

If the Board disagrees to convene an EGM or fails to give a reply within ten days upon receipt of the request, shareholders who individually or collectively hold more than 10% of the Company's shares shall have the right to propose to the Supervisory Committee to convene the EGM and shall submit their request in writing.

If the Supervisory Committee agrees to convene an EGM, the Supervisory Committee shall, with five days upon receipt of the request, issue a notice calling for the meeting. Changes to the original request in the notice shall be subject to the approval of relevant shareholders.

If the Supervisory Committee fails to give the notice of the general meeting within the specified time limit, it shall be deemed that the Supervisory Committee shall not convene or preside over the general meeting, in which case, the shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the meeting by themselves.

**Article 49.** When the Supervisory Committee or the shareholders decide to convene a general meeting by themselves, they shall notify the Board in writing.

Before a resolution at a general meeting is made, the shareholding percentage of the convening shareholders shall be not less than 10%.

**Article 50.** The Board and the secretary shall align with the general meeting convened by the Supervisory Committee or the shareholders on their own. The Board shall provide the register of shareholders as at the record date. The register of shareholders obtained by the convener shall not be used for purposes other than the convening of a general meeting.

**Article 51.** If the Supervisory Committee or shareholders convene a general meeting on their own, the expenses necessary for the meeting shall be borne by the Company.

## Section IV Proposals and Notices of General Meetings

**Article 52.** The proposal content shall fall within the scope of functions and powers of the general meeting. There shall be definite topics and specific matters for resolution. The proposal shall comply with the relevant provisions of laws, administrative regulations, the Hong Kong Listing Rules, the regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

**Article 53.** Where the Company convenes a general meeting, the Board, the Supervisory Committee, and the shareholders who individually or collectively hold more than 3% of the Company's shares shall have the right to make proposals to the Company.

The shareholders who individually or collectively hold more than 3% of the Company's shares may raise a temporary proposal and submit it to the convener in writing ten days before the general meeting is held. The convener shall, within 2 days after the receipt of the proposal, issue a supplementary notice to announce the content of the temporary proposal. With respect to the publication of the supplementary notice of the general meeting, if there are special provisions in the securities regulatory rules of the place where the Company's shares are listed, subject to the Company Law, the Securities Law, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises, and the Guidelines for the Articles of Association of Listed Companies, the provisions thereof shall apply. If the general meeting is to be postponed for the publication of the supplementary notice of the general meeting in accordance with the provisions in the securities regulatory rules of the place where the Company's shares are listed, the convening of the general meeting shall be postponed in accordance such the provisions.

Except for the aforesaid circumstance, after the convener publicizes the notice of the general meeting, the proposals listed in the notice shall not be modified, nor shall any new proposal be added.

The general meeting shall not vote or pass resolutions on proposals not listed in the notice of the general meeting or resolutions not in conformity with Article 53 of the Articles of Association.

**Article 54.** The convener will notify all shareholders of an AGM by way of an announcement 21 days prior to the convening thereof, and notify all shareholders of an EGM by way of an announcement 15 days prior to the convening thereof.

**Article 55.** The notice of the general meeting shall include the following particulars:

- (I) The date, place and duration of the meeting;
- (II) The matters and proposals to be considered at the meeting;
- (III) In clear statement that all shareholders are entitled to participate the meeting and they may appoint a proxy to attend and vote at such meeting on their behalf and that such proxies need not be shareholders of the Company;
- (IV) The date of record for the Shareholders who are entitled to attend the general meeting;
- (V) The name and telephone number of the regular contact person for the meeting;
- (VI) The voting time and voting procedures of the meeting for the online voting or other means of voting.

**Article 56.** When the general meeting intends to discuss the election of Directors and supervisors, the notice of the meeting shall fully disclose the details of the candidates for Directors and supervisors, including, as a minimum, the following particulars:

- (I) Personal particulars such as education background, working experience and any concurrently holding positions;
- (II) Whether there is any connected relationship with the Company or its controlling shareholders and the actual controllers;
- (III) Disclosure of their shareholdings in the Company;
- (IV) Penalties imposed by CSRC and other relevant authorities and punishments imposed by the stock exchanges.

Save for the Directors and supervisors who are elected by a cumulative voting system, a single proposal (or the same proposal and a single vote) shall be put forward for each candidate for a Director and supervisor.

**Article 57.** After the notice of the general meeting is given, without cogent reason, the general meeting shall not be postponed or canceled, and the proposals set out in the notice shall not be canceled. In the event of a delay or cancellation, the convener shall notify each shareholder at least two working days before the scheduled date of convening and give explanations. If the securities regulatory rules of the place where the Company's shares are listed provide otherwise on the procedure for postponing or canceling the general meeting, subject to the Company Law, the Securities Law, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises and the Guidelines for the Articles of Association of Listed Companies, the provisions thereof shall apply.

## Section V Convening of General Meetings

**Article 58.** The Board and other conveners shall take necessary measures to ensure the proper order of the general meeting. Any act that interferes with the general meeting, causes troubles or infringes upon the shareholders' legitimate rights and interests shall be stopped by measures and promptly reported to the relevant departments for investigation.

**Article 59.** All shareholders recorded in the register as at the record date or their proxies shall have the right to attend the general meeting and exercise the voting right in accordance with the relevant laws, regulations, the Hong Kong Listing Rules, and the Articles of Association, which shall not be rejected by the Company and the convener on any grounds.

Shareholders may attend the general meeting in person, and also may appoint a proxy to attend and vote on their behalf.

**Article 60.** An individual shareholder who attends the meeting in person shall produce his/her own identity card or other valid documents or proof evidencing his/her identity, and share account cards. If a proxy is appointed to attend the meeting on his/her behalf, such proxy shall produce his/her own valid identity documents and the power of attorney from the shareholder.

The legal representative/general partner (appointed representative) or proxies appointed thereby shall attend the meeting on the behalf of corporate/partnership shareholders. The legal representative/general partner (appointed representative) attending the meeting shall present his/her identity card and valid certificate evidencing his/her capacity as a legal representative/general partner (appointed representative); if a proxy is appointed to attend the meeting, such proxy shall present his/her identity card and a written power of attorney duly issued by the legal representative/general partner (appointed representative) of the corporate/partnership shareholders.

**Article 61.** If the shareholder is a recognized clearing house (including Hong Kong Securities Clearing Company Limited) or its agent (the "Recognized Clearing House") as defined in the relevant ordinances in force from time to time in Hong Kong or the regulatory rules of the place where the Company's shares are listed, the shareholder may authorize one or more persons as he/she thinks fit to act as the representative at any general meeting or any meeting of creditors. The power of attorney shall be signed by the authorized officer of the Recognized Clearing House. The person(s) so authorized may exercise rights including the right to speak and vote at the meeting on behalf of the Recognized Clearing House as if the person(s) were an individual shareholder/individual shareholders of the Company without the need to produce a certificate of shareholding, notarized power of attorney and/or further evidence of formal authorization.

**Article 62.** Any shareholder entitled to attend the general meeting and vote shall have the right to appoint one (who is not necessary to be a shareholder) or several persons as his/her proxy (proxies) to attend and vote on his/her behalf. The power of attorney issued by a shareholder to appoint a proxy to attend a general meeting shall contain the following information:

- (I) The proxy name;
- (II) Whether the proxy has the voting right;
- (III) Separate instructions as to whether to cast affirmative, negative or abstention votes on each review issue listed on the agenda of the general meeting; whether the proxy has the voting right on an extempore proposal that may be added to the agenda of the general meeting, and the specific instructions as to what vote to cast if he/she has such right to vote;
- (IV) The date of issuance and effective period of the power of attorney;
- (V) The signature (or seal) of the principal. If the principal is a legal person/partnership shareholder, the power of attorney shall be stamped with the seal of the organization.

**Article 63.** It shall be stated clearly in the power of attorney that the proxy may vote at his/her discretion when the shareholder does not give any instruction. If no such indication is made, the proxy shall be deemed to be entitled to vote at his/her own will.

**Article 64.** The power of attorney for proxy voting shall be deposited at the domicile of the Company or such other places designated in the notice of the meeting 24 hours before the meeting at which the proxy is authorized to vote or 24 hours before the specified voting time. If the power of attorney for proxy voting is signed by the authorized person of the principal, the letter of authority for signing or other authorization documents shall be notarized. The notarized letter of authority or other authorization documents and the power of attorney for proxy voting shall be maintained at the domicile of the Company or other places specified in the meeting notice.

If the principal is a legal person/partnership, its legal representative/general partner (appointed representative) or the person authorized by the Board or other decision-making authorities shall attend the general meeting of the Company on its behalf.

**Article 65.** The register of the persons attending the meeting shall be prepared by the Company. The register shall set out the names of the persons attending the meeting (or names of the entity they are from), their ID card numbers, residential addresses, numbers of shares held or representing voting rights and names of the proxies (or names of the entity they are from).

**Article 66.** The convener and the lawyer (if applicable) engaged by the Company shall jointly verify the qualification of the shareholders according to the register of shareholders provided by the securities depository and clearing institution, and register the name of each shareholder and the number of shares with voting rights they hold. The meeting registration shall be terminated by the time the meeting presider announces the number of shareholders and proxies present in person at the meeting as well as the total number of shares with voting rights they hold.

**Article 67.** When the general meeting is held, all the Directors, supervisors and Board secretary of the Company shall attend the meeting, while the general manager and other senior management shall attend as a non-voting delegate.

**Article 68.** The general meeting shall be convened by the Board. If the chairman of the Board is unable or fails to perform his/her duties, the deputy chairman of the Board shall preside over the meeting. If the deputy chairman is unable or fails to perform his/her duties, a Director elected by more than half of the Directors shall preside over the meeting.

A general meeting convened by the Supervisory Committee shall be presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his/her duties, a supervisor jointly elected by more than half of the supervisors shall preside over the meeting.

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

During the course of a general meeting, if the meeting presider violates the procedural rules such that the meeting cannot be continued, the shareholders in the general meeting may elect one person to act as the meeting presider to continue the meeting so long as the proposed meeting presider has the consent of more than half of the shareholders with voting rights who are present at the meeting.

**Article 69.** The Company shall formulate rules of procedure for the general meeting, and specify the convening and voting procedures of the general meeting, including notice, registration, consideration of proposals, voting, counting of votes, announcement of voting results, formation of resolutions of the meeting, and minutes of the meeting and the signing thereof, as well as the principle of authorization of the general meeting to the Board. The content of authorization shall be clear and specific. The rules of procedure for the general meeting shall be annexed to the Articles of Association and shall be prepared by the Board and approved by the general meeting.

**Article 70.** At the AGM, the Board and the Supervisory Committee shall report on their work over the past year. Each independent non-executive Director shall also report on their duty performance.

**Article 71.** Directors, supervisors and senior management shall provide explanations and statements relating to the queries and suggestions put forward by the shareholders at the general meeting.

**Article 72.** The meeting presider shall declare the number of shareholders and proxies present and the total number of shares with voting rights they hold before voting. To determine the number of shareholders and proxies present and the total number of shares with voting rights they hold, the meeting register shall prevail.

**Article 73.** The general meeting shall have meeting minutes, and the secretary of the Board shall be responsible for the meeting minutes.

The meeting minutes shall include the following particulars:

- (I) The time, venue and agenda of the meeting and the convener's name;
- (II) Names of the meeting presider and the Directors, supervisors, general manager and other senior management attending the meeting or attending the meeting as non-voting delegates;
- (III) The number of shareholders and proxies present at the meeting, total number of voting shares held and their respective proportions in the total number of shares of the Company;
- (IV) Deliberations on each proposal, key points and the voting results;
- (V) Queries and suggestions of the shareholders and the corresponding answers or explanations;
- (VI) Names of the vote counter and the scrutineer;
- (VII) Other content that should be included in the meeting minutes according to the Articles of Association.

**Article 74.** The convener shall guarantee the authenticity, accuracy and integrity of the content of the meeting minutes. The Directors, supervisors, secretary of the Board, convener or his/her representative, and meeting presider who attended the meeting shall sign the meeting minutes. The meeting minutes shall be maintained together with the register of names of the shareholders present, the power of attorney for attendance, and the valid documents for the on-line and other forms of voting for a period of not less than ten years.

**Article 75.** The convener shall guarantee the general meeting continues until the final resolution has been adopted. If the general meeting is suspended or the resolution cannot be made due to force majeure or other special causes, necessary measures shall be taken to resume the general meeting or directly terminate the general meeting, and an announcement shall be made in time.

## **Section VI Voting and Resolutions at General Meetings**

**Article 76.** The resolutions of a general meeting are classified into ordinary resolutions and special resolutions.

Ordinary resolutions of a general meeting shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the meeting.

Special resolutions of a general meeting shall be passed by more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

**Article 77.** The following matters shall be resolved by way of an ordinary resolution of the general meeting:

- (I) Work reports of the Board and the Supervisory Committee;
- (II) Profit distribution proposals and loss recovery proposals formulated by the Board;
- (III) Appointment, dismissal and remuneration of the members of the Board and the Supervisory Committee and the method of payment of the remuneration;
- (IV) Annual financial budgets and final accounting plans of the Company;
- (V) Annual reports of the Company;
- (VI) Other matters required by laws, administrative regulations, the Hong Kong Listing Rules, the regulatory rules of the place where the Company's shares are listed, and the Articles of Association to be adopted by special resolutions.

**Article 78.** The following matters shall be resolved by way of a special resolution of the general meeting:

- (I) The increase or reduction of the Company's registered capital;
- (II) The merger, division, split, dissolution, liquidation or change of company form of the Company;
- (III) Amendments of the Articles of Association;
- (IV) The purchase or disposal of material assets by the Company within one year, or a guarantee amount exceeding 30% of the latest total audited assets of the Company;
- (V) Equity incentive plan;
- (VI) Other matters required by laws, administrative regulations, the Hong Kong Listing Rules, the regulatory rules of the place where the Company's shares are listed, and the Articles of Association, which may have a significant impact on the Company according to an ordinary resolution of the general meeting, to be adopted by way of a special resolution.



**Article 79.** Shareholders (including their proxies) shall exercise their voting rights by the number of voting shares they hold, and each share shall have one vote. On a poll taken at a meeting, a shareholder (including proxies) entitled to two or more votes does not need to cast all his/her votes in the same way.

When material issues affecting the interests of minority shareholders are considered at the general meeting, the votes of minority shareholders shall be counted separately, and the results of such separate vote counting shall be disclosed promptly.

The Company's shares held by the Company have no voting rights, and such shares are not included in the total number of voting shares present at the general meeting.

Where a shareholder's purchase of the Company's voting shares violates the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the voting rights of the shares exceeding the prescribed proportion shall not be exercised within 36 months after the purchase, and such shares shall not be included in the total number of voting shares of the shareholders attending the general meeting.

The Board, independent non-executive Directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with the laws, administrative regulations or the provisions of the CSRC, may publicly solicit voting rights from shareholders. When soliciting voting rights from shareholders, the specific voting intention and other information shall be fully disclosed to the solicitation targets. Solicitation of shareholders' voting rights in a paid or disguised paid way shall be prohibited. Except for statutory conditions, the Company shall not impose restrictions on the minimum shareholding proportion against the solicitation of shareholders' voting rights.

If at any time the shares of the Company are divided into different classes of shares, a special resolution shall be required to be passed by the shareholders holding shares of such class or classes to which such rights are attached.

**Article 80.** In accordance with applicable laws and regulations and the listing rules of the stock exchange where the Company's shares are listed, where any shareholder is required to abstain from voting on any specified resolution, or where any shareholder is required to vote only in favor of or against a specified resolution, and in the event of any violation of such requirement or restriction, the votes cast by or on behalf of such shareholder shall not be counted in the results of the voting.

**Article 81.** Unless the Company is in danger or under other special circumstances, the Company shall not, without the approval of the general meeting by way of a special resolution, make and enter into contracts with persons other than Directors, the general manager or other senior management granting such persons the responsibility for managing all or part of the Company's material business.

**Article 82.** The name list of candidates for Directors and supervisors shall be included in a proposal to be submitted to the general meeting for voting.

When the general meeting votes on the election of Directors and supervisors, a cumulative voting system may be implemented in accordance with the provisions of the Articles of Association or the resolutions of the general meeting.

The above-mentioned cumulative voting system indicates that each share has the number of voting rights identical to the number of Directors or supervisors to be elected, and the voting rights owned by the shareholders may be cumulatively used when the general meeting elects the Directors or supervisors. The Board shall provide shareholders with the resumes and basic information of the candidates for Directors and supervisors.

**Article 83.** In addition to the cumulative voting system, the general meeting shall resolve on all the proposals separately; in the event of several proposals for the same issue, such proposals shall be resolved in the order of time at which they are submitted. Unless the general meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposals shall neither be shelved nor refused at the general meeting.

**Article 84.** No amendment shall be made to a proposal when it is being considered at the general meeting; otherwise, such amendment shall be deemed a new proposal and may not be voted at the current meeting.

**Article 85.** The same voting right shall only be exercised on site, via the Internet or by other means. Where the same vote is cast for two or more times, the first cast shall hold.

**Article 86.** The general meeting shall vote by open ballot.

**Article 87.** Before the relevant proposal is voted on at the general meeting, two representatives of the shareholders shall be elected to take part in votes counting and scrutinizing. Any shareholder who is interested in the matter under consideration and his/her proxy shall not take part in votes counting or scrutinizing.

At the time of deciding on a proposal by voting at the general meeting, lawyers (if applicable), shareholder representatives and supervisor representatives shall count and scrutinize the votes jointly, and announce the voting result forthwith. The voting result in connection with the resolution shall be recorded in the minutes of meeting.

Shareholders of the Company or their proxies shall have right to check the results of their votes through the voting system if they vote via the Internet or other means.

**Article 88.** An on-site general meeting shall not end before that held online or otherwise, and the meeting presider shall announce the voting status and results of each proposal and announce whether the proposal is adopted or not based on the voting results.

Prior to the formal announcement of the voting results, relevant parties involved in relation to voting on the site of the general meeting, via the Internet or by other means, including the Company, the persons responsible for counting votes and scrutinizing the voting, substantial shareholders, and Internet service providers, shall be obliged to keep the voting status confidential.

**Article 89.** The shareholders attending the general meeting shall express one of the following opinions on the proposal to be voted on: for, against, or abstain. Save for the circumstance under which the securities registration and settlement institution, acting as the nominal holder of shares under the mutual stock market access between the Mainland and Hong Kong, makes reporting in accordance with the instruction of the actual holder of relevant shares.

An unfilled, wrongly filled, or illegible vote, or an uncast vote shall be deemed to be a waiver of the voting right of the voter, and the voting result for the number of shares he/she holds shall be accounted as “abstain”.

**Article 90.** If the meeting presider has any doubts as to the result of a resolution which has been put to vote at the general meeting, he/she may have the votes counted. If the meeting presider has not counted the votes, any shareholder present in person or by proxy who objects to the result announced by the meeting presider may, immediately after the declaration, demand that the votes be counted, and the meeting presider shall have the votes counted immediately.

**Article 91.** Resolutions of the general meeting shall be announced in time, which shall set out the number of shareholders and proxies present at the meeting, the total number of voting shares held by them and their proportion in the total number of voting shares of the Company, voting methods, voting results of each proposal, and details of resolutions adopted.

**Article 92.** Where the proposals are not passed or if the current general meeting changes the resolutions of the previous general meeting, a special notice shall be included in the resolutions of the general meeting.

**Article 93.** Where a proposal for the election of Directors or supervisors is adopted at a general meeting, the new Directors and supervisors shall take office on the date on which the resolution of the general meeting is adopted, unless the resolution of the general meeting specifies otherwise.

**Article 94.** If the general meeting passes the proposal on cash dividends, scrip issue or conversion of capital reserve into share capital, the Company shall implement the relevant plan in two months after the end of the general meeting.

## Chapter V. Board

### Section I Director

**Article 95.** Directors shall be natural persons, and none of the following persons may serve as a Director of the Company:

- (I) Persons without civil capacity or with limited capacity for civil acts;
- (II) Persons who were sentenced for crimes of corruption, bribery, encroachment or embezzlement of property or disruption of the social and economic order, where five years have not lapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime, where five years have not lapsed following the serving of the sentence;
- (III) Persons who acted as Directors, or factory managers or managers of companies or enterprises which were bankrupt or liquidated and who shall bear personal liabilities for the bankruptcy or liquidation of such companies or enterprises, where three years have not lapsed following the date of completion of such bankruptcy or liquidation;
- (IV) Legal representatives of companies or enterprises that had their business licenses revoked and were ordered to close down as a result of infringing the law and shall bear personal liabilities therefore, where three years have not lapsed following the date of revocation of such business licenses;
- (V) Persons who have a substantial amount of debts due and outstanding;
- (VI) Persons who are imposed by the CSRC a ban from entering into the securities market for a period which has not yet expired;
- (VII) Other circumstances required by laws, administrative regulations, other normative documents, the Hong Kong Listing Rules, and the regulatory rules of the place where the Company's shares are listed.

If the Company elects or appoints Directors in violation of the provisions of the preceding paragraphs, the election or appointment shall be invalid. In the event that the circumstances as stipulated in this Article arise during the term of appointment of Directors, the Company shall dismiss the appointment.

**Article 96.** Directors shall be elected or replaced by the general meeting and may be relieved of their duties by the general meeting before the expiration of their term of office. The Directors have a tenure of three years and can be reelected upon the expiry of the tenure.

The term of office of Directors shall last from the date on which the Directors take office to the expiration of the term of office of the current Board. If the term of office of a Director expires but the Director fails to be reelected in time, the Director shall, before the newly elected Director takes office, still perform the due duties in accordance with the provisions of laws, administrative regulations, departmental rules, and the Articles of Association.

Subject to applicable laws and regulations and the regulatory rules of the place where the Company's shares are listed, if the Board appoints a new Director to fill a casual vacancy on the Board or any person to increase the number of Directors, such appointed Director shall hold office until the next AGM of the Company after his/her appointment and shall then be eligible for re-election.

A Director may be the general manager or other senior management concurrently, provided that the total number of Directors who concurrently serve as the general manager or other senior management and Directors who are employee representatives shall not exceed 1/2 of the total number of Directors of the Company.

Under the prerequisite of abiding by relevant laws and administrative regulations, the general meeting may remove any Director before the expiration of his/her term of office by way of an ordinary resolution, without prejudice to claims made by the Director pursuant to any contract.

**Article 97.** Directors shall comply with laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed, and the Articles of Association, and bear the following faithful obligations to the Company:

- (I) Not to take advantage of his/her functions and power to accept bribes or other illegal incomes, and not to misappropriate the property of the Company;
- (II) Not to misappropriate funds of the Company;
- (III) Not to deposit the Company's assets or funds in an account opened in their own name or in the name of any other individual;
- (IV) Not to lend the Company's funds to others or use the Company's assets as security for others in violation of the Articles of Association and without the approval of the general meeting or the Board;
- (V) Not to enter into contracts or transactions with the Company in violation of the Articles of Association or without the approval of the general meeting;
- (VI) Not to take advantage of their positions to seek business opportunities that shall belong to the Company for themselves or others, or engage in business similar to that of the Company for themselves or others, without the approval of the general meeting;
- (VII) Not to accept and keep privately commissions on transactions with the Company;
- (VIII) Not to disclose the secrets of the Company without authorization;
- (IX) Not to damage the interests of the Company by taking advantage of their affiliations;
- (X) Other faithful obligations specified by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

The income derived by the Directors in violation of the preceding paragraph shall be returned to the Company. If losses are caused to the Company, they shall be liable for compensation.

**Article 98.** Directors shall comply with the laws, administrative regulations and the Articles of Association, and bear the following diligence obligations to the Company:

- (I) To exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with the requirements of PRC laws, administrative regulations and relevant PRC economic policies and are not beyond the business scope specified in the business license of the Company;
- (II) To treat all shareholders impartially;
- (III) To keep informed of the operation and management conditions of the Company in a timely manner;
- (IV) To approve periodic reports of the Company in written form; to ensure that all information disclosed is true, accurate and complete;
- (V) To provide status reports and information to the Supervisory Committee honestly, and not to hinder the Supervisory Committee or supervisors from exercising their power;
- (VI) Other diligence obligations specified by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

**Article 99.** If the Director fails to attend the Board meeting in person or entrust any other Directors to attend the meeting on his/her behalf for two consecutive times, it shall be deemed that he/she cannot perform his/her duties, and the Board shall advise the general meeting to remove such Director. If an independent non-executive Director fails to attend the Board meeting in person for three consecutive times, the Board shall request the general meeting for removal.

**Article 100.** A Director may resign before the expiry of his/her tenure. The resignation of a Director shall be submitted to the Board in a written resignation report. The Board shall disclose the relevant information within two days.

If the resignation of a Director causes the number of Directors in the Board of Directors of the Company to fall below the quorum, the number of independent non-executive Directors falls below one-third of the members of the Board of Directors as a result of the resignation of an independent non-executive Director, or there is no accounting professional among the independent non-executive Directors, the former Director shall, before the newly elected Director takes office, still perform the duties of a Director in accordance with relevant laws and regulations, departmental rules and the Articles of Association.

Except as provided in the preceding paragraph, the resignation of Directors shall come into force upon the delivery of the resignation report to the Board.

**Article 101.** A Director shall complete all of the handover procedures with the Board once his/her resignation becomes effective or his/her term of office expires. The obligations of loyalty to the Company and the shareholders are not necessarily released upon his/her resignation or the expiry of his/her term of office, but shall remain effective for a term of one year after the resignation becomes effective or the term of office expires, unless otherwise agreed by the Company and the Board. The director's obligation to maintain the confidentiality of the Company's trade secrets or matters required to be kept confidential by the Company shall survive the termination of his/her employment until such secrets become public information.

**Article 102.** No Director may act in his/her name on behalf of the Company or the Board without the lawful authorization under the provisions of the Articles of Association or by the Board. Where a Director acts in his/her own name, the Director shall declare in advance his/her position and identity in the case that a third party would reasonably believe that the Director is acting on behalf of the Company or the Board.

**Article 103.** A Director that violates laws, administrative regulations, departmental rules, the regulatory rules of the place where the Company's shares are listed, and the Articles of Association and causes losses to the Company in performing duties of the Company shall be liable for compensation.

## **Section II Independent Non-executive Director**

**Article 104.** There are independent non-executive Directors on the Board of the Company who are equivalent to those within the meaning of the Hong Kong Listing Rules. At least one-third of the members of the Board shall be independent non-executive Directors, including at least one accounting professional.

Independent non-executive Directors shall bear the obligations of good faith and diligence towards the Company and all shareholders. Independent non-executive Directors shall, in accordance with the provisions of laws, administrative regulations, departmental rules, and the Articles of Association, earnestly perform their duties, safeguard the overall interests of the Company, and strive to protect the lawful rights and interests of the minority shareholders.

**Article 105.** If an independent non-executive Director fails to meet the conditions of independence or other circumstance arises which makes it inappropriate for him or her to perform his or her duties and responsibilities as an independent non-executive Director, thereby causing the failure of the Company to meet the requirements of the Articles of Association concerning the number of independent non-executive Directors, the Company shall make up the number of independent non-executive Directors in accordance with regulations.

**Article 106.** The term of office of independent non-executive Directors is the same as that of other Directors of the Company. Upon expiration of the term, the independent non-executive Directors may be re-elected.

**Article 107.** The working system for independent non-executive Directors shall be formulated by the Board and approved by the general meeting.



### Section III Board

**Article 108.** The Company shall set up a Board that is responsible to the general meeting.

**Article 109.** The Board shall consist of nine Directors, of which the number of independent non-executive Directors shall be not less than three and shall constitute more than one third of the total number of members of the Board.

**Article 110.** The Board shall exercise the following functions and power:

- (I) To convene general meetings and report to general meetings;
- (II) To implement the resolutions of general meetings;
- (III) To determine business operation plans and investment plans of the Company;
- (IV) To develop the annual financial budgetary plans and final accounting plans of the Company;
- (V) To formulate the profit distribution plans and loss recovery plans of the Company;
- (VI) To formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;
- (VII) To formulate plans for substantial acquisition, repurchase of shares, or merger, division, dissolution and change of company form of the Company;
- (VIII) To determine the outbound investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, external donations etc. of the Company within the authority granted by the general meeting;
- (IX) To determine the setup of the Company's internal management structure;
- (X) To appoint or dismiss the general manager, secretary of the Board and other officers of the Company, and decide on matters of remuneration, rewards, and punishments; to appoint or dismiss senior management such as deputy general manager and financial officers according to the nomination of the general manager, and decide on matters of remuneration, rewards, and punishments;
- (XI) To draft the Company's basic management system;
- (XII) To formulate the amendment plan of the Articles of Association;
- (XIII) To manage the information disclosure of the Company;
- (XIV) To request the general meeting to engage or replace the accounting firm that provides audits for the Company;

(XV) To debrief the work report of the general manager of the Company and check the work of the general manager;

(XVI) Other duties and power specified by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

**Article 111.** The Board shall make explanations to the general meeting on the qualified auditing opinions issued by the certified public accountants on the Company's financial reports.

**Article 112.** The Board shall formulate the rules of procedure of the Board, for the purpose of ensuring the implementation by the Board of the resolutions of the general meeting, enhancing work efficiency, and guaranteeing scientific decision making. The Procedural Rules for Meetings of the Board shall be formulated by the Board and approved by the general meeting.

**Article 113.** The Board shall determine the authority of outbound investment, acquisition and disposal of assets, asset mortgages, external guarantees, entrusted wealth management, connected transactions and external donations, and set up strict inspection and decision-making procedures; for important investment projects, the Board shall organize relevant experts and professionals to review and report at the general meeting for approval.

The purchase or disposal of material assets by the Company, or matters in which outward investment exceeds 25% of the latest audited total assets of the Company within one year, shall be submitted to the Board for consideration.

**Article 114.** The Board shall have one chairman and one vice chairman. The chairman and vice-chairman shall be elected and removed by a majority of all the Directors.

**Article 115.** The chairman of the Board shall exercise the following functions and power:

- (I) To preside over general meetings, and to convene and preside over Board meetings;
- (II) To supervise and inspect the execution of the resolutions of the Board;
- (III) To organize the formulation of various systems for the operation of the Board and coordinate its operation;
- (IV) To sign share certificates, corporate bonds and other securities issued by the Company;
- (V) To propose a list of recommendations for the Company's general manager and the secretary of the Board;
- (VI) Other functions and power granted by the Board.

**Article 116.** The vice chairman shall assist the chairman in his/her work. If the chairman is unable or fails to perform his/her duties, such duties shall be performed by the vice chairman. If the vice chairman is unable or fails to perform his/her duties, a Director shall be elected jointly by more than half of the Directors to perform such duties.

**Article 117.** The Board shall hold at least two meetings each year, which shall be convened and presided over by the chairman of the Board and notified to all the Directors and supervisors ten days prior to the meeting in writing.

**Article 118.** Shareholders representing more than one-tenth of the voting rights, and more than one-third of the Directors or the Supervisory Committee may propose an extraordinary Board meeting. The chairman of the Board shall convene and preside over an extraordinary Board meeting within ten days after receiving the proposal.

**Article 119.** The notice of the extraordinary Board meeting shall be delivered to all Directors and supervisors by means of personal delivery, mail, e-mail or fax five days before the convening of the meeting. The foregoing notice period may be shortened or waived with the unanimous written consent of all Directors.

**Article 120.** The notice of a Board meeting shall contain the following particulars:

- (I) The date and venue of the meeting;
- (II) The duration of the meeting;
- (III) Reasons for convening the meeting and the agenda thereof;
- (IV) The date of issue of notice.

**Article 121.** A Board meeting shall not be held unless more than half of the Directors are present. A resolution made by the Board shall be approved by more than half of the Directors unless otherwise stipulated by laws, administrative regulations, departmental rules, the Articles of Association, and the regulatory rules of the place where the Company's shares are listed.

Each Director shall have one vote for the resolutions of the Board.

**Article 122.** Where a Director is affiliated with the enterprise involved in resolutions of the Board meeting, he/she shall not exercise the right to vote on the resolutions, nor shall he/she exercise the right to vote on behalf of another Director. The Board meeting can be held by more than half of the uninterested Directors. The resolutions of the Board meeting shall be adopted by more than half of the uninterested Directors. If the number of uninterested Directors present at the Board meeting is less than three, the matter shall be submitted to the general meeting for consideration. The Board's vote on "connected transactions" under the Hong Kong Listing Rules shall comply with the relevant provisions of the Hong Kong Listing Rules.

**Article 123.** Resolutions of the Board shall be voted by written ballot.

On the premise that the Directors can fully express their opinions and comply with the regulatory rules of the place where the Company's shares are listed, the extraordinary Board meeting may be held and resolved by a telephone or video conference or other means having the same effect and signed by the attending Directors.

**Article 124.** A Board meeting shall be attended by the Directors in person. If a Director is unable to attend for any reason, he/she may appoint in writing other Directors to attend on his/her behalf, and an independent non-executive Director may not appoint a non-independent non-executive Director to attend on his/her behalf. The power of attorney shall clearly state the proxy's name, the proxy matter, and the scope and validity of authorization, and shall be signed and sealed by the principal. The proxy shall exercise the rights of a Director within the scope of the authorization. If a Director fails to attend a Board meeting or to appoint a proxy, he/she shall be deemed to have waived his/her right to vote at that meeting.

**Article 125.** The Board shall keep minutes of its decisions on the matters considered at its meetings. The Directors attending the meetings shall sign the minutes.

The minutes of Board meetings shall be kept in the Company's archives for a period of not less than ten years.

**Article 126.** The minutes of the Board meeting shall contain the following particulars:

- (I) The date and venue of the meeting and the name of the convener;
- (II) Names of the Directors present and of Directors appointed as proxies to attend the Board meeting;
- (III) The agenda of the meeting;
- (IV) Main points made by the Directors;
- (V) The voting method and results of each proposal (the results shall indicate the number of votes approved, opposed or abstained).

#### **Section IV Special Committees under the Board**

**Article 127.** The Board has set up the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. The special committees shall be accountable to the Board and shall perform their duties in accordance with the Articles of Association and the authorization of the Board. Their proposals shall be submitted to the Board for consideration and decision.

The composition and rules of procedure of the special committees shall be separately agreed upon by the Board.

**Article 128.** The special committees may engage intermediary agencies to provide professional advice at the Company's expense.

## **Chapter VI. General Manager and Other Senior Management**

**Article 129.** The Company shall have one general manager and several deputy general managers who shall be appointed or dismissed by the Board.

The general manager, deputy general managers, the financial officer, the secretary of the Board and other senior management recognized by the Board are senior management of the Company.

**Article 130.** The circumstances set out in Article 96 hereof under which the relevant persons shall not serve as Directors shall also apply to senior management.

The provisions of Article 98 hereof on the faithful obligations of Directors and of items (IV) to (VI) in Article 99 hereof on the diligence obligations shall also apply to senior management.

**Article 131.** Persons who hold administrative posts other than directors and supervisors in the controlling shareholder units of the Company shall not serve as senior management of the Company.

The Company's senior management shall be only paid by the Company, not by the controlling shareholders.

**Article 132.** The general manager shall serve a term of three years and may serve consecutive terms if reappointed.

**Article 133.** The general manager shall be liable to the Board and exercise the following functions and power:

- (I) To be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board, and to report on his or her work to the Board;
- (II) To organize the implementation of the annual business plan and investment scheme of the Company;
- (III) To prepare the proposal on the setup of the Company's internal management structure;
- (IV) To draft the Company's basic management system;
- (V) To develop the specific rules for the Company;
- (VI) To request the Board to engage or dismiss senior management such as the deputy general managers and chief financial officer;
- (VII) To appoint or dismiss the officers other than those whose appointment or dismissal shall be decided by the Board;
- (VIII) To resolve on other major affairs and administrative matters of the Company, including borrowings, connected transactions and other types of transactions, and to sign relevant important agreements, except for those matters that are resolved by the general meeting and the Board as stipulated in laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed and the Articles of Association;
- (IX) Other functions and power granted by the Articles of Association or the Board.

The general manager shall attend meetings of the Board.

**Article 134.** The general manager shall formulate the working rules of the general manager, which shall be submitted to the Board for approval before implementation.

**Article 135.** The working rules of the general manager shall include the following:

- (I) The conditions, procedures and participants of the general manager's meeting;
- (II) The respective responsibilities of the general manager and other senior management and their division of labor;
- (III) The Company's use of funds and assets, the authority to enter into major contracts, and the reporting system to the Board and the Supervisory Committee;
- (IV) Other matters deemed necessary by the Board.

**Article 136.** The general manager may resign before the end of his/her tenure. The specific procedures and methods for the resignation of the general manager shall be stipulated in the employment contract between the general manager and the Company.

**Article 137.** The Company shall have a secretary of the Board to take charge of the preparation of the general meetings and the Board meetings, the safekeeping of documents, the management of the information of shareholders, the handling of information disclosure affairs, etc.

The secretary shall comply with the relevant provisions of laws, administrative regulations, departmental rules, and the Articles of Association.

**Article 138.** If a senior management violates laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and other regulatory rules of the place where the Company's shares are listed, and the Articles of Association while performing his/her duties and causes losses to the Company, he/she shall be liable for compensation.

**Article 139.** The senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If the senior management of the Company fail to faithfully perform his/her duties or violates his/her fiduciary duties, causing damage to the interests of the Company and shareholders of public shares, he/she shall be liable for compensation in accordance with the law.

## **Chapter VII. Supervisory Committee**

### **Section I Supervisor**

**Article 140.** The circumstances set out in Article 96 hereof in which the relevant person shall not serve as a Director shall also apply to the supervisors.

The Directors, general manager, and senior management shall not concurrently serve as a supervisor.

**Article 141.** The supervisors shall comply with laws, administrative regulations and the Articles of Association, and bear the faithful obligations and diligence obligations to the Company. They shall not take bribes or other illegitimate benefits by making use of their functions and power, or seize the properties of the Company.

**Article 142.** Supervisors shall serve a term of three years. Upon expiration of their term, supervisors may serve consecutive terms if re-elected.

**Article 143.** If the term of office of a supervisor expires but the supervisor is not reelected in time, or the resignation of the supervisor during the term of office causes the number of members of the Supervisory Committee to be less than the quorum, the former supervisor shall still perform the duties as a supervisor in accordance with the provisions of laws, administrative regulations and the Articles of Association before the newly elected supervisor takes office.

**Article 144.** Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete, and sign written confirmation opinions on periodic reports.

**Article 145.** A supervisor shall attend the Board meeting as an observer and raises inquiries or suggestions on matters need to be resolved by the Board.

**Article 146.** Supervisors shall not use their affiliations to impair the interests of the Company; in the event of causing losses to the Company, they shall be liable for compensation.

**Article 147.** A Supervisor who violates laws, administrative regulations, departmental rules or the Articles of Association and causes losses to the Company in performing his/her duties shall be liable for compensation.

## **Section II Supervisory Committee**

**Article 148.** The Company shall have a Supervisory Committee consisting of three supervisors.

The Supervisory Committee shall have one chairman elected by more than half of the members of the committee. The meetings of the Supervisory Committee shall be convened and presided over by the chairman of the Supervisory Committee. In the event that the chairman is unable to or fails to perform his/her duties, the meeting shall be convened and presided over by a supervisor elected by more than half of the members of the committee.

The Supervisory Committee shall include shareholder representatives and a certain proportion of staff representatives of the Company, and the proportion of staff representatives shall be not less than one-third of the members of the committee. The staff representatives on the Supervisory Committee shall be democratically elected by the employees of the Company through the employee representatives meetings, employees meetings or other forms.



**Article 149.** The Supervisory Committee shall exercise the following functions and power:

- (I) To review the regular reports of the Company prepared by the Board and to provide written review opinions thereon;
- (II) To examine the Company's financial position;
- (III) To supervise the Directors and senior management in the performance of their duties and to propose the dismissal of Directors or senior management who violate laws, administrative regulations, the Articles of Association or resolutions of the general meeting;
- (IV) To demand rectification from the Directors and senior management when their acts harm the Company's interest;
- (V) To propose the convening of extraordinary general meetings and, in case the Board does not perform the obligations to convene and preside over the general meetings in accordance with Company Law, convene and preside over the general meetings;
- (VI) To submit proposals to the general meetings;
- (VII) To sue the Directors or senior management in accordance with Article 151 of the Company Law;
- (VIII) To conduct investigation if there are any unusual circumstances in the Company's operations; and if necessary, to engage accounting firm(s), law firm(s), or other professional institutions to assist in their work with expenses to be borne by the Company;
- (IX) Other functions and power specified by laws, administrative regulations, and the Articles of Association.

When the Supervisory Committee deliberates on sub-paragraph (I) of the first paragraph of this Article, the supervisors shall, in accordance with the law, sign a written confirmation as to whether or not the periodic report is true, accurate and complete, and shall not delegate the signing of the same to another person or refuse to sign the same for any reason whatsoever.

If the supervisors cannot guarantee the truthfulness, accuracy or completeness of the content of the regular reports or disagree with the content of the regular reports, they shall express their opinions and state the specific reasons in the written confirmation.

**Article 150.** The Supervisory Committee convenes one meeting at least every six months. Meetings of the Supervisory Committee shall be notified to all the supervisors ten days prior to the meeting in writing. Supervisors may propose to convene an extraordinary meeting of the Supervisory Committee. The extraordinary meeting of the Supervisory Committee shall be notified to all the supervisors five days prior to the meeting. The foregoing notice period may be shortened or waived with the unanimous written consent of all supervisors.

The resolutions of the Supervisory Committee shall be adopted by more than half of the supervisors.

**Article 151.** The Supervisory Committee shall formulate the rules of procedures for the Supervisory Committee, and stipulate its methods of discussion of matters and voting procedures, so as to ensure its efficient operation and reasonable decision-making. The rules of procedures for the Supervisory Committee shall be prepared by the Supervisory Committee and approved by the general meeting.

**Article 152.** The Supervisory Committee shall record the decisions of all matters considered at the meeting into the meeting minutes. Participating supervisors shall sign the meeting minutes for confirmation.

The supervisors have the right to have their speeches at the meeting descriptively recorded on the meeting minutes. The minutes of meetings of the Supervisory Committee shall be kept in the Company's archives for a period of not less than ten years.

**Article 153.** The notice of a meeting of the Supervisory Committee shall contain the following particulars:

- (I) The date, venue and duration for convening the meeting;
- (II) Reasons for convening the meeting and the agenda thereof;
- (III) The date of issue of notice.

## **Chapter VIII. Financial and Accounting Systems, and Distribution of Profits and Audit**

### **Section I Financial and Accounting Systems**

**Article 154.** The Company shall establish the financial and accounting systems according to the laws, administrative regulations, and the rules of the financial department of the State Council.

**Article 155.** The Company shall publish an annual report within four months from the end of each fiscal year and an interim report within three months from the end of the first half of each fiscal year. The above-mentioned annual report and interim report shall be prepared in accordance with relevant laws, administrative regulations and the provisions of the CSRC and the stock exchanges.

Where the Hong Kong Listing Rules provide otherwise in respect of the filing and disclosure of the annual and interim reports, such provisions shall prevail.

**Article 156.** The Company shall not set up any other accounting books except for the legal accounting books. The assets of the Company shall not be deposited into an account established in the name of any individual.

**Article 157.** When the Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into its statutory reserve fund. The Company may not withdraw statutory reserve fund if the cumulative amount has exceeded 50% of the Company's registered capital.

Where the statutory reserve fund of the Company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to make up the loss before the withdrawing of the statutory reserve fund in accordance with the above provisions.

After the Company withdraws the statutory reserve fund from the after-tax profits, the discretionary reserve may be withdrawn from the after-tax profits with the approval of the general meeting.

After the Company has made up its losses and withdrawn its reserve fund, the remaining profits of the Company shall be distributed in proportion to the shareholdings of its shareholders, unless the Articles of Association provide that distributions are to be made otherwise than proportionally.

Where the general meeting, in violation of the provisions of the preceding paragraph, distributes the profits to the shareholders before the Company makes up the losses and withholds the statutory reserve fund, the shareholders must return the profits distributed in violation of the provisions to the Company.

The Company's shares held by the Company shall not participate in profit distribution.

**Article 158.** The Company's reserve shall be used to make up the Company's losses, expand the Company's production and operations or, through conversion into capital, to increase the Company's capital. However, the capital reserve will not be used to make up the Company's losses.

When the statutory reserve fund is converted into capital, the remaining reserve shall be not less than 25% of the registered capital of the Company before the capital increase.

**Article 159.** When a resolution is made by the general meeting on the profit distribution plan, the Board shall complete the dividend (or share) distribution in two months after the general meeting.

**Article 160.** The profit distribution policy of the Company is as follows:

- (I) Decision-making procedures and mechanism of the profit distribution policy
1. Decision-making mechanisms and procedures for the implementation of the profit distribution policy
    - (1) The Board shall carefully study and discuss the timing, conditions, and minimum proportion of cash dividends of the Company, conditions for adjustment, and requirements for decision-making procedures when making the specific proposal of cash dividends. Independent non-executive Directors shall express clear opinions.
    - (2) The profit distribution policy of the Company shall be proposed by the Board of the Company to the general meeting of the Company, and the profit distribution policy proposed by the Board shall be approved by a majority vote of the Board. The independent non-executive Directors shall express their independent opinions on the profit distribution policy.

In case any shareholder misappropriates the funds of the Company unlawfully, the Company shall deduct cash dividends to be distributed to such shareholder for making up the amount misappropriated.

2. Decision-making mechanisms and procedures for the adjustment of the profit distribution policy
  - (1) In the event of force majeure such as war, natural disasters, or changes in the Company's external business environment that have a significant impact on the Company's production and operation, or significant changes in its own operating conditions, the Company may adjust the profit distribution policy.
  - (2) Any adjustment to the profit distribution policy of the Company shall be made by the Board, which shall make a special discussion, justify the reasons for the adjustment in detail, form a written report on the justification and submit it to the general meeting for deliberation after the independent non-executive Directors have expressed their independent opinions; and when the general meeting deliberates on the proposal, it shall be approved by more than two thirds of the voting rights of the Shareholders present at the general meeting.
  - (3) The Company encourages small and medium-sized investors as well as institutional investors to take the initiative to participate in the Company's profit distribution decisions. Before the general meeting of the Company considers the specific plan for profit distribution, it shall fully listen to the opinions and claims of the minority shareholders, and promptly respond to the issues of concern to the minority shareholders.

## (II) Specifics of the profit distribution policy

### 1. Forms of profit distribution

The Company may distribute dividends in the form of cash, stock or a combination of cash and stock, and give priority to cash dividends.

### 2. Specific conditions and proportions of cash dividends

The Company may pay cash dividends where the conditions for cash dividends are met after it has set aside the statutory reserve fund and surplus reserve in full amount. The specific percentage of dividends for each year shall be resolved by the Board based on the annual profitability and the future fund use plan.

The “conditions for cash dividends” referred to in the preceding paragraph are as follows:

- (1) The Company achieved profitability in the fiscal year, and the auditor issued a standard unqualified audit report on the Company’s financial report for that year;
- (2) The Company’s capital needs for normal operation and long-term development were ensured;
- (3) There were no other circumstances that the Board considers inappropriate for cash dividends.

When the Company makes profit distribution, the Board of the Company shall propose a cash dividend policy in accordance with the procedures as required by the Articles of Association, taking into full account of various factors such as features of the industries where the Company operates, the stage of development of the Company, its own business model, level of profitability, and whether there is significant capital expenditure arrangement.

### 3. Conditions for distributing dividend in shares

Where the Company’s business is in a sound condition, and the Board considers that the stock price of the Company does not reflect its share capital size and distributing dividend in shares will be favorable to all the shareholders of the Company as a whole, the Company may propose dividend distribution plan in shares, provided that the above conditions for cash dividend distribution are fully satisfied.

### 4. Interval of profit distributions

Under the condition of meeting the above cash dividend conditions, the Company adopts the annual profit distribution policy in principle, and the Board may propose the interim profit distribution plan according to the profitability, cash flow and capital demand plan, which shall be implemented after being examined and approved by the EGM.

## **Section II Internal audit**

**Article 161.** The Company shall implement the internal audit system and appoint full-time auditors to supervise its financial revenues and expenditures and economic activities through internal audit.

**Article 162.** The Company's internal audit system and the duties of the auditors shall be implemented upon the approval of the Board. The chief auditor shall be accountable and report to the Board.

## **Section III Employment of the Accounting Firm**

**Article 163.** The Company shall employ an accounting firm that complies with the provisions of the Securities Law and the regulatory rules of the place where the Company's shares are listed to audit accounting statements, verify the net assets, and offer other relevant consulting services. The term of employment of the accounting firm shall be one year from the end of the current AGM of the Company until the end of the next AGM, which is renewable.

**Article 164.** The employment of the accounting firm shall be decided by an ordinary resolution of the general meeting. If the position of the accounting firm becomes vacant, the Board may appoint a new accounting firm to fill such vacancy before a general meeting is held. However, if there are other accounting firms holding the position as an accounting firm of the Company while such vacancy still exists, such accounting firms may continue to act.

The general meeting may, by means of an ordinary resolution, dismiss the accounting firm prior to the expiration of its term of office, notwithstanding anything in the contract between the accounting firm and the Company.

**Article 165.** The Company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the hired accounting firm, and shall not refuse, conceal or make false reports.

**Article 166.** The audit fee of the accounting firm shall be decided by an ordinary resolution at the general meeting.

**Article 167.** When the Company dismisses or does not renew the employment of the accounting firm, it shall give a 30-day prior notice to the accounting firm, and the accounting firm shall have the right to state its opinions at the general meeting where a voting process concerning the dismissal of the accounting firm is carried out.

Where the accounting firm tenders its resignation, it shall inform the general meeting of whether there is any irregularity in the Company.

## Chapter IX. Notice

### Section I Notice

**Article 168.** The notices of the Company are sent out in the following manner:

- (I) By personal delivery;
- (II) By mail or email;
- (III) By fax;
- (IV) By announcement;
- (V) Other rights conferred by the laws, administrative regulations, rules, regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

**Article 169.** Subject to the provisions of the regulatory rules of the place where the Company's shares are listed, notices issued by the Company by way of an announcement shall be deemed to have been received by all relevant persons once the announcement is made.

**Article 170.** The notice of the general meeting held by the Company shall be made by an announcement.

**Article 171.** The notice of meetings of the Board to be convened by the Company shall be given by announcement, personal delivery, fax, letter, e-mail, etc..

**Article 172.** The notice of meetings of the Supervisory Committee to be convened shall be given by personal delivery, fax, letter, e-mail, etc..

**Article 173.** If the notice of the meetings is delivered by hand, the addressee shall sign (or stamp) on the receipt of service, and the date of signature of the addressee shall be the date of service; if a notice of the meetings is sent by mail, the date of service shall be 48 hours after the date of delivery to the post office; if a notice of the meetings is sent by fax, the date of service shall be the time of the fax record when the facsimile machine confirms the successful transmission; if a notice of the meetings is sent by e-mail, the date of service shall be the date of the arrival at the server of the other party. Where a notice of the company is sent by way of an announcement, the date of publication of the first announcement shall be the date of service.

**Article 174.** The meetings and the resolution of the meetings shall not be null and void if the notice of the meeting fails to be delivered to or received by any person entitled to the notice due to accidental omission.

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

## **Section I Merger, Division, and Capital Increase and Reduction**

**Article 175.** A merger of the Company may take the form of merger by absorption or merger by new establishment.

A company absorbing other companies is a merger by adsorption, and the absorbed company is dissolved. The merger of two or more companies to create a new company is a merger by new establishment, and the merging parties are dissolved.

**Article 176.** In the case of a merger, parties related to the merger shall execute a merger agreement, and shall prepare the balance sheets and a schedule of assets. The Company shall notify its creditors within ten days since the date on which the resolution to proceed with the merger is adopted, and publish an announcement on the merger in the newspaper within 30 days.

Creditors shall, within 30 days since the date of receiving the notice, or creditors who do not receive the notice shall, within 45 days since the date of the public announcement, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee.

**Article 177.** After the merger, the rights and the obligations of the merging parties shall be assumed by the company in existence or the newly established company after the merger.

**Article 178.** If the Company is to be divided, its property shall be divided accordingly.

In the case of a division, the balance sheets and a schedule of assets shall be prepared. The Company shall notify its creditors within ten days since the date on which the resolution to proceed with the division is adopted, and publish an announcement on the division in the newspaper within 30 days.

**Article 179.** Debts owed by the Company prior to the division shall be assumed by the companies in existence after the division jointly and severally, except as otherwise stated in the written agreement entered into between creditors and the Company for debt service prior to the division.

**Article 180.** In case of a reduction in the Company's registered capital, the Company shall prepare a balance sheet and a schedule of assets.

The Company shall notify its creditors within ten days since the date on which the resolution to proceed with the reduction in the registered capital is adopted, and publish an announcement in the newspaper within 30 days. Creditors shall, within 30 days since the date of receiving the notice, or creditors who do not receive the notice shall, within 45 days since the date of the announcement, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee.

The registered capital of the Company following the reduction shall not fall below the minimum statutory requirement.



**Article 181.** Where the merger or division of the Company results in a change in its registered particulars, such change shall be registered with the company registry according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to law.

The increase or reduction in the Company's registered capital shall be registered with the company registry according to law.

## **Section II Dissolution and Liquidation**

**Article 182.** The Company shall be dissolved if:

- (I) Business term specified in the Articles of Association expires or other dissolution reasons as stipulated in the Articles of Association arise;
- (II) The general meeting resolves to dissolve the Company;
- (III) The dissolution is required due to the merger or division of the Company;
- (IV) the Company is revoked of business license according to law, ordered to close or canceled;
- (V) There is a severe difficulty in the operation and management of the Company, and the continued existence of the Company will have a material prejudice to the interests of the shareholders and there is no other way to resolve, shareholders holding more than 10% of the voting rights can make a petition to the People's Court to dissolve the Company.

**Article 183.** For the circumstance in item (I) of Article 183 hereof, the Company may continue to subsist by amending the Articles of Association.

Amendments to the Articles of Association in accordance with the provisions of the preceding paragraph shall be approved by more than two-thirds of the voting rights held by the shareholders attending the general meeting.

**Article 184.** If the Company is dissolved under Item (I), (II), (IV), or (V) of Article 183 hereof, a liquidation committee shall be set up, which shall start liquidation within 15 days from the date of occurrence of the cause for dissolution. The members of such liquidation committee shall be determined by the Directors or the general meeting. If the liquidation committee is not established within the prescribed period, the creditors can submit an application to the People's Court for appointing relevant officers to establish the liquidation committee to carry out the liquidation.

**Article 185.** The liquidation committee shall exercise the following functions and power during liquidation:

- (I) Thoroughly examining the assets of the Company and preparing a balance sheet and a schedule of assets respectively;
- (II) Notifying the creditors by a notice or an announcement;
- (III) Handling the outstanding business of the Company in connection with liquidation;
- (IV) Repaying all outstanding tax payment and the tax payment which arise in the course of the liquidation process;
- (V) Clearing up claims and debts;
- (VI) Dealing with the remaining assets after full payment of the Company's debts;
- (VII) Participating in civil litigation on behalf of the Company.

**Article 186.** The liquidation committee shall notify its creditors within a period of ten days since the date it is established, publish relevant announcements in the newspaper within 60 days. Creditors shall, within 30 days since the date of receiving the notice, or for creditors who do not receive the notice, within 45 days since the date of the announcement, report their creditors' rights to the liquidation committee.

When reporting creditors' rights, the creditors shall provide an explanation of matters relevant to the creditor's rights and provide the supporting evidence. The liquidation committee shall register the creditors' rights.

In the course of reporting the creditors' rights, the liquidation committee shall not repay the creditors.

**Article 187.** After the liquidation committee has thoroughly examined the Company's assets and prepared a balance sheet and a schedule of assets, it shall formulate a liquidation plan and submit such plan to the general meeting or a People's Court for confirmation.

The remaining property of the Company after paying the liquidation expenses, the wages, social insurance fees and statutory compensation, outstanding taxes and debts of the Company shall be distributed in proportion to the number of shares held by shareholders.

During the liquidation period, the Company still exists but shall not carry out any business activities not related to the liquidation. The property of the Company shall not be distributed to shareholders until all liabilities have been paid off in accordance with the provisions of the preceding paragraph.

**Article 188.** If the liquidation committee, having thoroughly examined the Company's property and prepared a balance sheet and a schedule of assets, discovers that the Company's property is insufficient to pay its debts in full, it shall immediately apply to the People's Court for a declaration of bankruptcy.

After the People's Court has ruled for the Company to declare itself bankrupt, the Company's liquidation committee shall refer the liquidation matters to the People's Court.

**Article 189.** Upon the completion of liquidation, the liquidation committee shall formulate a liquidation report, and submit it to the general meeting or the People's Court for confirmation. Then, the liquidation committee shall submit the report to the company registry to apply for the cancellation of the Company's registration, and announce the Company's termination.

**Article 190.** Members of the liquidation committee shall be faithful to their duties and fulfill their liquidation obligations in accordance with the law.

Members of the liquidation committee shall not take bribes or other illegitimate incomes by making use of their functions and power, or seize the properties of the Company.

Members of the liquidation committee who cause losses to the Company or creditors due to intentional or gross negligence shall be liable for compensation.

**Article 191.** If the Company is declared bankrupt, the bankruptcy liquidation shall be implemented in accordance with the laws on enterprise bankruptcy.

## **Chapter XI. Amendment to the Articles of Association**

**Article 192.** The Company shall amend the Articles of Association under any of the following circumstances:

- (I) Matters provided for in the Articles of Association are in conflict with the provisions of the amended Company Law or relevant laws, administrative regulations, or the regulatory rules of the place where the Company's shares are listed;
- (II) There has been a change to the Company, resulting in inconsistency with the content in the Articles of Association;
- (III) The general meeting decides to amend the Articles of Association.

**Article 193.** The amendment to the Articles of Association approved by way of a resolution at the general meeting shall be submitted to the relevant examination and approval authorities for approval (if necessary). Where the Company's registration are involved, registration for changes shall be made according to law.

**Article 194.** The Board shall amend the Articles of Association in accordance with the resolutions of the general meeting and the approval opinions of relevant competent authorities.

**Article 195.** If the amendments to the Articles of Association are the information required to be disclosed by laws and regulations, they shall be announced in accordance with the regulations.

## **Chapter XII. Supplementary Rules**

### **Article 196. Definitions**

- (I) A controlling shareholder means a person or group of persons who have the right to exercise or control the exercise of 30% or more of the voting rights at a general meeting of the Company; or a person or group of persons capable of controlling a majority of the members of the Board of the Company.
- (II) An actual controller means a person who, although not a shareholder of the Company, is able, through investment relationships, agreements or other arrangements, to actually control the conduct of the Company.
- (III) Connected/related/affiliated party relationships refer to the relationships between the controlling shareholders, actual controllers, Directors, supervisors, and senior management of the Company and the companies directly or indirectly controlled by them, and other relationships that may lead to the transfer of interests of the Company, provided that the state-controlled enterprises are not affiliated because they are controlled by the state. Where the Hong Kong Listing Rules provide otherwise in respect of the connected relationship, such provisions shall prevail.

**Article 197.** The Board may formulate detailed rules and regulations in accordance with the provisions of the Articles of Association. The detailed rules and regulations shall not contradict the provisions of the Articles of Association.

**Article 198.** The Articles of Association are prepared in Chinese. In case of discrepancies between the Articles of Association and the version in any other language or its other versions, the Chinese version after the latest approval of registration with the Beijing Haidian District Market Supervision Administration shall prevail.

**Article 199.** Terms of “more than”, “within”, and “below” used in the Articles of Association shall include the number itself; while “over”, “beyond” and “less than” shall exclude the number itself.

**Article 200.** The Articles of Association shall be interpreted by the Board of the Company.

**Article 201.** The appendix to the Articles of Association shall include the Procedural Rules for General Meetings, the Procedural Rules for Meetings of the Board and the Procedural Rules for Meetings of the Supervisory Committee.

**Article 202.** The Articles of Association shall come into force from the date when the publicly issued H shares of the Company are listed for trading on the main board of the Hong Kong Stock Exchange. The original Articles of Association of the Company shall automatically become null and void as of the effective date of the Articles of Association.